Capstone Green Energy

12.06.2021

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. 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.

Capstone Overview & Mission

Capstone provides high efficiency, low emission power generation products and services that enable our customers to:

- Lower their energy costs
- Increase their power resilience
- Reduce their carbon emissions

1 $11.7B addressable market

- Diverse customer base across multiple end markets: Commercial CHP, Renewable Energy, Critical Power Infrastructure, and Oil & Gas
- Our suite of products and services address the growing ESG pressures on our customers

2 Positioned for continued and accelerating growth

- Two years of cost realignment has enabled CGRN to invest in direct sales, sophisticated digital marketing, and improved geographic distribution partners
- New products and services – RNG, Hydrogen and "Energy as a Service" rental fleet
- Growing portfolio of green energy technology partnerships

3 Compelling business model

- 50% percentage recurring revenue
- Rapidly expanding rental fleet
- Improving visibility and margins with a strengthened balance sheet and approaching EBITDA breakeven

"Improving the Global Climate Through Sustainable Energy as a Service Solutions"

Aligning With Customers & Stakeholders

Cost & Carbon Savings

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

DID YOU KNOW?

1 MILLION TONS OF CARBON IS COMPARABLE TO THE ANNUAL CO_2 OUTPUT OF ABOUT 120,423 U.S. HOMES RUNNING ON ELECTRICITY.

Sustainability is driving today's buyer decision-making

What will they say about your business?

According to a Nielsen study[1], **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[2].

ACCORDING TO A CGS 2019 STUDY:

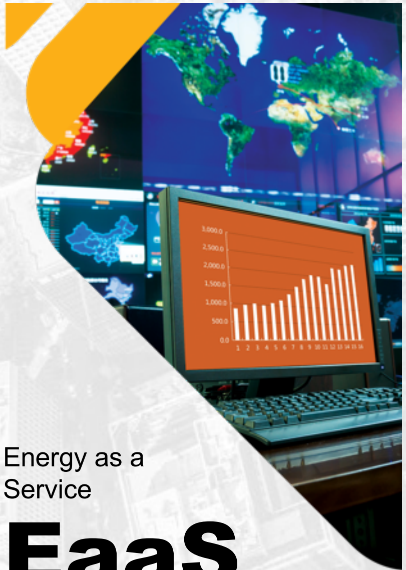
2/3 of respondents (across all ages and genders) consider sustainability when making purchasing decisions

1/2 are willing to pay more for sustainable products

70% said sustainability is at least somewhat important to them when making a purchase

(1) NielsenIQ, "A 'natural' rise in sustainability around the world," January 10, 2019
(2) CGS 2019 U.S. Consumer Sustainability Survey

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.

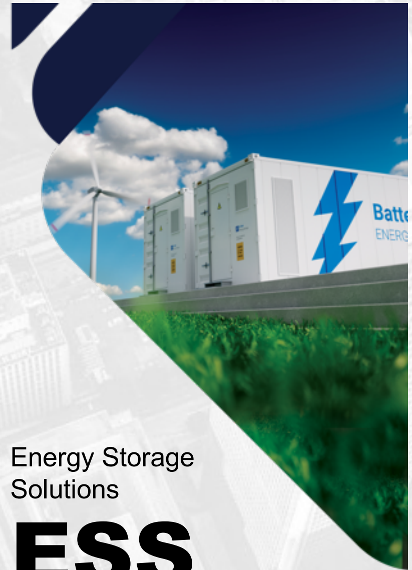
- ***New*** Long-term microturbine rental fleet
- Long-term service contracts (FPP)
- Service and spare parts

Energy Generation Technologies

EGT

Energy Generation 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 DC Solutions (5kW-50kW)
- ***New*** Baker Hughes Turbine (5MW-16MW)

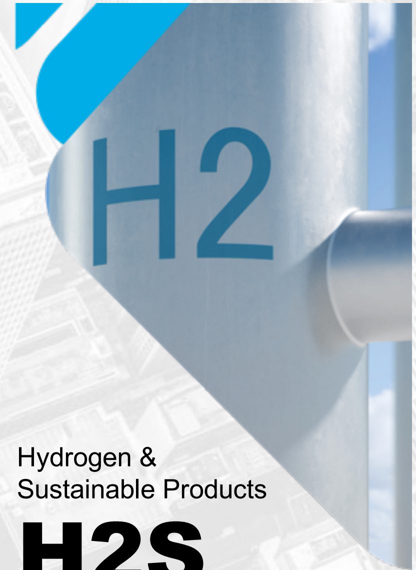


Energy Storage Solutions

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 Batteries
- ***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

Capstone Solutions For a Low Carbon World

Decarbonization Solutions For a Cleaner Future

Microgrids For Primary Power

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

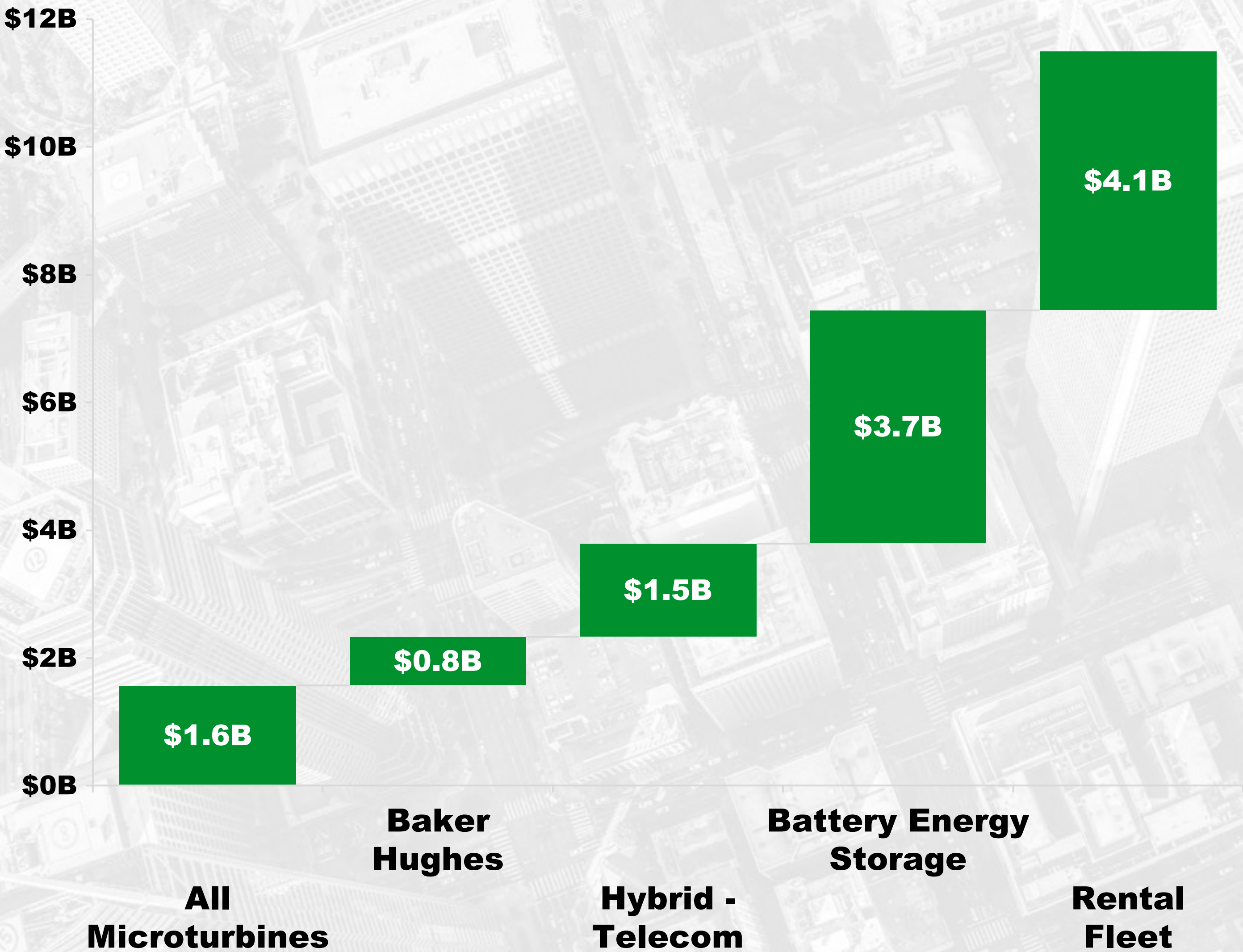
Hydrogen Systems

- Capstone Microturbines
- Baker Hughes Turbines
- Hydrogen Solutions

Plant Efficiency and Resiliency

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

Large & Expanding Total Addressable Market



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."

Compelling Business Model

Business Model

Product Offerings

1. **Direct Sales**
   Full-service on-demand green power solutions

2. **Bundled Solutions**
   Microturbine generator + prepaid factory protection plan (FPP)

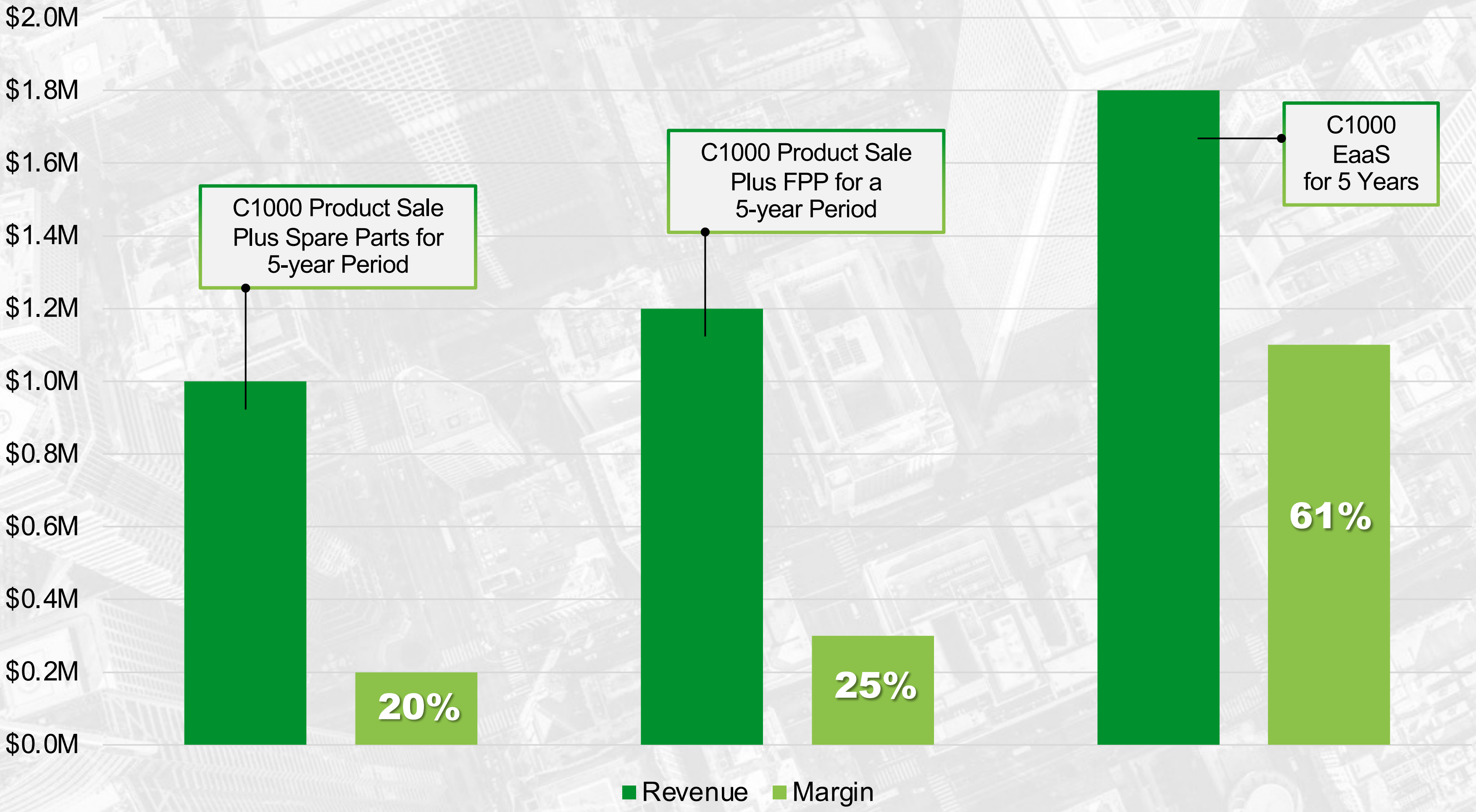
3. **Rental**
   Fleet of products for Energy-as-a-Service applications

Sales Channels

- **Distributors**
- **Direct**

Energy as a Service Business Case

Hypothetical Rental vs. Traditional Product Sales



Capstone Business Strategy

Capstone Green Energy is focused on sustaining and achieving its strategic business goals as we continue to work to grow our competitive advantages and total addressable markets (TAM).

Our goals include:

- Direct Solutions Sales team focused on growing top line revenue and the Energy as a Service (EaaS) business
- Broadening our diverse energy products and service offerings to provide custom tailored green energy solutions
- Expanding the long-term rental fleet to 21 MW and beyond
- 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
- Seeking strategic M&A opportunities that are accretive to the business

Capstone Green Energy Growth Rates

Capstone Green Energy

SOLUTIONS & SERVICE

Growth Type:	High
Growth Rate:	Organic & Non Organic

NEW

NEW

NEW

GLOBAL DISTRIBUTOR SALES

Growth Type:	Low
Growth Rate:	Organic

ENERGY-as-a-SERVICE (EaaS)

Growth Type:	Medium
Growth Rate:	Organic

DIRECT SALES SOLUTION

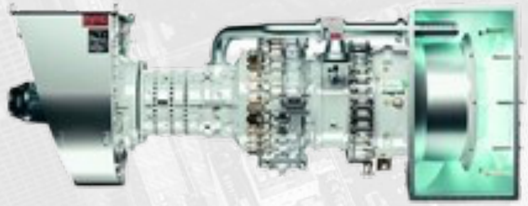
Growth Type:	High
Growth Rate:	Organic

STRATEGIC M&A

Growth Type:	High
Growth Rate:	Non-Organic

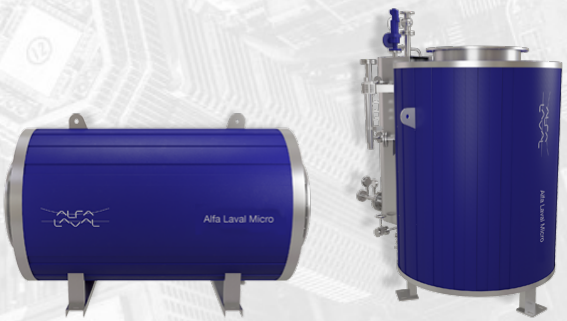
New Green Product Offerings

MICROTURBINE SYSTEMS FROM 65KW – 5MW

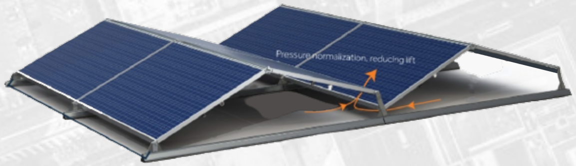


BAKER HUGHES TURBINES FROM 5MW-16MW

HYBRID ENERGY MICRO GRID SYSTEMS & KORE POWER BATTERY STORAGE SYSTEMS



ALFA LAVAL HEAT RECOVERY CHP SYSTEMS



SOLAR PV SOLUTIONS

POWERTAP HYDORGEN GENERATION & FUELING SYSTEMS

RECENT BUSINESS HIGHLIGHTS

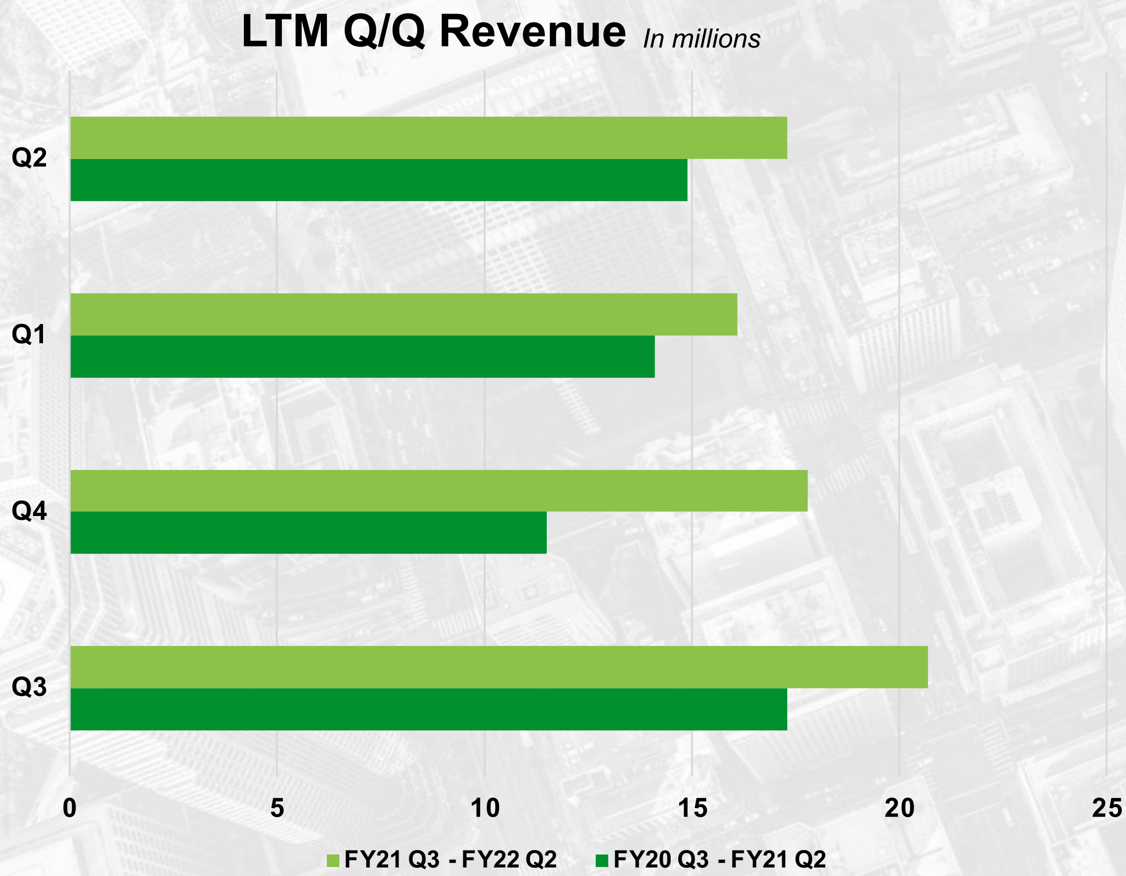
Second Quarter Financial Highlights

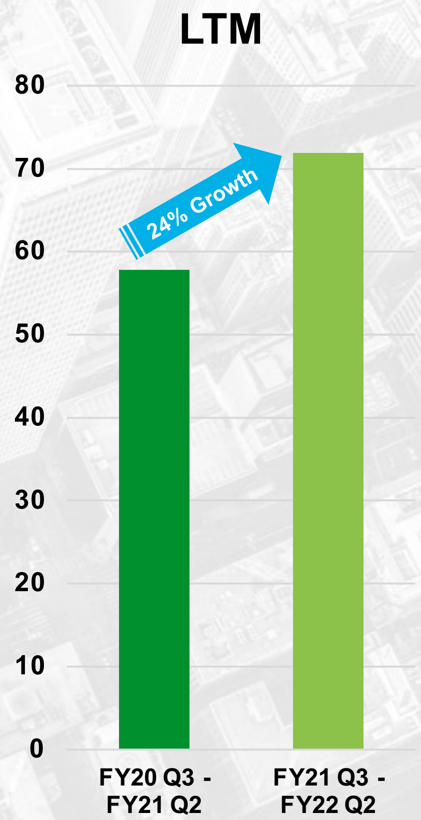
Highlights of Q2 Fiscal 2022 vs. Q2 Fiscal 2021:

- Revenue in the second quarter was $17.2 million, up 15%, compared to $14.9 million in the second quarter last year, as orders and shipments continue to rebound despite continued negative impacts from the ongoing COVID-19 global pandemic.
- Revenue in the last four quarters was $71.9 million, up 24%, compared to $58.1 million in the prior four quarters as the Company continues its focus on growing its top line revenues.
- The book-to-bill ratio was 1.3:1 for the quarter, and new gross product orders were $10.8 million, up from $8.2 million in the prior quarter.
- The long-term microturbine rental fleet increased 1.0 megawatt (MW) to 13.1 MWs from 12.1 MWs during the quarter, as the Company continues to execute against its plan to increase the fleet to 21.1 MWs by March 31, 2022.

Note: Q2 Fiscal 2022 is equivalent to Q3 Calendar 2021

Revenue Comparison – Last Twelve Months (LTM)



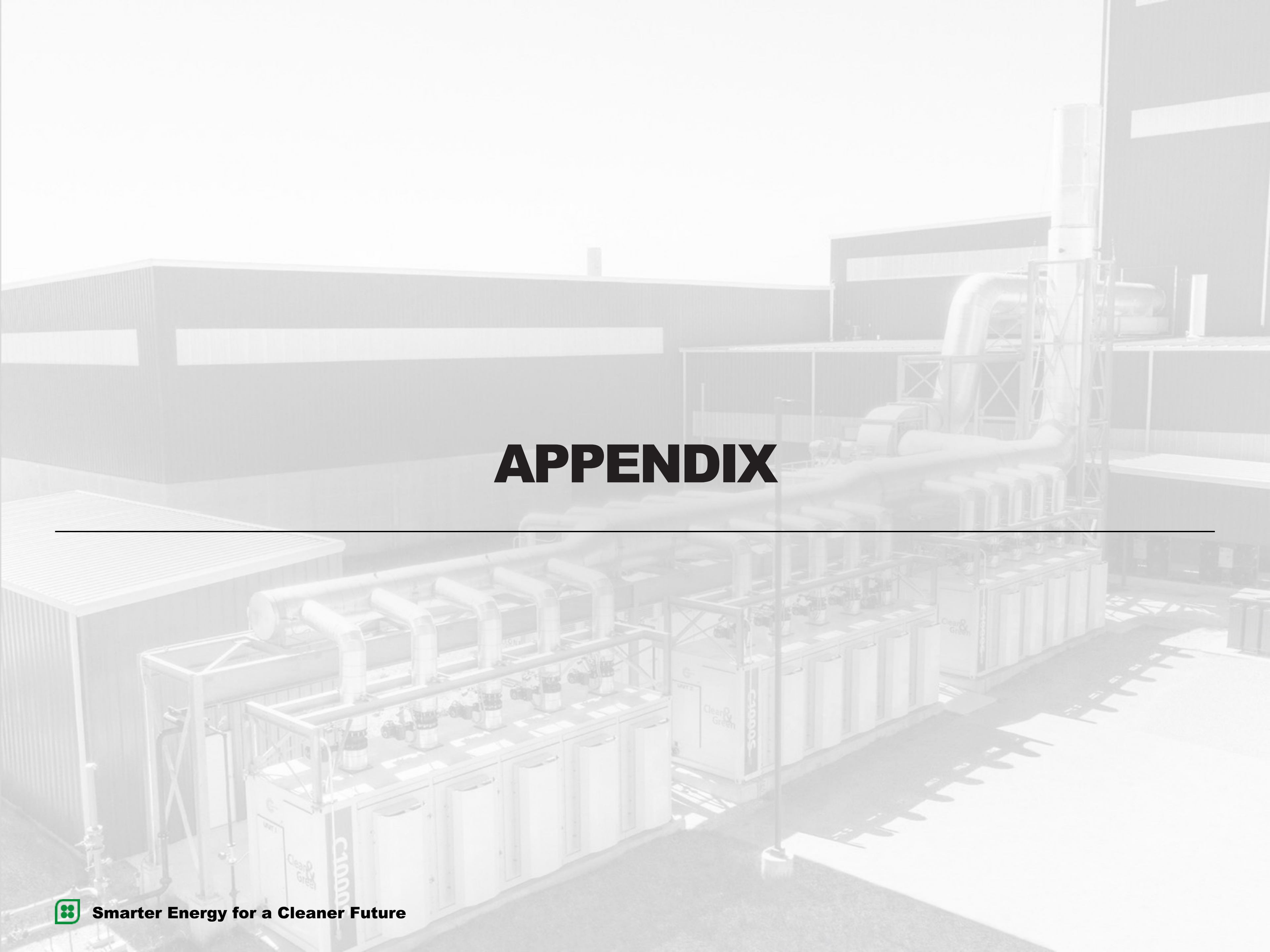


Quarter-Over-Quarter Revenue Growth Four Consecutive Quarters
Total Revenue Growth of 24% Year-Over-Year for LTM Period

Capstone Business Catalyst Summary

New Capstone Green Energy (CGRN)

- New strategic business plan is creating a larger TAM
- Continuing the expansion of the higher margin EaaS business
- EaaS business is improving cash flow and margin rates
- Revenue growth strategy in place – Book-to-Bill was 1:1 in Q1 FY22 and 1.3:1 for Q2 FY22
- Direct Sales Solution team focused on top line revenue growth – Larger customers with larger rollouts
- Strong Balance Sheet reduces customers' perception of project adoption risk
- Dedicated senior executive to find strategic acquisitions or partnerships – Leverage Network Partners



APPENDIX

Revenue Growth Strategy (Ranking 1-6)

New Direct Sales Team
New Microgrid Products, Rentals, Large Customers

01
Large Customer Adoptions

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

02
Improved Customer Satisfaction

New Target Pricing Programs
National & Key Accounts – New Gold Key Account Program

03
Target Pricing Program

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

04
Distributor Business Growth

New Hydrogen Product
Released with an ultimate goal of Operating on 100% Hydrogen

05
New RNG & Hydrogen Products

New Digital Marketing
Website Update, Customized Campaigns, Unique INDYCAR Branding Strategy

06
New Marketing Strategy

Q2 FY22 vs. Q2 FY21 Financial Results

(In millions)	Q2 FY22	Q2 FY21
Microturbine Product and Accessories	$8.5	$7.2
Parts & Service	$8.7	$7.7
Total Revenue	$17.2	$14.9
Gross Margin	$2.7	$2.6
Gross Margin Percent	**16%**	**17%**
R&D Expenses	$1.0	$0.6
SG&A Expenses	$6.4	$4.9
Total Operating Expenses	$7.4	$5.5
Net Loss	($6.0)	($4.2)
Adjusted EBITDA**	($2.7)	($1.9)

** See Appendix, Slide 22

YTD FY22 vs. YTD FY21 Financial Results

(In millions)	YTD Q2 FY22	YTD Q2 FY21
Microturbine Product and Accessories	$16.9	$13.8
Parts & Service	$16.4	$15.3
Total Revenue	$33.3	$29.1
Gross Margin	$5.4	$5.9
Gross Margin Percent	**16%**	**20%**
R&D Expenses	$1.9	$1.0
SG&A Expenses	$11.7	$8.4
Total Operating Expenses	$13.6	$9.4
Net Loss	($8.2)^	($6.0)
Adjusted EBITDA**	($5.0)	($1.8)

^ Includes gain on extinguishment of debt of $2.6 million

** See Appendix, Slide 22

Select Balance Sheet & Cash Flow Items

(In millions)	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Cash & Cash Equivalents	$38.3	$49.2	$49.5	$32.0	$16.8
Cash Provided by (Used in) Operating Activities for the Three Months Ended	($9.2)	($10.1)	$5.1*	($3.3)	$1.9
Accounts Receivable, Net of Allowances	$25.4	$23.9	$20.6	$19.1	$13.5
Total Inventories	$19.8	$16.7	$13.7	$13.1	$15.5
Accounts Payable & Accrued Expenses	$24.8	$22.4	$19.8	$14.6	$10.9

*Includes $5 million received from supplier legal settlement

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Reported Net Loss to EBITDA and Adjusted EBITDA (in thousands)	Three months ended September 30,		Six Months ended September 30,	
	2021	2020	2021	2020
Net loss, as reported	$ (5,994)	$ (4,212)	$ (8,176)	$ (6,035)
Interest expense	1,278	1,313	2,513	2,604
Provision for income taxes	2	9	10	10
Depreciation and amortization	458	349	844	703
EBITDA	$ (4,256)	$ (2,541)	$ (4,809)	$ (2,718)
Gain on debt extinguishment	—	—	(1,950)	—
Additional PPP Loan forgiveness	—	—	(660)	—
Stock-based compensation and other expense	780	664	1,650	962
Legal settlements	750	—	750	—
Adjusted EBITDA	$ (2,726)	$ (1,877)	$ (5,019)	$ (1,756)

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 represents non-recurring legal settlements for employment 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 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 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 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.

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Net Loss to Adjusted EBITDA (in millions)	As-if (21MW)	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
Adjusted EBITDA	**$ 0.1**	**$ (1.3)**

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.

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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.

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Reconciliation of Non-GAAP Financial Measures

Reconciliation of Net Loss to Adjusted EBITDA (in millions)

	As-if (50MW)	FY21 Q3
Net loss	$ (5.0)	$ (7.6)
Loss on debt extinguishment	4.3	4.3
Interest expense	1.2	1.2
Depreciation and amortization	1.4	0.4
Stock-based compensation expense	0.4	0.4
Adjusted EBITDA	**$ 2.3**	**$ (1.3)**

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Capstone Green Energy

Time to take the power in your hands.

www.capstonegreenenergy.com

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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