

6.10.2021

Fourth Quarter & Full Fiscal Year 2021

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 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.

FOURTH QUARTER & FULL YEAR REVIEW

Darren Jamison

Fourth Quarter Financial Highlights

Highlights of Fourth Quarter Fiscal 2021 vs. Fiscal 2020:

- Revenue of \$17.9M for the quarter, up from \$11.6M year-over-year
- Gross margin of negative \$2.6M, or negative 14%, which includes a \$4.9M part reliability repair accrual, up from positive 4% in the same period last year
- Net loss of \$4.8M for the quarter down from a net loss of \$6.9M in the previous fourth quarter
- Negative Adjusted EBITDA, excluding executive bonus, of \$1.9M compared to a negative Adjusted EBITDA of \$5.0M for the same period last year
- Generated positive cash from operations of \$5.1M (including a \$5.0M legal settlement) compared to cash used in operations of \$4.0M in the fourth quarter last fiscal year
- **Cash increased to \$49.5M at March 31, 2021 vs. \$15.1M at March 31, 2020**

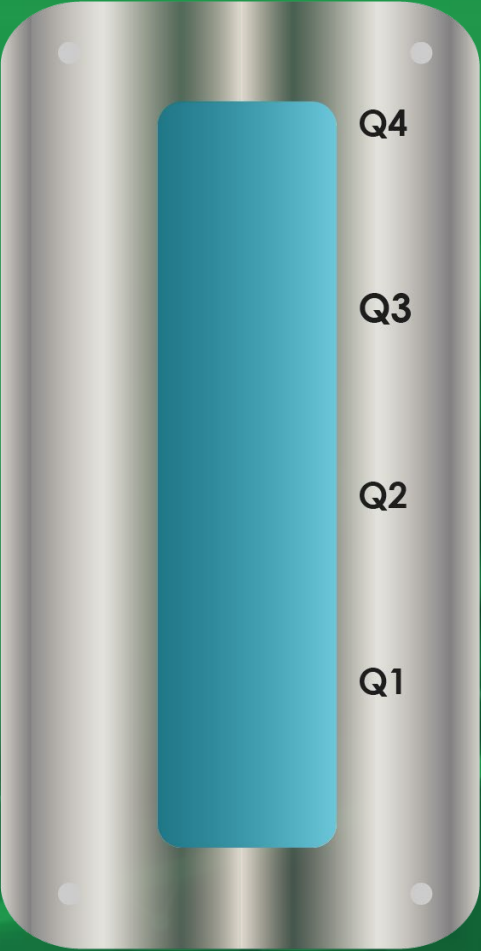
FY2021 Full Year Financial Highlights

Financial Highlights of Fiscal 2021 Total Year vs. Fiscal 2020:

- Generated \$1.7M cash from Operating Activities compared to \$19.7M used last fiscal year – **Most cash from operating activities generated in company history**
- Total Revenue of \$67.6M vs. \$68.9M year-over-year despite ongoing vendor part failures and the global pandemic impact on the oil and gas markets, hospitality and healthcare
- Gross Margin of \$6.9M, or 10%, which includes a \$4.9M part reliability repair accrual, compared to \$9.0M, or 13%
- Net Loss of \$18.4M for the fiscal year compared to \$21.9M last year
- Negative Adjusted EBITDA, excluding executive bonus, of \$4.0M vs. negative Adjusted EBITDA of \$13.2M for the prior year – **Achieved 92.5% of stated Adjusted EBITDA target of \$10 million year over year improvement**
- Refinanced the 3-Year Goldman Note, upsizing by \$20M and at a lower rate

Annual Adjusted EBITDA Improvement Goal

Quarter-To-Date



Y/Y Improvement *

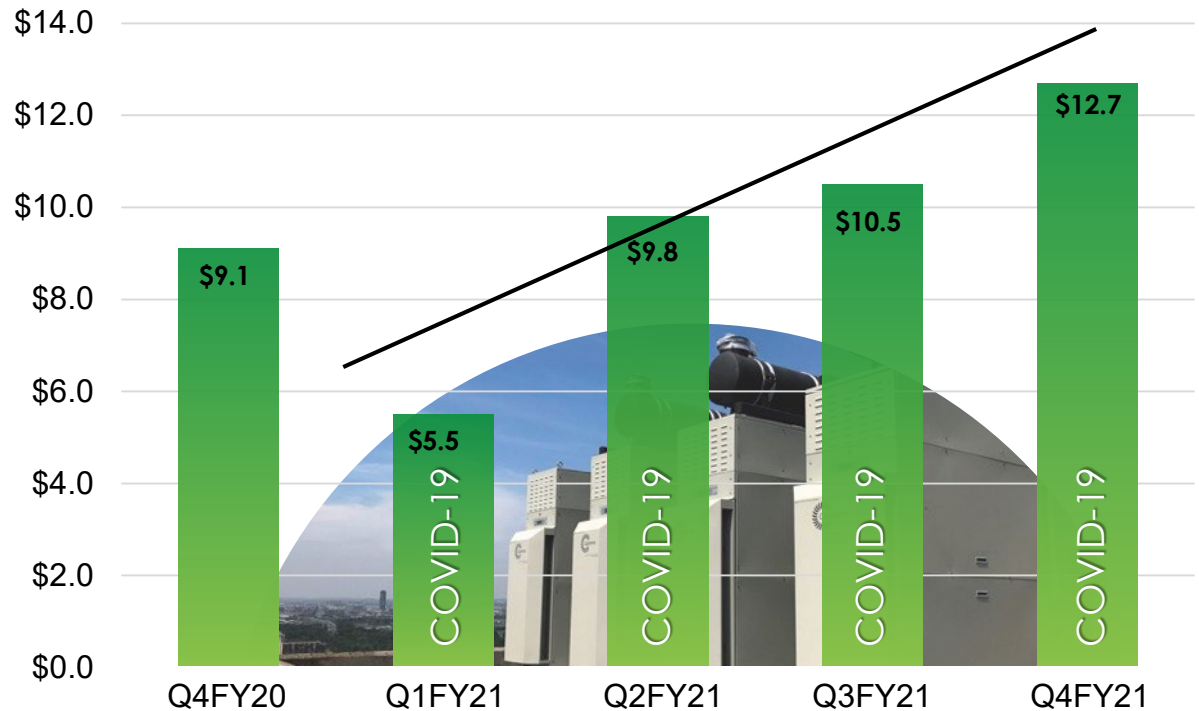


* Excluding executive bonus of \$1.2 million

Capstone Gross Product Bookings

21%
Q4/Q3
Bookings
Growth

40%
Y/Y Bookings
Growth



CAPSTONE GROSS BOOKINGS

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 multiple cylindrical components on top, connected by a network of pipes. The background shows a large, dark industrial building with a flat roof. The overall atmosphere is industrial and technical.

FINANCIAL RESULTS

Eric Hencken



Q4 FY2021 vs. Q4 FY2020 Financial Results

<i>(In millions)</i>	Q4 FY21	Q4 FY20
Microturbine Product and Accessories	\$10.0	\$4.1
Parts & Service	\$7.9	\$7.5
Total Revenue	\$17.9	\$11.6
Gross Margin	\$(2.6)*	\$0.5
Gross Margin Percent	(14)%	4%
R&D Expenses	\$0.7	\$0.8
SG&A Expenses	\$5.2	\$5.2
Total Operating Expenses	\$5.9	\$6.0
Net Loss	\$(4.8)	\$(6.9)
Adjusted EBITDA**	\$(2.5)	\$(5.0)
Executive Bonus	\$0.6	—
Adjusted EBITDA excluding Executive Bonus**	\$(1.9)	\$(5.0)

* Includes \$4.9 million reliability repair accrual for a former supplier part defect

**See Appendix, Slide 23

FY2021 vs. FY2020 Financial Results

<i>(In millions)</i>	FY2021	FY2020
Microturbine Product and Accessories	\$36.5	\$35.3
Parts & Service	\$31.1	\$33.6
Total Revenue	\$67.6	\$68.9
Gross Margin	\$6.9*	\$9.0
Gross Margin Percent	10%	13%
R&D Expenses	\$2.4	\$3.7
SG&A Expenses	\$18.4	\$22.2
Total Operating Expenses	\$20.8	\$25.9
Net Loss	\$(18.4)^	\$(21.9)
Adjusted EBITDA**	\$(5.2)	\$(13.2)
Executive Bonus	\$1.2	—
Adjusted EBITDA excluding Executive Bonus**	\$(4.0)	\$(13.2)

* Includes \$4.9 million reliability repair accrual for a former supplier part defect

^ Includes loss on extinguishment of debt of \$4.3 million

** See Appendix, Slide 23

Select Balance Sheet & Cash Flow Items

<i>(In millions)</i>	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	\$5.1*	\$(3.3)	\$1.9	\$(1.9)	\$(4.0)
Accounts Receivable, Net of Allowances	\$20.6	\$19.1	\$13.5	\$14.7	\$16.2
Total Inventories	\$13.7	\$13.1	\$15.5	\$19.2	\$22.7
Accounts Payable & Accrued Expenses	\$19.8	\$14.6	\$10.9	\$10.8	\$15.0

*Includes \$5 million received from supplier legal settlement

A grayscale photograph of an industrial facility, likely a power plant or refinery. The image shows large, complex machinery with numerous pipes and structural supports. In the foreground, there are several large, rectangular units with vertical pipes extending from them. The background features large industrial buildings with corrugated metal siding. The overall scene is industrial and technical.

FY2022 & BEYOND

Darren Jamison

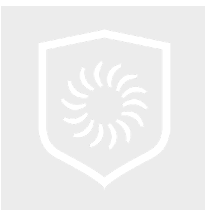


Comprehensive Clean Energy Solutions

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.

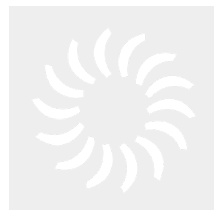
- Long-term rental contracts
- Long-term service contracts (FPP)
- Service and spare parts



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.

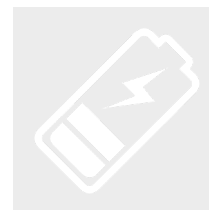
- Capstone Microturbine (65kW-5MW)
- Hybrid Solutions (5kW-50kW)
- Baker Hughes Turbine (5MW-16MW)



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, lowers emissions and creates resilient systems that meet clients' specific needs.

- Lithium-Ion BESS
- Thermal Storage
- 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.

- Capstone Microturbines
- Baker Hughes Turbines



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 expected to improve 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

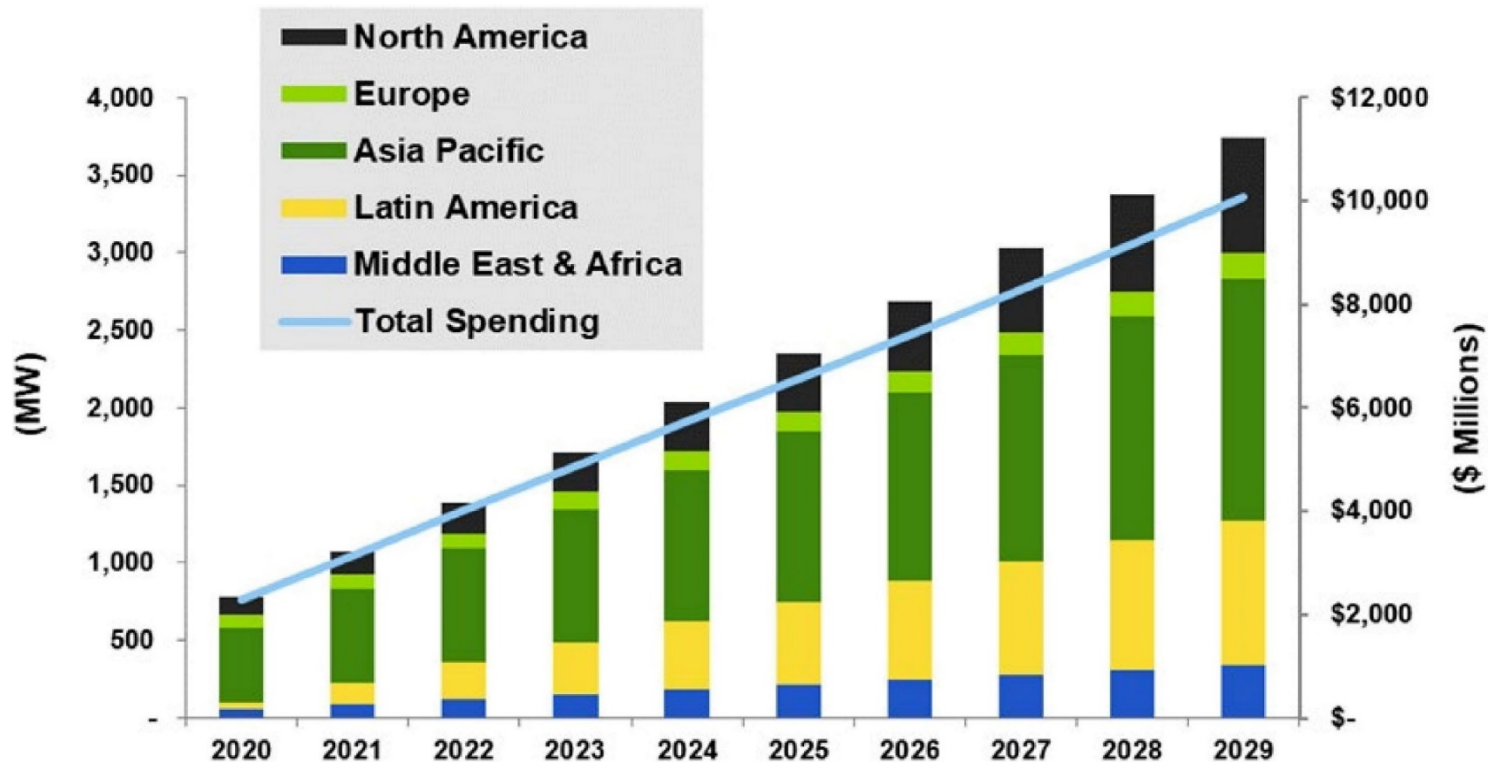
“Energy storage is seeing a rapid increase because of lower battery cost and will be a \$7.6B annual market in 2025.”

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.”

Microgrid Growth Projections

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



Capstone Partial Global Client List

Capstone Direct Sales Team is focused on providing energy and carbon savings for well-known clients around the world.



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 and 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.
REPEAT CUSTOMERS

Improved Customer Satisfaction

4. New Geographic Distribution Partners

in Eastern Europe, Africa & the Middle East.

Distributor Business Growth

6. New Digital Marketing

Website Update, Customized Campaigns, Unique IndyCar Branding Strategy.

New Marketing Strategy



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) microturbine, 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.

New Hydrogen Products

HYDROGEN



Capstone now offers renewable power with the use of up to 10% Hydrogen in our product line of microturbines as a fuel source. The plan is to commercially release 30% blend by March 31, 2022 and then focus development efforts on 100% hydrogen leveraging 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.

Capstone Acquisition Strategy

- Announce our intentions to grow both organically as well as through acquisition
- **Assign a dedicated high level “Corporate Development” executive to drive the selection and manage acquisition integration**
- Develop a detailed target requirements document
 - Market, geographic, financial, culture, etc.
 - Consider new areas like hydrogen, micro grid controls and/or rentals

A grayscale photograph of an industrial facility, likely a refinery or chemical plant. The image shows several large, cylindrical storage tanks or processing units arranged in rows. These units are connected by a complex network of pipes and metal scaffolding. In the background, there are large industrial buildings with corrugated metal roofs. The overall scene is industrial and technical.

ANALYST Q&A SESSION

Darren Jamison



APPENDIX

Darren Jamison



Reconciliation of Non-GAAP Financial Measures

Reconciliation of Reported Net Loss to EBITDA and Adjusted EBITDA (in thousands)	Three months ended March 31,		Year ended March 31,	
	2021	2020	2021	2020
Net loss, as reported	\$ (4,757)	\$ (6,949)	\$ (18,387)	\$ (21,898)
Interest expense	1,321	1,345	5,156	5,198
Provision for income taxes	9	4	19	12
Depreciation and amortization	380	392	1,452	1,616
EBITDA	(3,047)	(5,208)	(11,760)	(15,072)
Loss on debt extinguishment	—	—	4,282	—
Stock-based compensation and other expense	259	244	1,599	913
Restructuring charges	—	—	—	927
Non-recurring legal settlement	(5,000)	—	(5,000)	—
Reliability repair accrual	4,945	—	4,945	—
Non-recurring legal costs related to settlement	300	—	720	—
Adjusted EBITDA	\$ (2,543)	\$ (4,964)	\$ (5,214)	\$ (13,232)
Executive bonus	611	—	1,230	—
Adjusted EBITDA excluding executive bonus	\$ (1,932)	\$ (4,964)	\$ (3,984)	\$ (13,232)

To supplement the Company's unaudited financial data presented on a generally accepted accounting principles (GAAP) basis, management has presented Adjusted EBITDA and Adjusted EBITDA excluding Executive Bonus, which are non-GAAP measures. These non-GAAP measures are among the indicators management uses as a basis for evaluating the Company's financial performance, as well as for forecasting future periods. Management establishes incentive compensation performance targets and annual budgets and makes operating decisions based in part upon these metrics. Accordingly, disclosure of these non-GAAP measures provides investors with some of the same information that management uses to understand the Company's economic performance year-over-year.

EBITDA is defined as net income (loss) before interest, provision for income taxes, and depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA before loss on debt extinguishment, stock-based compensation and other expense, restructuring charges, non-recurring legal settlement, reliability repair accrual, and non-recurring legal costs related to settlement. Loss on debt extinguishment includes expenses associated with the accounting for the October 2020 Goldman Sachs note transaction. Stock-based compensation and other expense includes expense related to stock issued to employees, directors, and vendors. Restructuring charges include facility consolidation costs and costs related to the Company's cost reduction initiatives. Non-recurring legal settlement is a one-time payment from a lawsuit we initiated with a former supplier for a part defect. The reliability repair accrual accounts for the replacement of remaining high risk failure parts in some of our fielded units due to the former supplier part defect. Non-recurring legal costs related to settlement are legal costs associated with above settlement. Adjusted EBITDA excluding Executive Bonus is defined as EBITDA before expense related to Executive Bonus accruals.

EBITDA, Adjusted EBITDA, and Adjusted EBITDA excluding Executive Bonus, are not measures 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 presented in accordance with GAAP, or as an alternative to cash flows from operating activities or any other measure of liquidity presented 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.

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Reported Gross Margin to Non-GAAP Gross Margin (\$ in thousands)	Three months ended March 31,				Year ended March 31,			
	2021	As % of revenue	2020	As % of revenue	2021	As % of revenue	2020	As % of revenue
Gross Margin, as reported	\$ (2,551)	(14)%	\$ 458	4%	\$ 6,855	10%	\$ 9,031	13%
Depreciation and amortization	265	1%	259	2%	964	2%	1,079	2%
Stock-based compensation expense	24	—	17	—	83	—	69	—
Reliability repair accrual	4,945	28%	—	—	4,945	7%	—	—
Non-GAAP Gross Margin	<u>\$ 2,683</u>	<u>15%</u>	<u>\$ 734</u>	<u>6%</u>	<u>\$ 12,847</u>	<u>19%</u>	<u>\$ 10,179</u>	<u>15%</u>

To supplement the Company's unaudited financial data presented on a generally accepted accounting principles (GAAP) basis, management has presented Non-GAAP Gross Margin, 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 incentive compensation performance targets and annual budgets and makes operating decisions based in part upon these metrics. Accordingly, disclosure of this non-GAAP measure provides investors with some of the same information that management uses to understand the Company's economic performance year-over-year.

Non-GAAP Gross Margin is defined as Gross Margin before depreciation and amortization expense, stock-based compensation expense, and a reliability repair accrual. Stock-based compensation expense includes expense related to stock issued to employees. The reliability repair accrual accounts for the replacement of remaining high risk failure parts in some of our fielded units due to the former supplier part defect.

Non-GAAP Gross Margin is not a measure of the Company's liquidity or financial performance under GAAP and should not be considered as an alternative to gross margin or any other performance measure presented in accordance with GAAP, or as an alternative to cash flows from operating activities or any other measure of liquidity presented in accordance with GAAP.

While management believes that the non-GAAP financial measure provides 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.



**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