

9.14.2021

# H.C. Wainwright 23rd Annual Global Investment Conference

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. Actual results, performance and achievements could differ materially from those expressed in, or implied by, these forward-looking statements due to a variety of risks, uncertainties and other factors, including, but not limited to, the following: the ongoing effects of the COVID-19 pandemic; the availability of credit and compliance with the agreements governing the Company's indebtedness; the Company's ability to develop new products and enhance existing products; product quality issues, including the adequacy of reserves therefor and warranty cost exposure; intense competition; financial performance of the oil and natural gas industry and other general business, industry and economic conditions; the Company's ability to adequately protect its intellectual property rights; and the impact of pending or threatened litigation. For a detailed discussion of factors that could affect the Company's future operating results, please see the Company's filings with the Securities and Exchange Commission, including the disclosures under “Risk Factors” in those filings. Except as expressly required by the federal securities laws, the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, changed circumstances or future events, or for any other reason.

Further information on these and other factors that could affect the Company's results, performance, and achievements is included under the heading “Risk Factors” and otherwise in the reports on Form 10-K, Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission from time to time. Because of the risks and uncertainties, Capstone cautions you not to place undue reliance on these statements, which speak only as of the date of this presentation. There may be additional risks, including risks of which we are not presently aware or that we currently believe are immaterial, which could have an adverse impact on our business. We undertake no obligation, and specifically disclaim any obligation, to release any revision to any forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events.

# BUSINESS OVERVIEW

---

**DARREN JAMISON**  
Chief Executive Officer

# 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 **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**

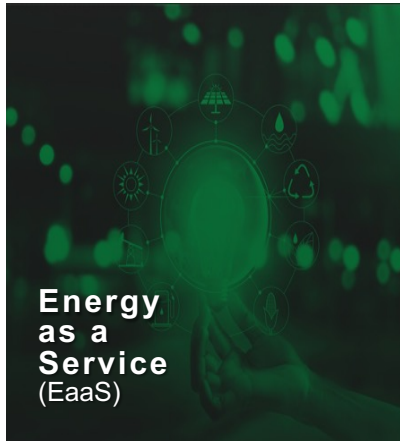
are willing to pay more for sustainable products

**70%**

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



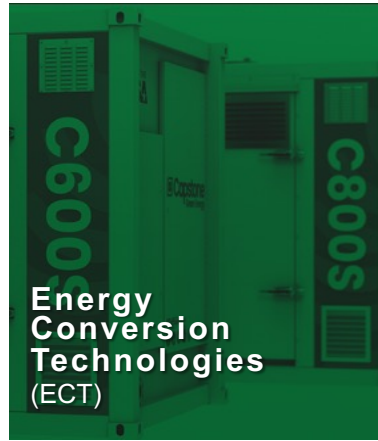
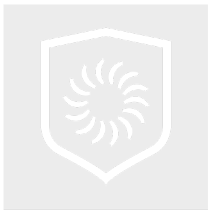
# Comprehensive Clean Energy Solutions



## 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.

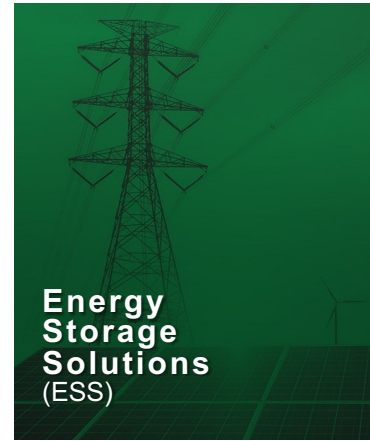
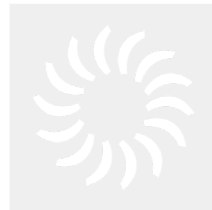
- **New** 21MW Long-term microturbine rental fleet
- Long-term service contracts (FPP)
- Service and spare parts



## 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.

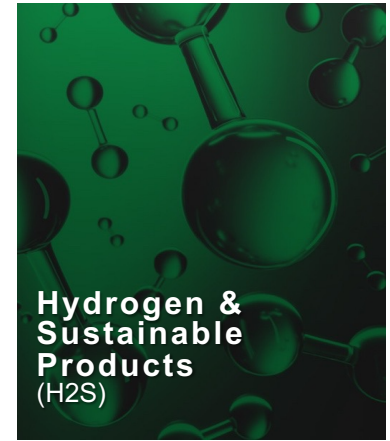
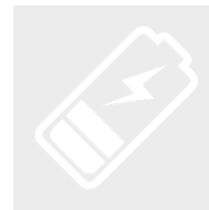
- Capstone Microturbine (65kW-5MW)
- **New** Hybrid Solutions (5kW-50kW)
- **New** Baker Hughes Turbine (5MW-16MW)



## Energy Storage Solutions (ESS)

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, lower emissions and create resilient systems that meet clients' specific needs.

- **New** Lithium-Ion BESS
- **New** Thermal Storage
- **New** Microgrid Controls



## Hydrogen & Sustainable Products (H2S)

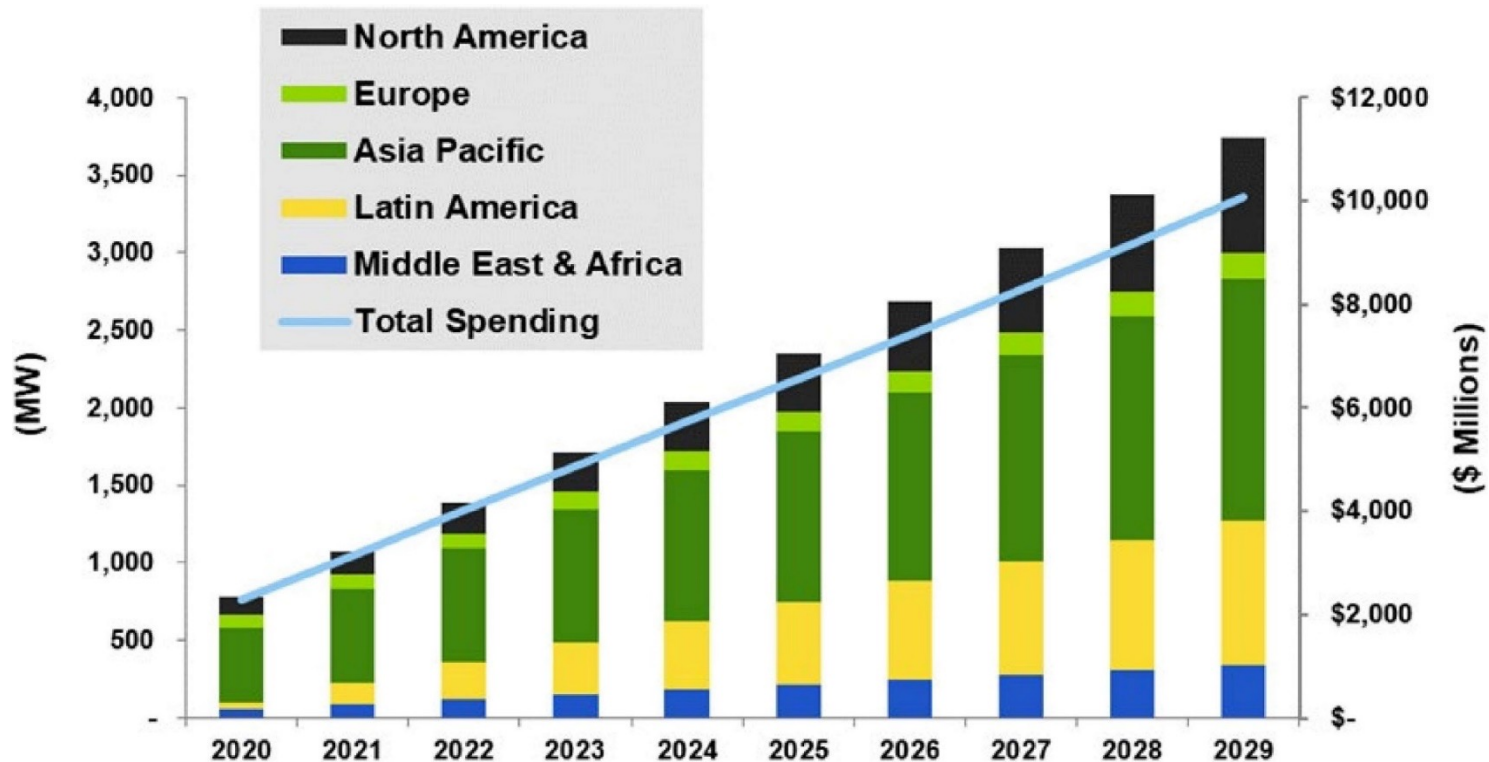
Capstone is currently developing a hydrogen version of its products & developing strategic relationships with technology partners. These OEMs will use the Capstone core technology for zero-carbon solutions in concentrated solar & biomass.

- **New** Hydrogen Blend Microturbines
- **New** Baker Hughes Hydrogen Turbines



# Microgrid Growth Projections

## Utility Microgrid Capacity and Implementation Spending by Region, World Markets: 2020-2029



# Revenue Growth Strategy (Ranking 1-6)

## 1. New Direct Sales Team

*New Micro Grid Products, Rentals, Large Customers*

**New Non-Distributor Business**

## 3. New Target Pricing Programs

*National & Key Accounts  
– New Gold Key Account Program*

**Target Pricing Program**

## 5. New Hydrogen Product

*Released with a goal of Operating on 100% Hydrogen*

**New RNG & Hydrogen Products**

## 2. New Parts Supplier

*with Better Build Quality. Improving Reliability, Lower Warranty and Higher FPP Margins.*

**Improved Customer Satisfaction**

**REPEAT CUSTOMERS**

**Distributor Business Growth**

**New Marketing Strategy**

## 4. New Geographic Distribution Partners

*in Eastern Europe, Africa & the Middle East*

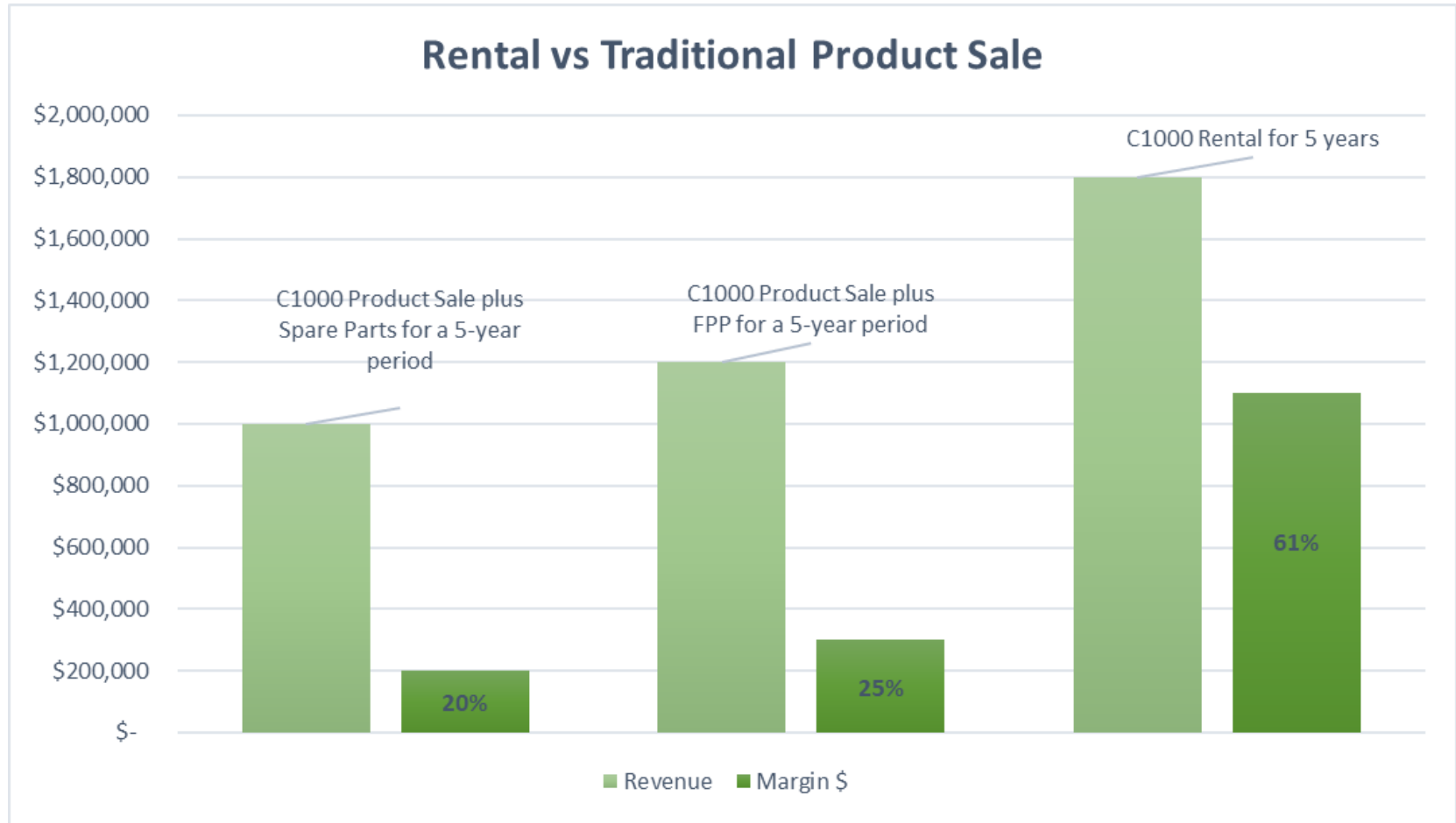
## 6. New Digital Marketing

*Website Update, Customized Campaigns, Unique IndyCar Branding Strategy*



# Long-Term Rental Fleet Business Case

*Hypothetical*





# As-If Pro Forma P&L Information

(in millions)	FY21 Q3			
	As-if	(A)	\$ Δ	% Δ
Product and Accessories Revenue	\$ 12.8	\$ 12.8	\$ 0.0	0%
Service Revenue	9.4	7.9	1.5	19%
<b>Revenue</b>	<b>22.2</b>	<b>20.7</b>	<b>1.5</b>	<b>7%</b>
Direct Materials	13.9	13.9	-	0%
Warranty	0.4	0.4	-	0%
Royalties	0.1	0.1	-	0%
Manufacturing & Service costs	3.3	2.8	0.5	18%
<b>Cost of Goods Sold</b>	<b>17.7</b>	<b>17.2</b>	<b>0.5</b>	<b>3%</b>
Gross Margin	4.5	3.5	1.0	29%
<b>Gross Margin %</b>	<b>20%</b>	<b>17%</b>		
Product Development	0.7	0.7	-	0%
Selling, G&A	4.8	4.8	-	0%
<b>Total Operating Expenses</b>	<b>5.5</b>	<b>5.5</b>	<b>-</b>	<b>0%</b>
<b>Operating Income (Loss)</b>	<b>(1.0)</b>	<b>(2.0)</b>	<b>1.0</b>	<b>51%</b>
<b>Adjusted EBITDA **</b>	<b>0.1</b>	<b>(1.3)</b>	<b>1.4</b>	<b>108%</b>

## As-If Pro Forma notes

- The current rental fleet stands at 12.1 MW as of June 30, 2021
- The As-if column assumes Capstone has a 21.1 MW rental fleet, which is in-line with the Company's stated goals for Fiscal 2022 and also in-line with our covenant requirements under the Goldman Sachs note.
- The As-if column assumes all 21.1 MW are on rent and assumes \$90K of revenue per MW per quarter (which is in-line with current experience and pricing)

\*\* See Non-GAAP reconciliation on slide 13

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.

# Hydrogen & Sustainable Product Strategy

---

- Leverage low cost and low risk long-standing federal, university, and international research partnerships to support hydrogen development.
- Continue to develop patents for the use of hydrogen and renewable natural gas.
- New Hydrogen Solutions business line leveraging the recently released first commercially available hydrogen-based Combined Heat and Power (CHP) product, which can safely run on a 10% hydrogen - 90% natural gas.
- **Target a commercial release of 30% hydrogen - 70% natural gas mix product by March 31, 2022.**
- Evaluate potential strategic acquisition utilizing hydrogen products or generation.
- Utilize Capstone rental equipment to shorten hydrogen development times.
- Work with existing partners like Baker Hughes on hydrogen development.
- Work with B+K on finding global applications for thermal solution
- Assist 24/7 Solar in the commercialization of their concentrated solar and thermal storage solutions. Contract manufacturing services and global channel to market.



# WHY INVEST IN CGRN NOW?

Darren Jamison



# Capstone Business Catalyst

## New Capstone Green Energy (CGRN)

- ✓ New strategic business plan is creating a larger TAM.
- ✓ Continuing the expansion of the higher margin EaaS business.
- ✓ Long-term rentals are improving cash flow and margin rates
- ✓ Revenue growth strategy in place - Book-to-Bill up Q/Q and Y/Y.
- ✓ Pandemic and vendor part quality constraints are improving.
- ✓ Direct sales solution team focused on top line revenue growth.
- ✓ Internal sales team poised to leverage existing larger clients.
- ✓ Capstone is graduating from survival capital to growth capital.
- ✓ A strong Balance Sheet reduces customers perception of risk.
- ✓ Dedicated executive to find strategic acquisitions or partnerships.

### 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.”*



# Reconciliation of Non-GAAP Financial Measures

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

	As-if	FY21 Q3
Net loss	\$ (8.0)	\$ (7.6)
Loss on debt extinguishment	4.3	4.3
Interest expense	1.2	1.2
Depreciation and amortization	0.8	0.4
Stock-based compensation expense	0.4	0.4
<b>Adjusted EBITDA</b>	<b>\$ 0.1</b>	<b>\$ (1.3)</b>

*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.

Adjusted EBITDA is defined as loss on debt extinguishment, interest, depreciation and amortization expense, and stock-based compensation and other expense. Loss on debt extinguishment relates to refinancing of the Goldman Sachs term note in October 2020. Stock-based compensation and other expense includes expense related to stock issued to employees, directors, and vendors.

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](http://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