



INVESTOR RELATIONS PRESENTATION

November 2020



5MW ENERGY EFFICIENCY
INSTALLATION

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 Turbine 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 financial results is included 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.

COVID-19 & The Changing Global Energy Markets

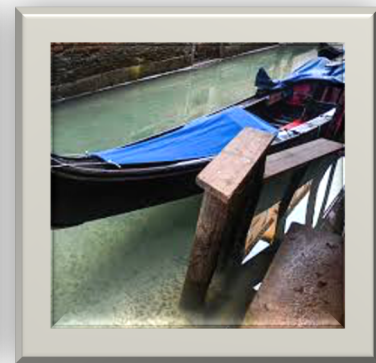


COVID-19 and the Imminent Change In Global Energy



“Change is the law of life. And those who look only to the past or the present are certain to miss the future.”

John F. Kennedy



Making Green Being Green



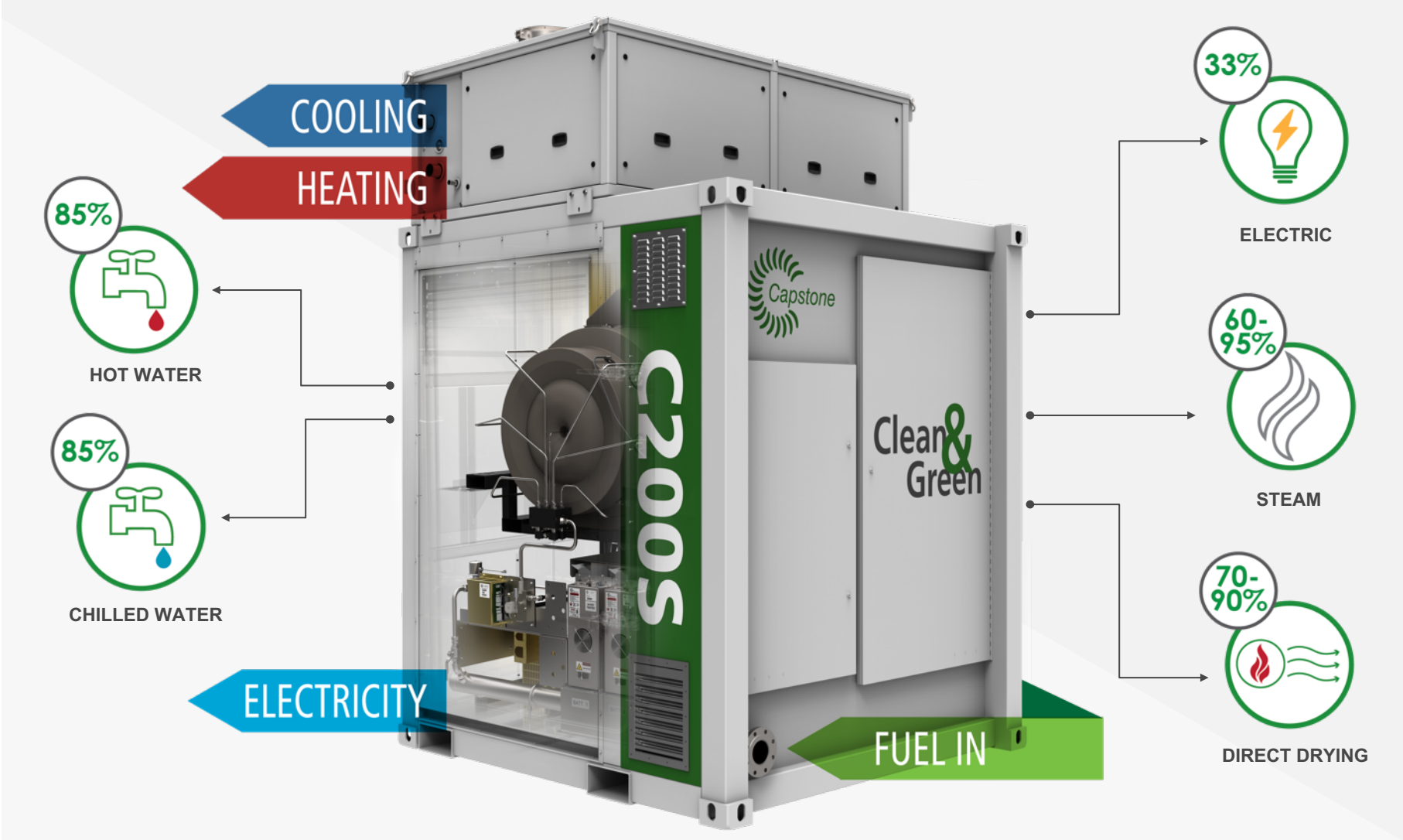
DID YOU KNOW?

In FY19 and FY20, Capstone customers benefited from:

- **718,000 TONS** of Carbon Savings
- **Half a Billion** in Financial Savings



Energy Efficient Green Products



Capstone Turbine Advantages



FEATURES & BENEFITS



Low Emissions

No exhaust aftertreatment



Patented Air Bearing Technology

No lubricants or coolants needed



Inverter Based w/ One Moving Part

Low operating costs



High Power Density

Compact footprint, small modular design



Stand Alone Or Grid Connect

Supports aging utility infrastructure



Fuel Availability

Operates on gaseous, renewable, and liquid fuels



Free Clean Waste Heat

Thermal energy for cogeneration/trigeneration



Remote Monitoring

View performance and diagnostics 24/7



Scalable To Match Demand

Multiple applications and industries



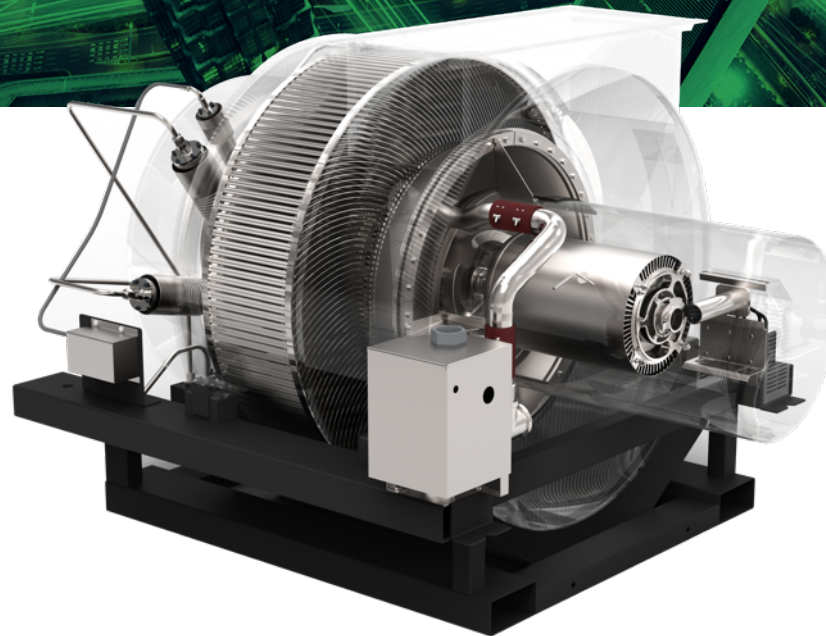
Potential Emissions Credits

Offset project costs





CATALYSTS FOR GROWTH



Focus On Reducing Cost ●

Low Cost Natural Gas ●

Microgrid Adoption ●

Federal & State Subsidies ●

New Engine Emissions ●

● Green Building (LEED)

● Severe Weather

● Electrification

● Gas Flaring Regulations

● Crude Oil Prices

● Positive

● Neutral

● Negative

FY21 Revenue Growth Strategy



Direct Sales, National Accounts, Expanded Product Portfolio on New Fuels, Strategic Partnerships, Rentals, OEM like 24/7 Solar, B+K

New Non-Distributor Business

Implementation of Target Pricing Programs for Key National Accounts, OEMs with Existing Capstone Installations

Target Pricing Program

Expanded Distribution in New Geographies like Eastern Europe, Africa and the Middle East

Distributor Business Growth

New RNG and Hydrogen Product Released with a goal of Eventually Operating on 100% Hydrogen

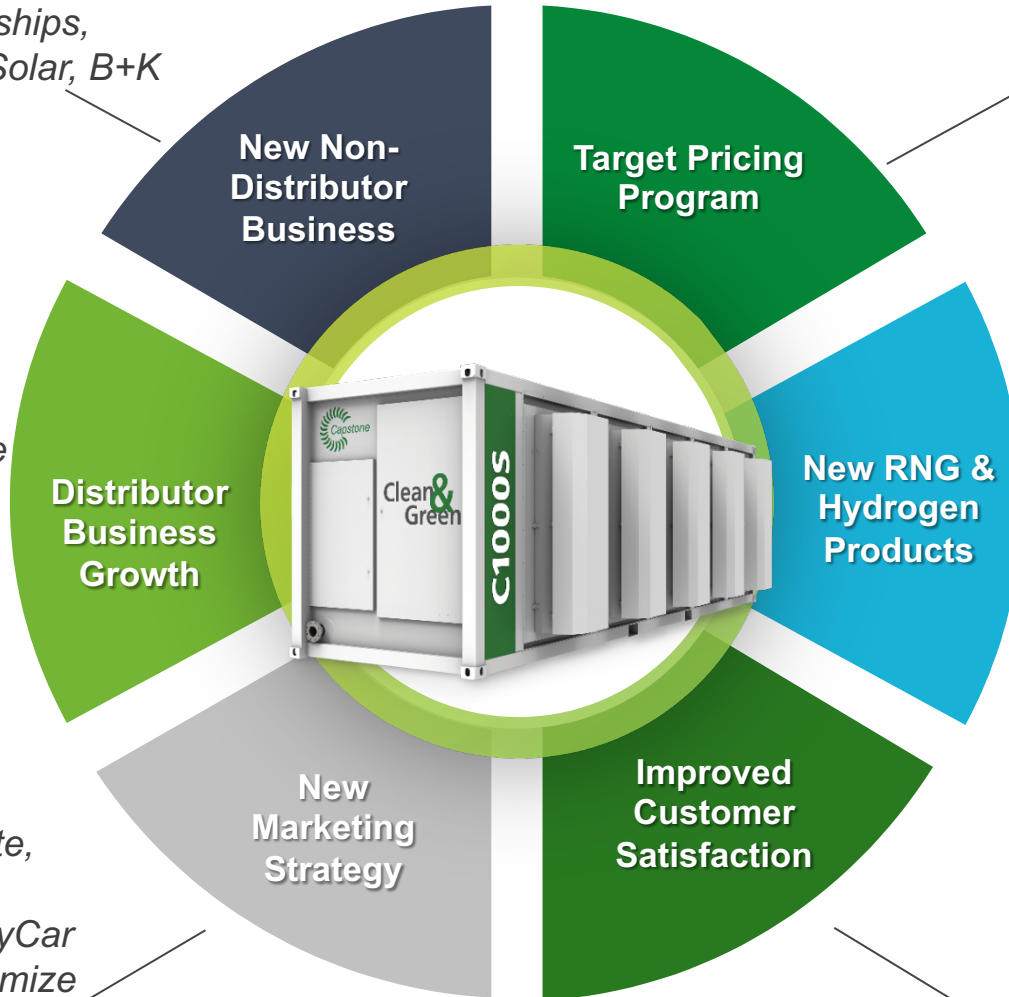
New RNG & Hydrogen Products

New Digital Marketing Strategy, Website Update, Customized Campaigns Targeted by Market, IndyCar Branding Strategy. Maximize B2B and Marketing IRR

New Marketing Strategy

Improving C200/C1000 Product Performance with New Parts Suppliers. Replacing Legacy Supplier with Poor Manufacturing Quality. Improving Reliability, Lower Warranty and FPP Costs.

Improved Customer Satisfaction





FY2021 BUSINESS RESULTS

Eric Hencken

Nasdaq: **CPST**

Q2 FY2021 Business Highlights



- **\$1.9 million positive Cash from Operating Activities** representing a **\$3.7 million improvement quarter-over-quarter** and **\$8.2 million improvement year-over-year** as the company benefited from its **Energy as a Service (EaaS) business model**.
- New Gross Product orders of \$9.8 million in the second quarter compared to \$5.5 million in the first quarter representing a positive **Book-to-Bill Ratio of 1.4:1** as the business begins to rebound from the impacts of the COVID-19 pandemic.
- Total revenue in the quarter was \$14.9 million, up 5%, compared to \$14.2 million in the first quarter.
- Gross margin as a percentage of revenue was 17%, an increase of 2 percentage points, compared to the prior year second quarter, despite a 28% drop in total revenues related to the ongoing negative impacts of the COVID-19 pandemic.
- Net loss for the six months ended September 30, 2020 was \$6.0 million, a 40% improvement, when compared to \$10.0 million for the six months ended September 30, 2019.
- The Company continued to execute against its \$10 million fiscal year-over-year Adjusted EBITDA improvement goal, posting a \$4.2 million improvement for the six months ended September 30, 2020, compared to the six months ended September 30, 2019, excluding a non-cash provision for a potential payout under the annual Executive Bonus Plan.
- **Total Inventory decreased by \$3.7 million, or 19%, to \$15.5 million in the quarter compared to \$19.2 million as of June 30, 2020, and decreased \$7.2 million, or 32%, compared to \$22.7 million as of March 31, 2020,** supporting improved liquidity and positive working capital during the second quarter.
- Total cash and cash equivalents as of September 30, 2020, were \$16.8 million, an increase of \$0.6 million, compared to \$16.2 million as of June 30, 2020, despite ongoing impacts from the COVID-19 pandemic, including no cash provided by financing activities.
- **October 1, 2020, Capstone entered into an agreement to upsize its current Goldman Sachs \$30.0 million note to \$50.0 million, at a significantly reduced interest rate and for a new 3-year term.**

Continued Improvements in Total Revenue & Bookings

YTD FY2021 vs. YTD FY2020 Financial Results



<i>(In millions)</i>	YTD FY21	YTD FY20
Microturbine Product	\$13.2	\$22.1
Accessories, Parts & Service	\$15.9	\$19.9
Total Revenue	\$29.1	\$40.0
Gross Margin	\$5.9	\$5.9
Gross Margin Percent	20%	15%
R&D Expenses	\$1.0	\$1.8
SG&A Expenses	\$8.4	\$11.8
Total Operating Expenses	\$9.4	\$13.6
Net Loss	\$(6.0)	\$(10.0)
Adjusted EBITDA	\$(1.8)	\$(5.6)
Executive Bonus	\$0.4	—
Adjusted EBITDA excluding Executive Bonus	\$(1.4)	\$(5.6)

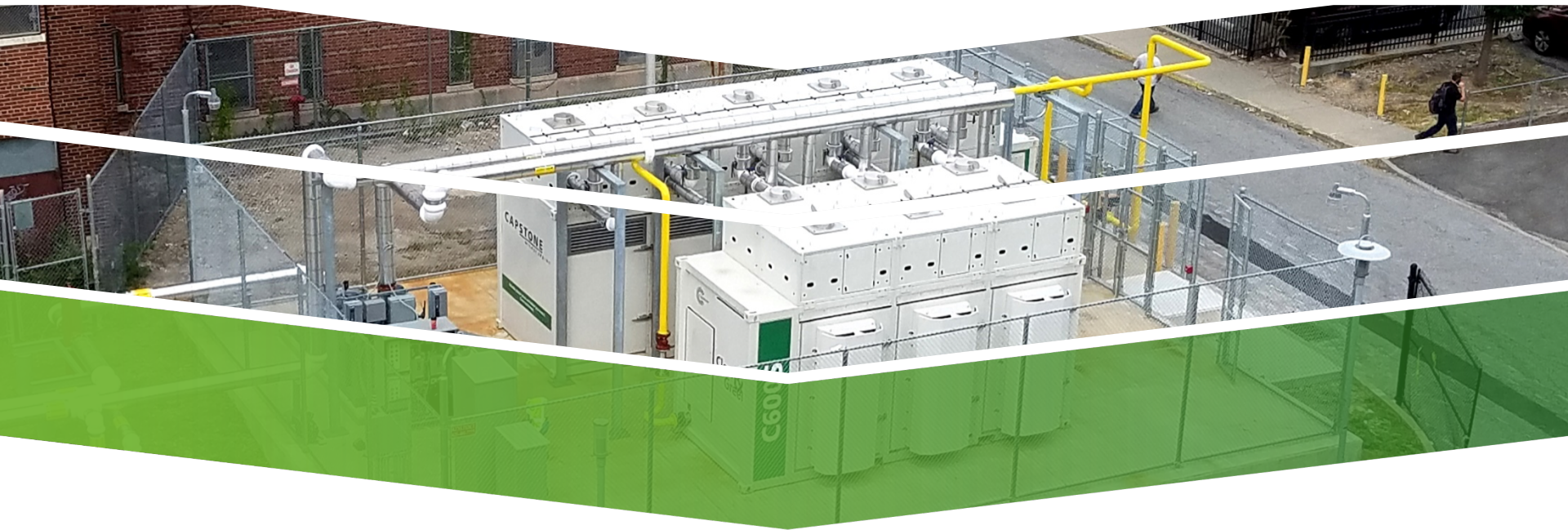
YTD FY2021 Adjusted EBITDA Excluding Executive Bonus Improved \$4.2M Despite Ongoing COVID-19 Headwinds

Q2 FY2021/ Q1 FY2021 Balance Sheet



<i>(In millions)</i>	September 30, 2020	June 30, 2020
Cash & Cash Equivalents	\$16.8	\$16.2
Cash Provided by (Used in) Operating Activities for the three months ended	\$1.9	\$(1.9)
Accounts Receivable, Net of Allowances	\$13.5	\$14.7
Total Inventories	\$15.5	\$19.2
Accounts Payable & Accrued Expenses	\$10.9	\$10.8

Cash Does Not Include Proceeds From New \$50M Goldman Sachs Note



POSITIVE ADJUSTED EBITDA INITIATIVE

Darren Jamison

Nasdaq: **CPST**

Positive Adjusted EBITDA Initiative



- ✓ Dramatically lower operating expenses to \$5.2M
- Reduce direct material costs \$3M annually
- ✓ Cut annual R&D spend by approximately 25%, delaying all non-essential product development
- Expand long-term microturbine rental fleet from current 8.6MW up to 10 MW with 85% utilization
- Increase aftermarket spare parts margins with newly upgraded United Kingdom Integrated Remanufacturing Facility (IRF)
- ✓ Improve product reliability and drive warranty expenses from 3% down to below 1%
- ✓ Help key distributors achieve higher Factory Protection Plan (FPP) service contract attachment rates from 38% to 45%
- ✓ Increase distributor management and push performance to produce near-term product backlog and revenue growth
- ✓ Hire additional salespeople for National Account development to drive incremental business for Capstone

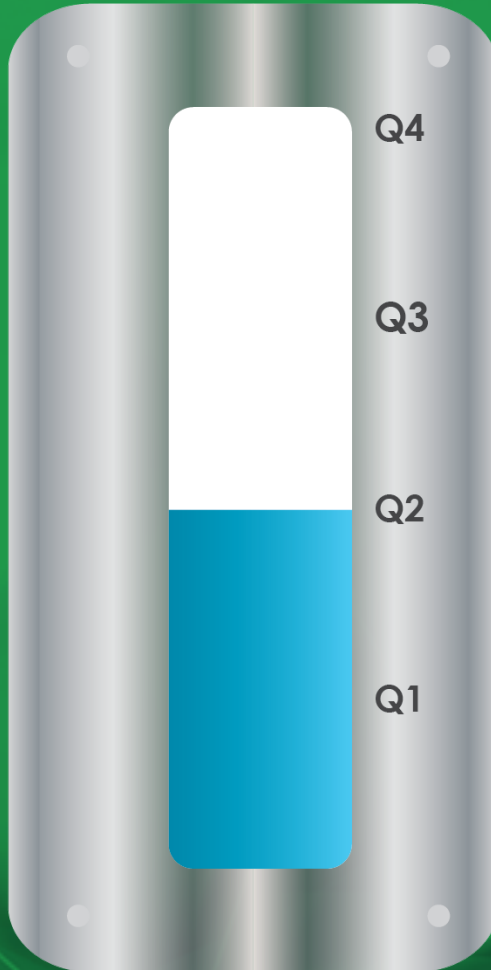


\$10M Adjusted EBITDA Goal on Track in Q2 as Forecasted

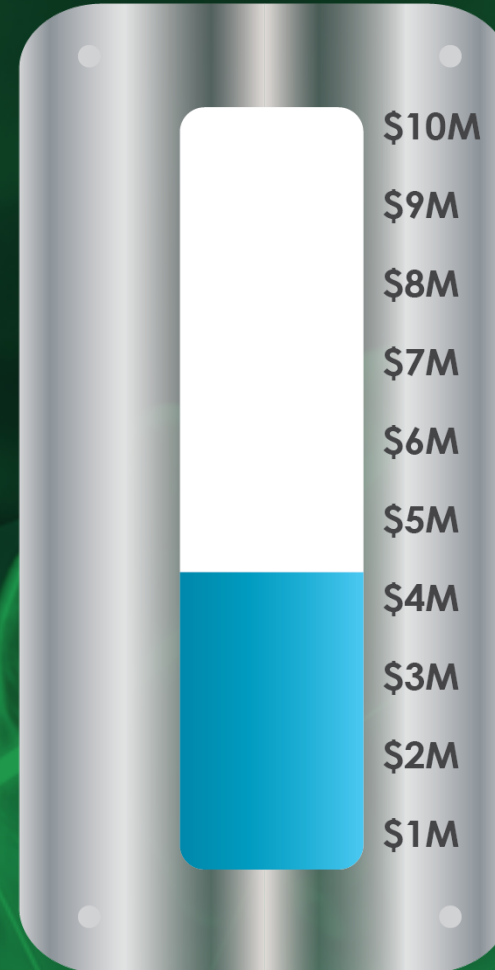
Annual Adjusted EBITDA Goal



Quarter-To-Date



Y/Y Improvement



Note: Y/Y Adjusted EBITDA Result Excludes \$375k in Non-Cash Executive Bonus Accrual
See Appendix, Slide 33 for Non-GAAP reconciliation

The annual Adjusted EBITDA goal presented on this slide, although it is a "forward-looking statement," is not intended to be, and does not constitute, a projection or forecast of the amount presented. See the Safe Harbor on Slide 2.



FY2021 BUSINESS GOALS

Eric Hencken

Nasdaq: **CPST**

FY21 Business Goals & Objectives

\$10M+ GOAL

Of Y/Y Adj. EBITDA Improvement

“The pandemic has undeniably been challenging, but it did afford us a unique opportunity to thoroughly reevaluate every aspect of our strategic business plan and make the tough, but necessary, adaptations so that we were able to support our long-term goals, and most importantly we have an opportunity to emerge from this global crisis as a stronger and more resilient business than before.”

- Darren Jamison



6x

INVENTORY
TURNS

10 MW

RENTALS



22%

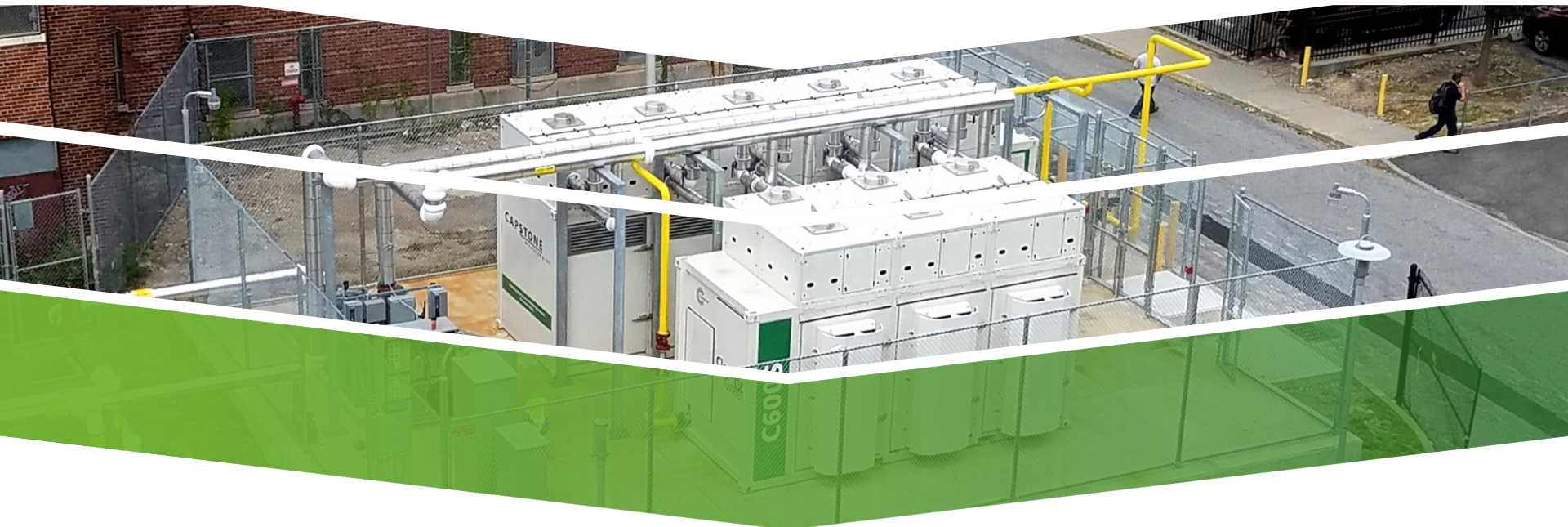
GROSS MARGIN

15%

DIRECT SALES

The goals and objectives presented on this slide, although they are “forward-looking statements,” are not intended to be, and do not constitute, projections or forecasts of the amounts presented. See the Safe Harbor on Slide 2.

Capstone Currently on Pace To Meet FY21 Goals Despite COVID-19



ENERGY AS A SERVICE BUSINESS MODEL (EaaS)

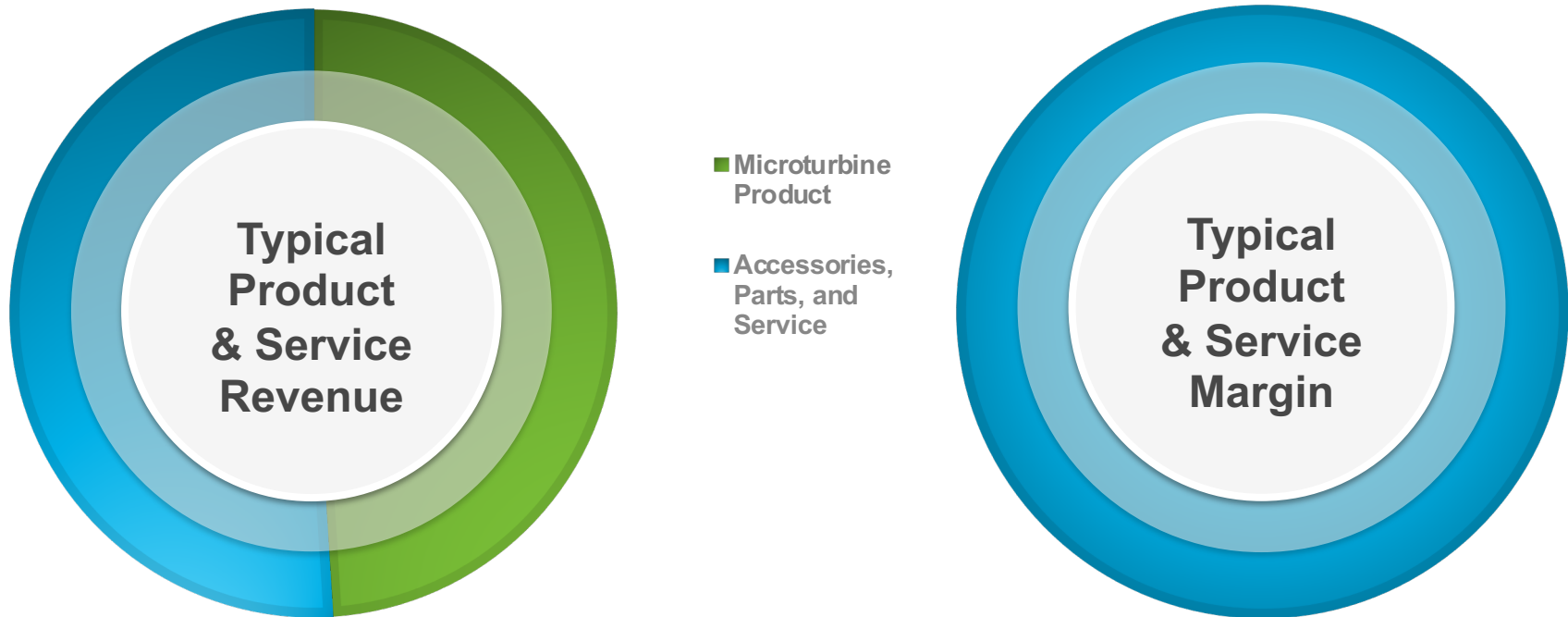
Eric Hencken

Nasdaq: **CPST**

Service Business Drives EBITDA



**Clean, Efficient, Reliable Low Margin Product Sales
Drives High Margin Service Enterprise**

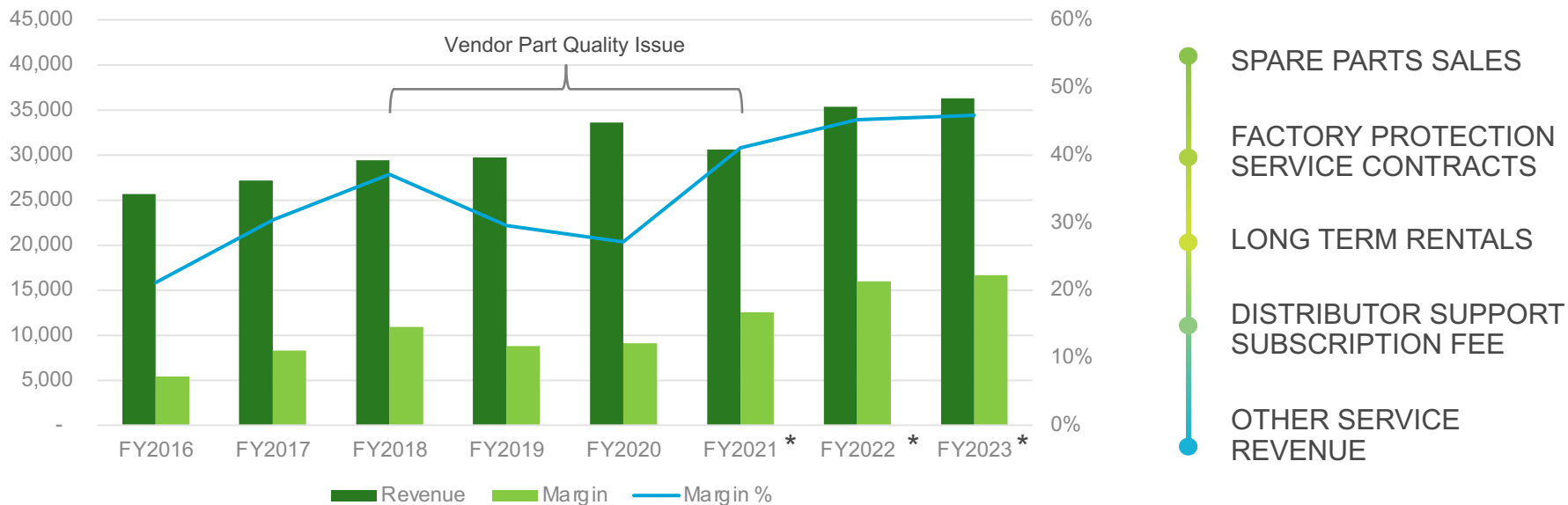


**FY2020 Capstone Aftermarket Service Business
Was 51% of Revenue, But 100% of Margin**

EaaS Revenue & Margin Pro Forma



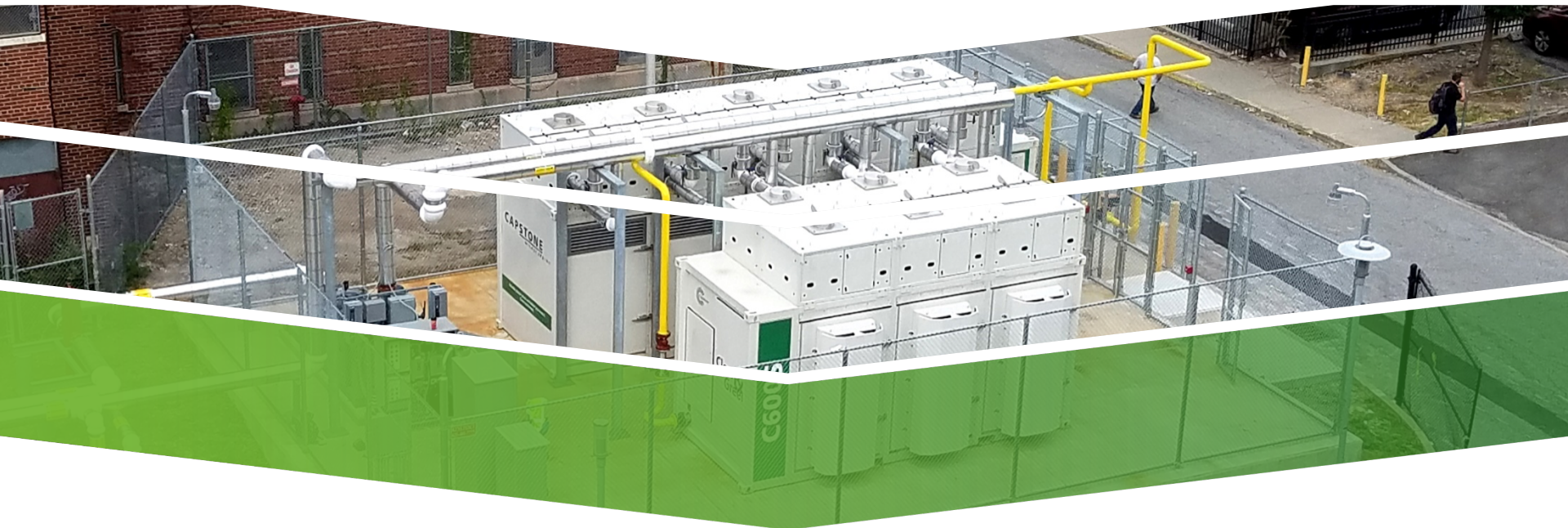
EaaS Revenue and Gross Margin



- FY2021 is Q2 FY2021 (September 30, 2020) YTD annualized for both revenue and margin for presentation purposes
- FY2022 and FY2023 is also Q2 FY2021 YTD annualized, but assumes that Capstone builds its current 8.6 Megawatt (MW) rental fleet by approximately 2 MWs per quarter, until it reaches 21.1 MW
- Assumes an average rental contract revenue per MW of \$90K per quarter at a 70% Gross Margin, at a 85% utilization rate
- No growth in spare parts sales, FPP, or DSS assumed in the second half of FY2021, FY2022, or FY2023 this model, only growth in rentals, to try and illustrate the importance of our rental business and improved service margins compared to prior years.

EaaS revenue represents Capstone's service revenue plus its revenue from sale of parts, and EaaS gross margin percentage represents Capstone's gross margin in respect of EaaS revenue as a percentage of EaaS revenue, and in each case is a non-GAAP financial measure calculated as set forth on Appendix, Slide 30. The EaaS revenue numbers and gross margin percentages for Fiscal 2021 (full year), 2022 and 2023 are presented for illustrative purposes, are assumed amounts based upon the specified assumptions, may not be achieved and, although they are "forward-looking statements," are not intended to be, and do not constitute, projections or forecasts of those amounts for those fiscal years. See the Safe Harbor on slide 2.

* See Appendix, Slide 34 for Non-GAAP Reconciliation



NEW HYDROGEN PRODUCT LAUNCH

Darren Jamison

Nasdaq: **CPST**

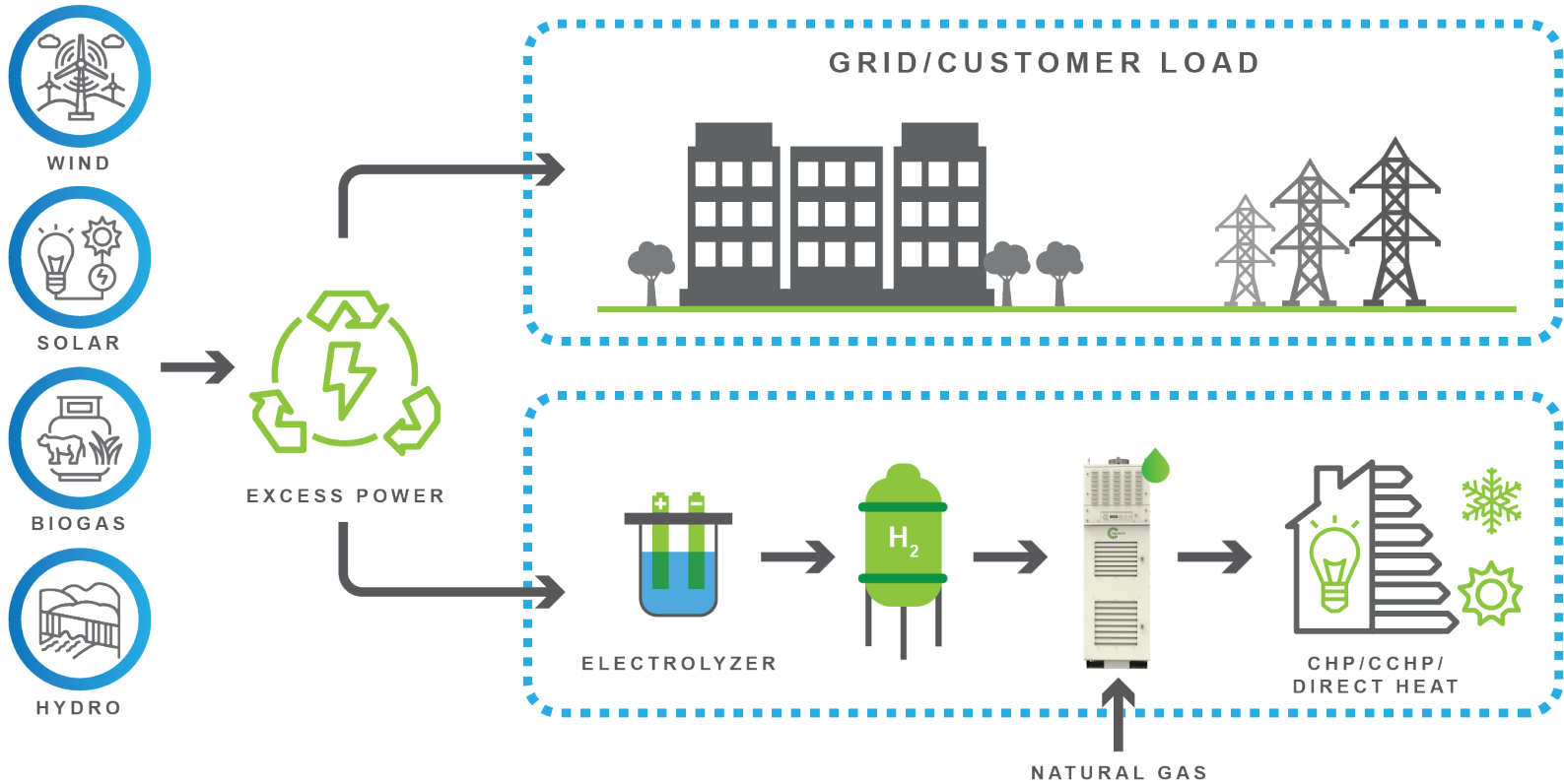
Hydrogen – The Opportunities



- The hydrogen economy has gained momentum over the past 12 months.
- Hydrogen is frequently used as a fuel in fuel cells, but can also be used a fuel for combustion-based energy systems.
- Capstone updated and modified its energy systems to add fuel flexibility.
- As hydrogen becomes more widely available, energy systems will need to have flexibility to use hydrogen as a fuel.
- Hydrogen and “green hydrogen” are positioned for meaningful growth.
- Capstone will have the solutions to capitalize on this growing trend.
- Capstone has demonstrated that it can run on a 20% hydrogen mix, but recently announced a new Research & Development partnership with Argonne National Laboratory and ran a 70% hydrogen - 30% natural gas blend.
- This is a promising milestone toward a goal of 100% hydrogen product.
- The real value sits in the broader context of fuel flexibility and providing a customer with multiple low carbon fuel options.



Hydrogen – System Architecture



Hydrogen – Key Topics



- Capstone Turbine’s flexible core turbine engine and sophisticated controls technology is the perfect platform for development into new markets, applications, and fuels
- Hydrogen brings several challenges to turbomachinery in gas compression, storage, transmission, combustion, and associated safety controls
- Hydrogen and natural gas blends expected to provide the transition fuel for industry to achieve intermediate carbon emission goals, until such time as other technologies become hydrogen ready
- Capstone Turbine’s fuel technology roadmap plans cost effective measured progress towards understanding existing capabilities with hydrogen, while moving forward with product development in other fuels



Hydrogen – New Products

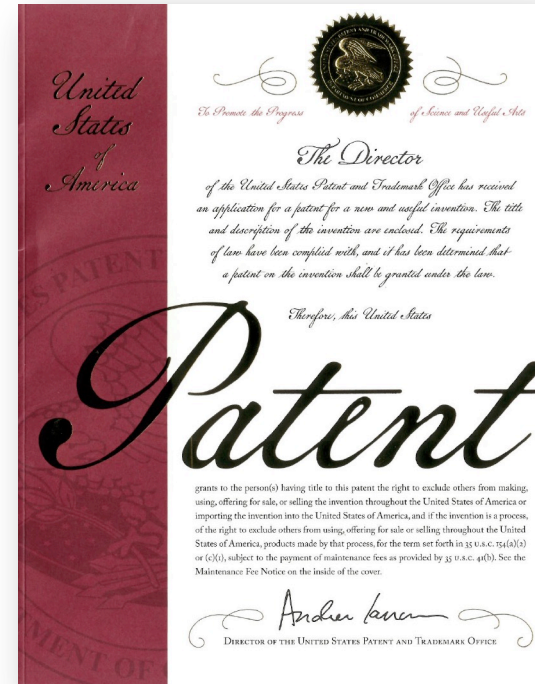


HYDROGEN

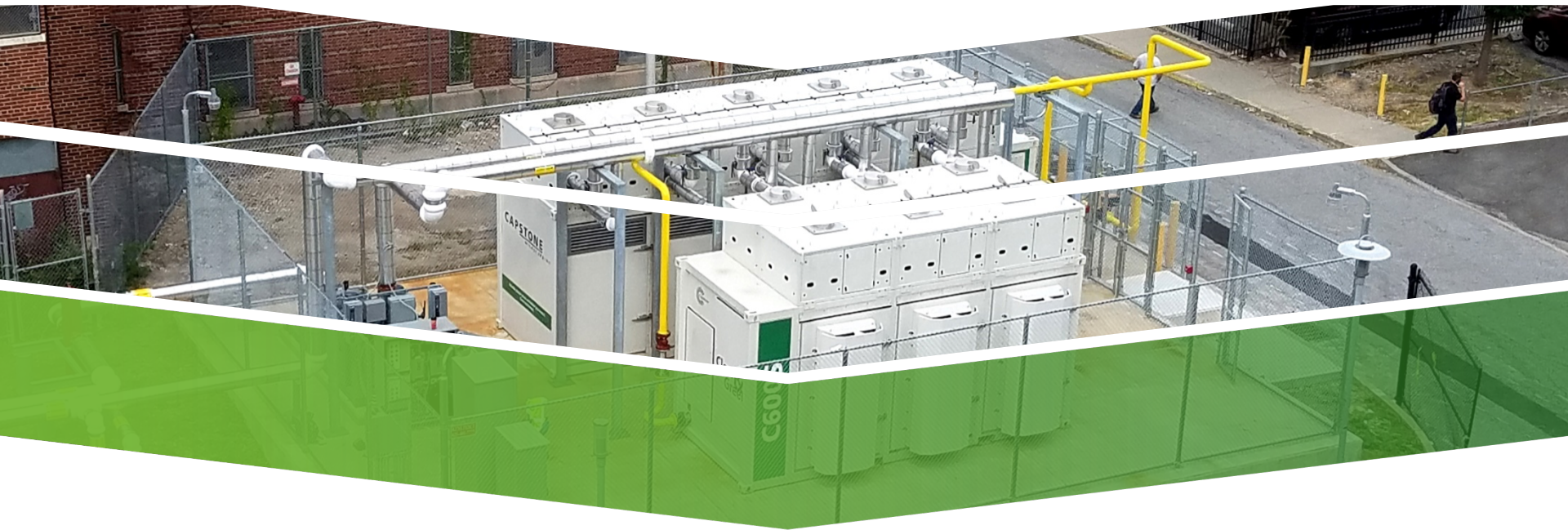


Capstone now offers renewable power with the use of up to 20% Hydrogen in our product line of microturbines as a fuel source. Today we have successfully operated on a blend of natural gas and hydrogen and a newly patented injector.

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.



APPENDIX

Financial & Market Statistics Comparison



Selected Public Companies

(\$ in millions)

Company	IPO (1)	Financial Statistics									Market Statistics
		Revenue	Gross Margin	GM %	OPEX	Adjusted EBITDA (9)	Cash from Operations	Revenue Per Employee	Cash (2)	Q/Q in Cash	Market Cap (3)
Capstone Turbine Corporation (4)	32	\$14.9	\$2.6	17.4%	\$5.5	(\$1.9)	\$1.9	\$0.14	\$16.8	\$0.6	\$53.9
American Superconductor Corp.(5)	33	21.2	5.0	23.6%	8.3	(2.4)	(3.1)	0.09	20.7	(4.0)	393.8
Ballard Power Systems(6)	12	25.8	5.4	20.9%	14.0	(8.6)	(14.8)	0.04	170.3	(11.3)	4,005.0
FuelCell Energy(7)	28	18.7	(3.1)	0.9%	7.6	(5.6)	(9.9)	0.06	72.4	35.2	633.6
Plug Power, Inc.(8)	23	68.1	5.1	7.5%	31.4	1.2	(51.2)	0.11	203.1	72.0	6,215.0
Avg. selected companies	24	\$33.5	\$3.1	13.2%	\$15.3	(\$3.9)	(\$19.8)	\$0.07	\$116.6	\$23.0	\$2,811.9

(1) Years since incorporation or first initial public offering

(2) Source: Nasdaq as of October 29, 2020

(3) Cash, cash equivalents and restricted cash – excluding long term restricted cash as of reported quarter end

(4) Source: Capstone Turbine Corporation's November 2020 Form 10-Q filing

(5) Source: American Superconductor Corporation's August 2020 Form 10-Q filing

(6) Source: Ballard Power Systems August 2020 Second Quarter 2020 Financial Reports

(7) Source: FuelCell Energy's September 2020 Form 10-Q filing

(8) Source: Plug Power, Inc. August 2020 Form 10-Q filing

(9) Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as presented for Capstone and the other presented companies may be calculated in different manners and may otherwise not be comparable. See Appendix, Slide 29.

Capstone Leads in EBITDA & Cash From Ops but Lags in Market Cap 27

Capstone's Focus on ESG



Increasing focus on Environmental, Social and Governance (ESG), principals, regulations and government policies is creating a strong tailwinds for the renewable energy sector globally. There's growing investor interest with ESG investing estimated to be over \$20 trillion in AUM as investors demand corporate responsibility.

ENVIRONMENTAL

- Capstone (CPST) manufactures reliable and energy dense power systems that allow customers to lower both NOx and CO2 emissions without the use of exhaust after treatment that use precious metals and urea.
- Capstone estimates based on data obtained by its Distributors, that in FY2020, CPST customers benefited from 368,000 tons in carbon savings while also saving \$219 million in energy costs.
- CPST is developing new 100% renewable products together with new renewable fuels (hydrogen and methanol), allowing customers to generate power with a net-zero carbon footprint.
- CPST strives to improve the oil & gas industry by offering cleaner and “greener” power solutions that reduce methane emissions while utilizing associated gas that would otherwise be flared into the atmosphere.
- CPST supports energy efficiency initiatives through CHP and the U.S. DOE CHP Technical Assistance Partnership.



SOCIAL

- Capstone, through its **Capstone Cares** program, sponsors paid employees for volunteer work in the local community and routinely conducts annual toy, book, and blood donation drives.
- The **Capstone Culture Club** puts on company sponsored employee events, ranging from health & fitness activities, team building events, social events and celebrations.
- **Capstone U** is a company sponsored employee led internal education program that is free and open to all employees.
- The **Capstone EH&S Team** works continuously to achieve a zero waste facility, eliminate all lost time injuries, and reduce near miss accidents.

GOVERNANCE

- Capstone has a highly diverse set of outside Board of Directors comprised of 3 women and 3 men, with a female Chairperson and Audit Committee lead.
- 6 of the 7 CPST Board of Directors are outside independent directors who are free of any conflicts of interest and had no prior relationship with the President & CEO.
- The company subscribes to the highest levels of oversight, director education and management transparency.
- Capstone has worked diligently over the last several years on board “refresh” and each director is up for election annually.

Estimated Value of Distribution



Total Annual Value of Channel is ~\$40M

NORTH AMERICA

115 AT \$81k

EMPLOYEES

42 AT \$55k

LOCATIONS

LATIN AMERICA

94 AT \$42k

EMPLOYEES

41 AT \$31k

LOCATIONS

EUROPE / MEA

151 AT \$90k

EMPLOYEES

64 AT \$39k

LOCATIONS

APAC / RUSSIA

199 AT \$36k

EMPLOYEES

44 AT \$12k

LOCATIONS

TOTAL

\$ 33.9M

EMPLOYEES

\$ 6.6M

LOCATIONS

New 100% Renewable Products



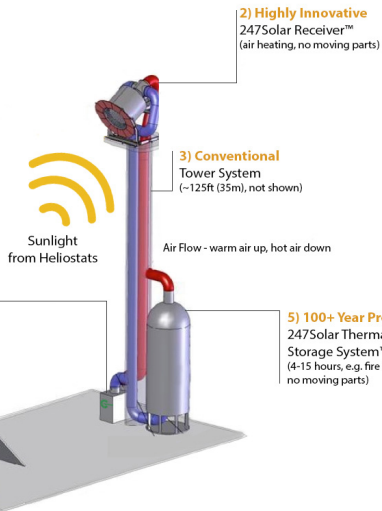
247SOLAR



4) **Capstone Microturbines**
(Off-the-Shelf, 300-400 kW, outfitted with 247Solar Heat Exchanger™)



1) **Off-the-Shelf Sun-tracking Heliostats**
(~4 acres per 400 kW)

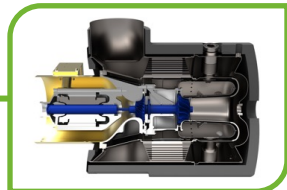


An illustration of the pre-engineered 247Solar Plant, outfitted with Capstone microturbines.

Another 100% renewable project is with a German company, B+K, that is using wood waste to generate superheated air and also expanding it across the Capstone microturbine. B+K has been operating a Capstone powered pilot project for more than a year and is moving into commercial sales, with several projects planned in 2020.

100% renewable project with new customer, 247Solar, together we are installing a solar-powered microturbine at a test site in Morocco using concentrated solar energy to expand superheated air across the Capstone microturbine to generate 100% renewable power with our microturbines. Once completed, 247Solar has a host of additional opportunities.

B+K



An illustration of the pre-engineered ClinX CHP solution, outfitted with Capstone microturbine

Leadership Team



Darren Jamison

President & Chief Executive Officer



Eric Hencken

Chief Financial Officer



James Crouse

Chief Revenue Officer



Jeff Foster

*Senior Vice President of
Customer Service & Product
Development*



Kirk Petty

*Vice President
of Manufacturing*



Jennifer Derstine

*Vice President of Marketing
& Distribution*

Board of Directors



**HOLLY
VAN DEURSEN**

- Independent director for companies in the chemical, industrial and contract manufacturing sectors; previously a director for companies in the oilfield services and packaging sectors
- Group Vice President, Petrochemicals and Group Vice President, Strategy for BP plc/Amoco Corporation, a \$250 billion oil, gas, and energy company, through 2005
- Executive roles with BP/Amoco in business management, business development and mergers & acquisitions, residing in North America, Asia and Europe

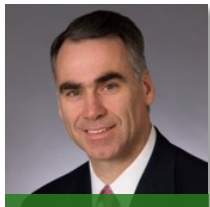
*Chair of the Board
Member of the Audit Committee*



**PAUL
DEWESE**

- Managing Director, Echo Holdings, LLC, advisory services for M&A in oil and gas since 2019
- Chief Executive Officer, Boomerang Tube, LLC, a supplier of steel pipes and services for the energy industry 2018-2019
- Chief Executive Officer, Epic Industrial Solutions, LLC, provider of parts and services for industrial engines and compressors in the oil, gas and industrial markets 2015-2018
- Chief Executive Officer, Southwest Oilfield Products, Inc., an aftermarket supplier for drilling rigs 2012-2015

Chair of Nominating and Corporate Governance Committee



**ROBERT
FLEXON**

- President and Chief Executive Officer, Dynegy Inc., an independent power producer and electricity marketer 2011-2018
- Chief Financial Officer of UGI Corporation, a distributor and marketer of energy products and services in 2011; and Chief Financial Officer then Chief Operating Officer of NRG Energy, Inc., a power generation and electricity marketer 2004-2009
- Chief Executive Officer of Foster Wheeler, a Swiss global engineering conglomerate 2009-2010

*Member of Audit Committee
Member of the Compensation Committee*



**DARREN
JAMISON**

- President and Chief Executive Officer, Capstone Turbine Corporation since 2006
- President and Chief Operating Officer for Northern Power Systems, Inc., a company that designs, manufactures and sells wind turbines into the global marketplace 2003-2006
- Vice President and General Manager of Distributed Energy Solutions for Stewart & Stevenson Services, Inc., a leading designer, manufacturer and marketer of specialized engine-driven power generation equipment to the oil and gas, renewable and energy efficiency markets 1996-2003



**YON
JORDEN**

- Previously an independent director for Maxwell Technologies, Magnetek Incorporated, Bioscrip Incorporated, and U.S. Oncology Corporation, companies in energy, automation and healthcare industries
- Chair of Audit, Compensation, or Nominating & Governance Committee for a number of Boards
- Chief Financial Officer of four publicly traded companies, including AdvancePCS, Informix Corporation, Oxford Health Plans, Inc., and WellPoint, Inc. through 2004

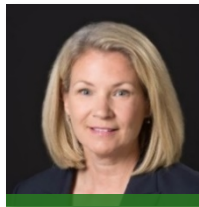
*Chair of the Audit Committee
Member of the Compensation Committee*



**ROBERT
POWELSON**

- President and Chief Executive Officer, National Association of Water Companies since 2018
- Commissioner for the Federal Energy Regulatory Commission 2017-2018
- Served on the Pennsylvania Public Utility Commission 2008-2017, as Chair 2011-2015, and on Pennsylvania's Marcellus Shale Advisory Commission 2011
- President of the National Association of Regulatory Utility Commissioners, 2011-2017

Member of Nominating and Corporate Governance Committee



**DENISE
WILSON**

- Executive Vice President and President, New Business, for NRG Energy, Inc., a Fortune 500 company that generates electricity and provides energy solutions and natural gas to its customers 2011-2016
- Executive Vice President & Chief Administrative Officer for NRG Energy 2006-2011
- Executive leadership roles in human resources for Nash-Finch Company, Metris Companies, Inc. and General Electric

*Member of Nominating and Corporate Governance Committee
Chair of the Compensation Committee*

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,	
	2020	2019	2020	2019
Net loss, as reported	\$ (4,212)	\$ (4,448)	\$ (6,035)	\$ (10,041)
Interest expense	1,313	1,287	2,604	2,563
Provision for income taxes	9	—	10	8
Depreciation and amortization	349	443	703	816
EBITDA	(2,541)	(2,718)	(2,718)	(6,654)
Stock-based compensation and other expense	664	104	962	366
Restructuring charges	—	370	—	670
Adjusted EBITDA	\$ (1,877)	\$ (2,244)	\$ (1,756)	\$ (5,618)
Executive Bonus	375	—	375	—
Adjusted EBITDA excluding Executive Bonus	\$ (1,502)	\$ (2,244)	\$ (1,381)	\$ (5,618)

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 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.

EBITDA is defined as net income before interest, provision for income taxes, depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA before stock-based compensation and other expense and restructuring charges. Stock-based compensation and other expense includes expense related to stock issued to employees, directors, and vendors. Restructuring charges includes facility consolidation costs and one-time costs related to the company's cost reduction initiatives. 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 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 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



Revenue									
	FY2016	FY2017	FY2018	FY2019	FY2020		FY2021	FY2022	FY2023
Service (as reported)	12,095	13,844	16,083	17,109	20,783	Service (pro forma)	21,638	26,387	27,382
Parts	13,597	13,335	13,334	12,637	12,805	Parts (pro forma)	8,936	8,936	8,936
Energy as a Service	25,692	27,179	29,417	29,746	33,588	Energy as a Service (pro forma)	30,574	35,323	36,318

Gross Margin									
	FY2016	FY2017	FY2018	FY2019	FY2020		FY2021	FY2022	FY2023
Service (as reported)	1,517	2,917	4,817	3,298	3,161	Service (pro forma)	8,686	12,108	12,805
Parts	3,908	5,343	6,109	5,489	5,954	Parts (pro forma)	3,854	3,854	3,854
Energy as a Service	5,425	8,260	10,926	8,787	9,115	Energy as a Service (pro forma)	12,540	15,962	16,659

Gross Margin as a % of revenue									
	FY2016	FY2017	FY2018	FY2019	FY2020		FY2021	FY2022	FY2023
Service (as reported)	13%	21%	30%	19%	15%	Service (pro forma)	40%	46%	47%
Parts	29%	40%	46%	43%	46%	Parts (pro forma)	43%	43%	43%
Energy as a Service	21%	30%	37%	30%	27%	Energy as a Service (pro forma)	41%	45%	46%

To supplement the Company's unaudited financial data presented on a generally accepted accounting principles (GAAP) basis, management has presented Energy as a Service Revenue, Gross Margin, and Gross Margin as a percentage of revenue, 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 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 service revenue, service gross margin, or service gross margin as a percentage of revenue, or other measures prepared in accordance with GAAP.

Energy as a Service Revenue is defined as Service revenues plus Parts revenue. Energy as a Service Gross Margin is defined as Service Gross Margin plus Parts Gross Margin. Energy as a Service Gross Margin as a percentage of revenue is defined as Service Gross Margin plus Parts Gross Margin as a percentage of Service Revenue plus Parts Revenue. Energy as a Service Revenue, Gross Margin, and Gross Margin as a percentage of revenue are not measures of the company's liquidity or financial performance under GAAP and should not be considered as an alternative to Service Revenue, Service Gross Margin, Service Gross Margin as a percentage of revenue, 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.

Energy as Service Revenue, Gross Margin and Gross Margin as a percentage of revenue for Fiscal 2021 (full year), 2022 and 2023 are presented for illustrative purposes, are assumed amounts based upon the assumptions specified on Slide 12, may not be achieved and, although they are "forward-looking statements," are not intended to be, and do not constitute, projections or forecasts of those amounts for those fiscal years. See the Safe Harbor on page 2.

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.



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