



**SECOND QUARTER
FISCAL 2021**

Earnings Call | November 10, 2020



**5MW ENERGY EFFICIENCY
INSTALLATION**

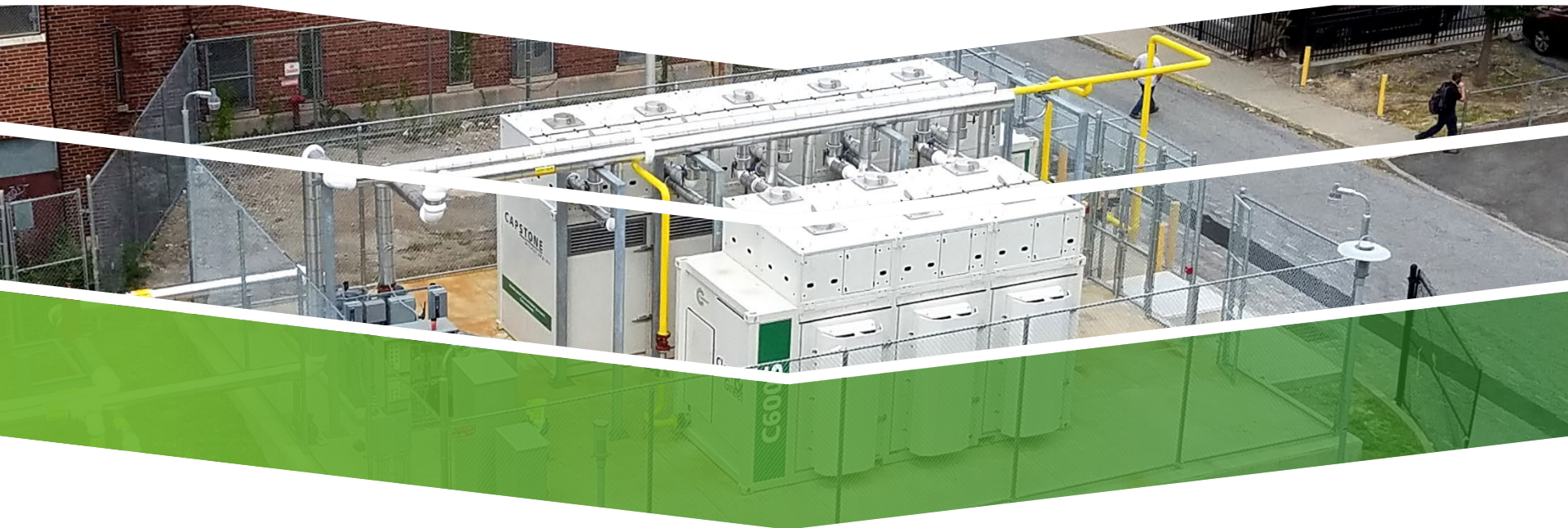
Safe Harbor



This presentation contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including statements relating to the Adjusted EBITDA improvement goal and other statements regarding expectations, beliefs, plans, intentions and strategies of Capstone Turbine Corporation (“Capstone,” the “Company,” “we,” or “us.” The Company has tried to identify these forward-looking statements by using words such as “expect,” “anticipate,” “believe,” “could,” “should,” “estimate,” “intend,” “may,” “will,” “plan,” “goal” and similar terms and phrases, but such words, terms and phrases are not the exclusive means of identifying such statements. 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; 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. 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. 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.

This presentation also includes non-GAAP financial measures. See Appendix slides 29 and 30.

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Q2 HIGHLIGHTS & ADJUSTED EBITDA GOAL

Darren Jamison

Nasdaq: **CPST**

Recent Business Highlights

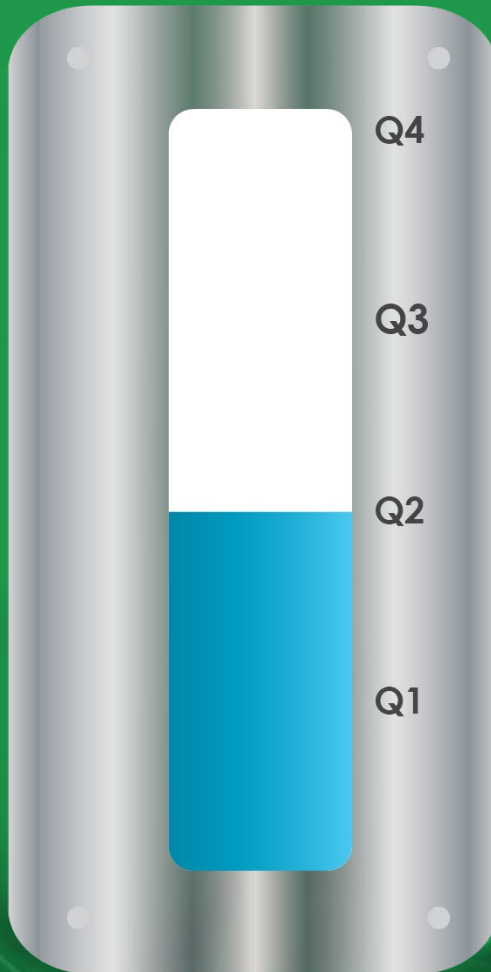


- October 29, 2020:** Capstone continues success in European Cogeneration market with orders for nine C65 microturbines
- October 15, 2020:** Capstone announces successful demonstration of one of the world's most versatile, zero-carbon energy solutions
- October 1, 2020:** Capstone upsizes its current Goldman Sachs \$30M note to \$50M at a significantly reduced interest rate and for a new 3-year term
- September 30, 2020:** Capstone secures a major 4 MW Energy Efficiency order for a Las Vegas casino development project
- September 21, 2020:** Capstone receives orders for 10 C65 microturbines
- September 17, 2020:** Capstone secures follow-on microturbine order for plastics manufacturing facility in Canada
- September 10, 2020:** Capstone secures 5-year long-term FPP Service Contract
- September 9, 2020:** Capstone secures a 1.2 MW order
- September 3, 2020:** Capstone executes another 5-year long-term FPP Service Contract
- September 1, 2020:** Capstone secures 400-Kilowatt order from KO-SI d.o.o. – A natural textile manufacturer in Slovenia
- August 24, 2020:** Capstone announces significant progress in microturbine hydrogen testing

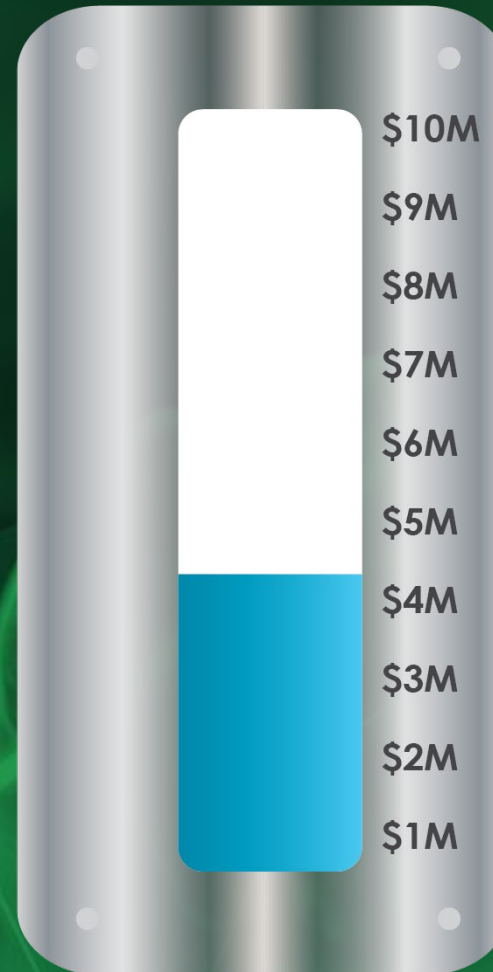
Annual Adjusted EBITDA Goal



Quarter-To-Date



Y/Y Improvement



Note: Y/Y Adjusted EBITDA Result Excludes \$375k in Non-Cash Executive Bonus Accrual
See Appendix, Slide 29 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.



SECOND QUARTER 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.
- Following the end of the quarter, on 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

Q2 FY2021 vs. Q1 FY2021 Financial Results



<i>(In millions)</i>	Q2 FY21	Q1 FY21
Microturbine Product	\$7.0	\$6.1
Accessories, Parts & Service	\$7.9	\$8.1
Total Revenue	\$14.9	\$14.2
Gross Margin	\$2.6	\$3.4
Gross Margin Percent	17%	24%
R&D Expenses	\$0.6	\$0.4
SG&A Expenses	\$4.9	\$3.5
Total Operating Expenses	\$5.5	\$3.9
Net Loss	\$(4.2)	\$(1.8)
Adjusted EBITDA*	\$(1.9)	\$0.1
Executive Bonus	\$0.4	—
Adjusted EBITDA Excluding Executive Bonus	\$(1.5)	\$0.1

* See Appendix, Slide 29

Capstone Continued Its COVID Business Continuity Plan

Q2 FY2021 vs. Q2 FY2020 Financial Results



<i>(In millions)</i>	Q2 FY21	Q2 FY20
Microturbine Product	\$7.0	\$12.0
Accessories, Parts & Service	\$7.9	\$8.7
Total Revenue	\$14.9	\$20.7
Gross Margin	\$2.6	\$3.1
Gross Margin Percent	17%	15%
R&D Expenses	\$0.6	\$0.9
SG&A Expenses	\$4.9	\$5.5
Total Operating Expenses	\$5.5	\$6.4
Net Loss	\$(4.2)	\$(4.4)
Adjusted EBITDA*	\$(1.9)	\$(2.2)
Executive Bonus	\$0.4	—
Adjusted EBITDA excluding Executive Bonus	\$(1.5)	\$(2.2)

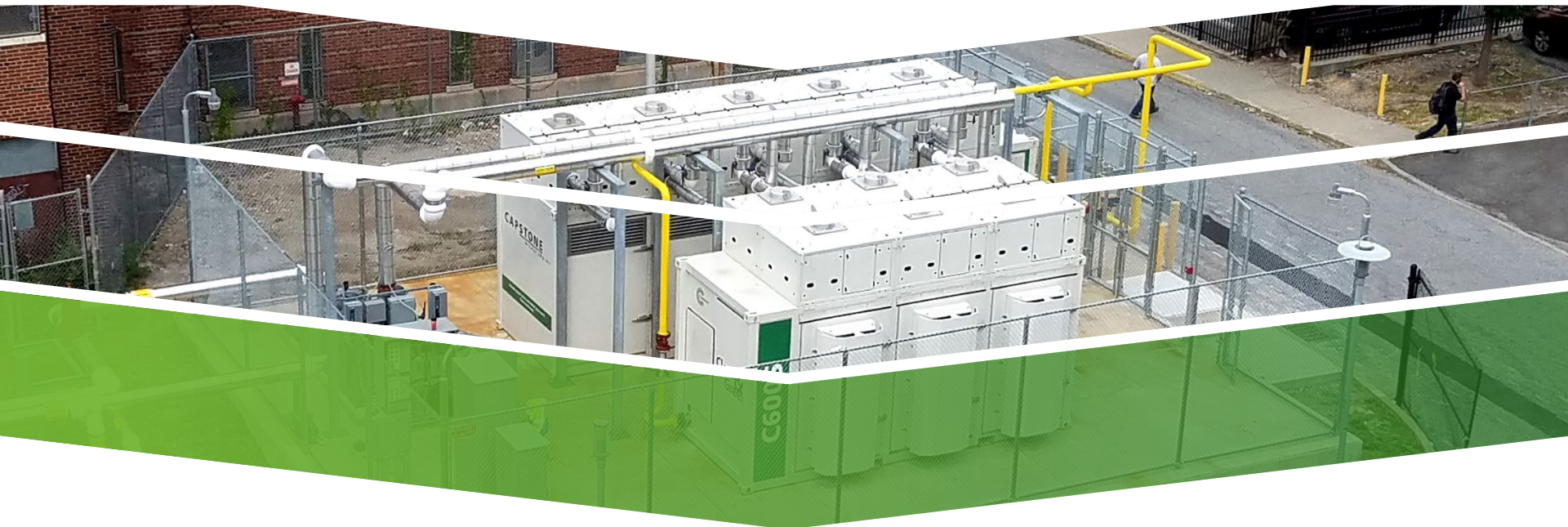
* See Appendix, Slide 29

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



ENERGY AS A SERVICE BUSINESS MODEL (EaaS)

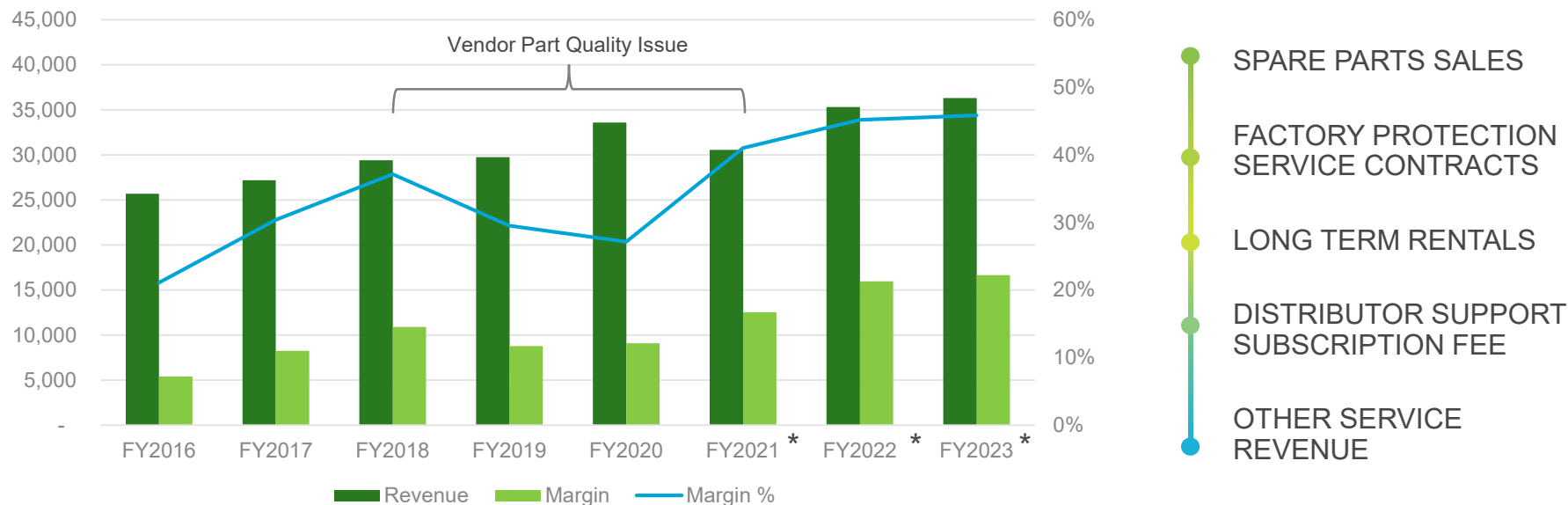
Eric Hencken

Nasdaq: **CPST**

EaaS Revenue & Margin Pro Forma

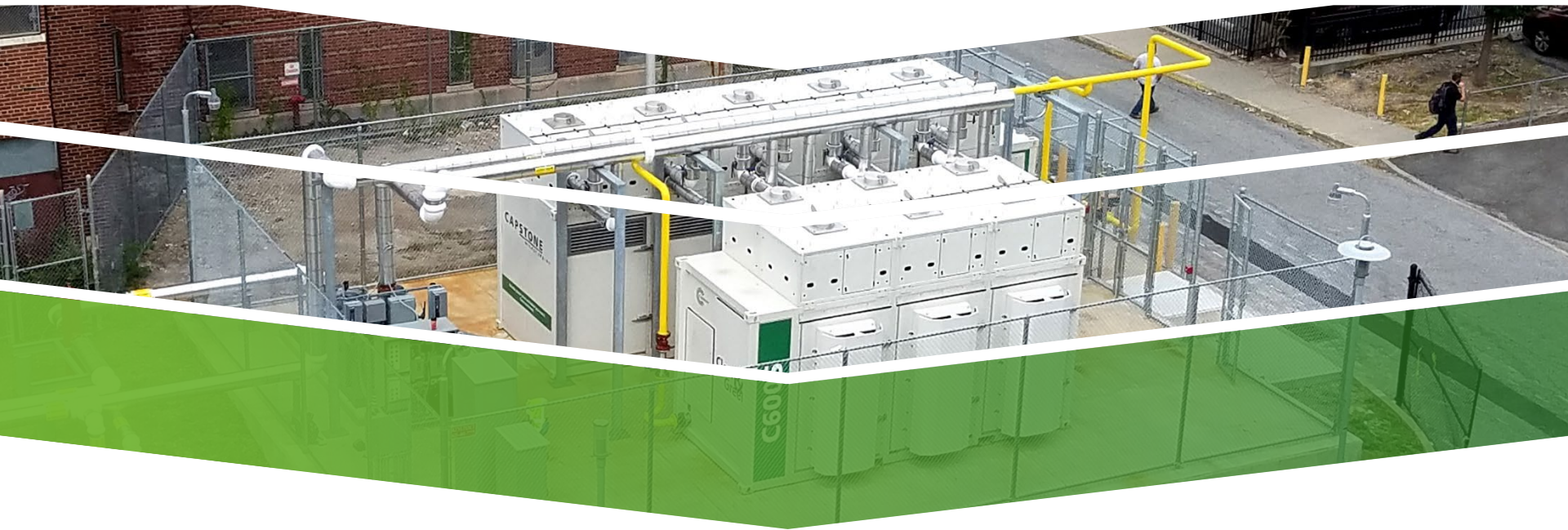


EaaS Revenue and Gross Margin



- 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.



FY2021 BUSINESS GOALS & OBJECTIVES

Darren Jamison

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%

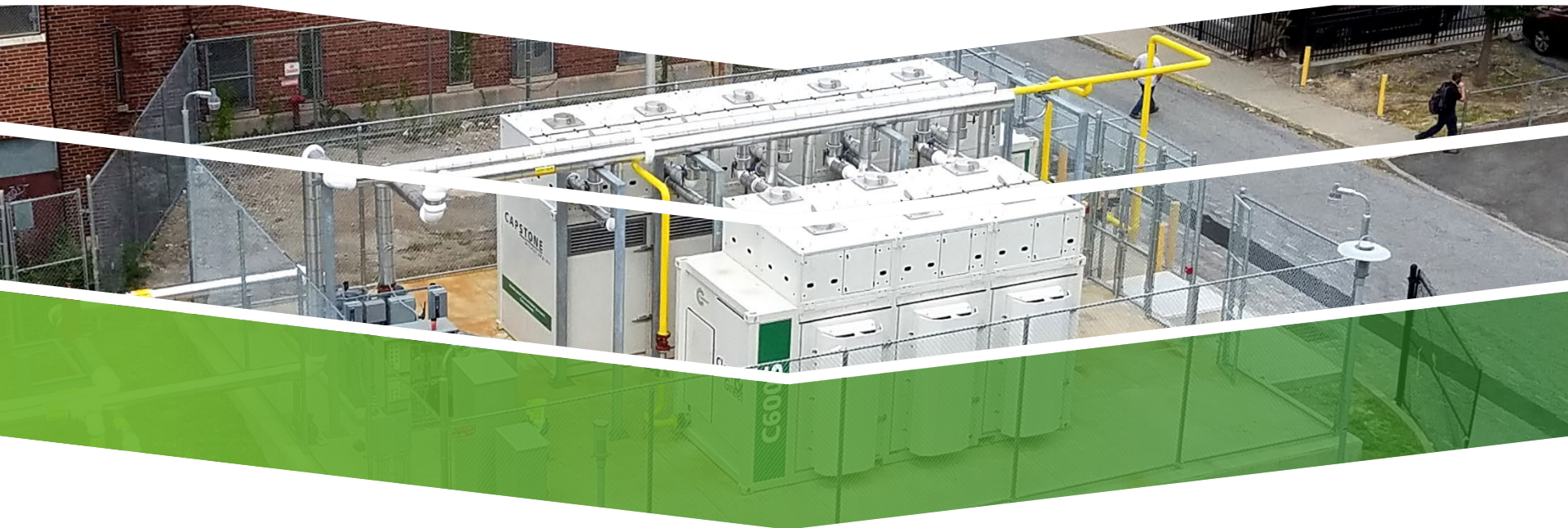
GROSS MARGIN

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



NEW HYDROGEN PRODUCT LAUNCH

Darren Jamison

Nasdaq: **CPST**

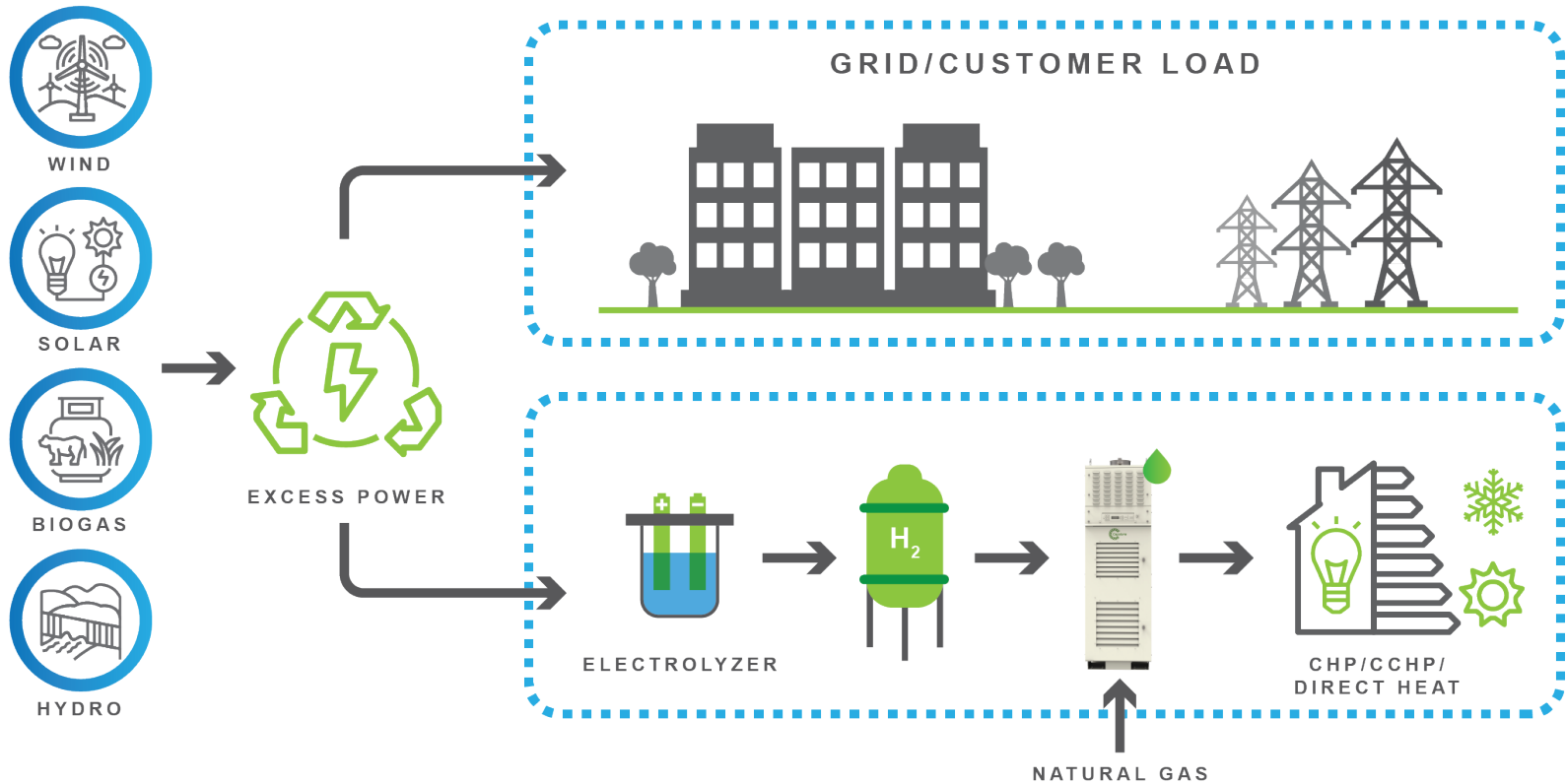
Hydrogen – The Opportunities



- 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.

Hydrogen – New Brochures

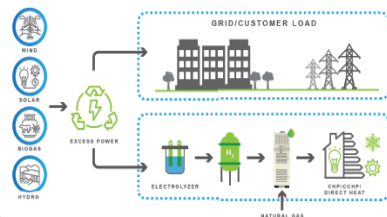
ZERO CARBON ROADMAP

CAPSTONE TURBINE HYDROGEN MICROTURBINES

As a thought-leader in the energy sector, Capstone recognized years ago that hydrogen would play an important role as a key part of the future of renewable, green energy landscape.

Hydrogen microturbines are the perfect complement for the intermittent nature of wind and solar power, making them an ideal component of the modern clean and green microgrid. When renewable energy production exceeds demand, excess energy can be used to power the production of storable, renewable hydrogen energy. Stored hydrogen provides a convenient, high-density fuel source that can be used as carbon-free fuel for Capstone's microturbines. As a decentralized energy source, microturbines can be located on-site where hydrogen can be produced and stored locally, in advance of the need for costly distribution, which may take many years to develop.

Capstone's hydrogen microturbine product will offer a more cost competitive 100% hydrogen solution with as good or better performance and superior lifecycle costs. In addition, Capstone's industry-leading combined heat and power (CHP) capability provides further advantages compared to electric-only fuel cells as microturbines offer a source of on-site thermal energy, optimizing the return on investment (ROI) for customers. A green energy solution that provides a real return financially is a very attractive offering in today's increasingly ESG-focused world.



HYDROGEN FAQ

What hydrogen blended fuels can Capstone microturbines use?
Currently, Capstone microturbines can be operated on hydrogen / natural gas blends. The current limit in the fuel specification is 1%, however, Capstone has been permitting up to 10% hydrogen volume blended with natural gas. Capstone has been working with the DOE Argonne National Lab (ANL) and University of California Irvine (UCI) to advance system testing. At ANL, the C65 has been able to operate on up to 70% hydrogen without modification. Additional work is scheduled to evaluate the C200, and to validate performance over a variety of environmental conditions, operating profiles, and system configurations. Syngas, which is typically a blend of hydrogen, CO, and CO₂, will also be considered as Capstone progresses to 100% hydrogen operation.

What is the fuel consumption rate for hydrogen to reach rated power outputs?
Fuel consumption for a C200 system will continue to be 2400 MJ/hour as this is what is needed to produce the power. The difference will be in the mass and volumetric flow rates of hydrogen, which will govern the size of fuel delivery equipment and storage requirements, if necessary. As a rule of thumb, the mass flow rate of hydrogen will be a third of that natural gas, while the volumetric flow rate will be higher, typically at 3 times natural gas.

What safety measures are in place when hydrogen is all or part of the fuel composition?
For hydrogen blends up to 10% by volume, there are no expected changes required and the system may be used as currently manufactured by Capstone. As we work with higher levels of hydrogen, we have to be conscientious of the safety aspects, reviewing fuel inlet hardware, system controls, and package ventilation. Our work with national and university research partners will provide valuable insight as industry standards and best practices are developed.

How does the use of hydrogen impact maintenance schedules?
There are no anticipated changes to maintenance schedules for systems operating on hydrogen and natural gas blends. For full hydrogen operation, scheduled maintenance will be defined as part of the validation and field trial stages. To keep Capstone equipment as consistent as possible, the objective will always be to minimize the number of new components, as well as maintaining our already very minimal service schedules. However, we do recognize the challenges hydrogen presents when used in a system that operates in the many different global applications available.

What is the cost of the hydrogen fueled product?
100% hydrogen systems pricing will be based on the necessary changes we determine during final design for manufacturing, but is expected to only be nominally higher due to increased need for safety and monitoring required. Hydrogen/natural gas blend systems will be built as Capstone's standard, high pressure natural gas systems. Pricing is expected to be consistent with that product line.

When will the 100% hydrogen C65/200/1000 be available?
Further testing is already planned with our patented hydrogen injectors after which we expect to continue testing with greater levels of hydrogen up to 100%. The current plan has a 100% hydrogen product available for sale in the latter half of calendar year 2022.



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Call us (toll free) 1.866.422.7786 | Tel: 1.818.734.5300 | www.capstoneturbineturbine.com



C65 Microturbine High-pressure Pure Hydrogen



Achieve ultra-low emissions and reliable electrical generation from pure hydrogen.

- One moving part – minimal maintenance and downtime
- Patented air bearings – no lubricating oil or coolant
- Integrated utility synchronization – no external switchgear
- Compact modular design allows for easy, low-cost installation
- Multiple units easily combined – act as single generating source
- Remote monitoring and diagnostic capabilities
- Proven technology with tens of millions of operating hours
- Various Factory Protection Plans available



Electrical Performance¹⁰

Electrical Power Output	65kW
Voltage	400/480 VAC
Electrical Service	
Frequency	
Electrical Efficiency LHV	

Fuel/Engine Characteristics¹⁰

Pure Hydrogen	
Inlet Pressure	
Fuel Flow Rate LHV	
Net Heat Rate LHV	

Exhaust Characteristics¹⁰

NOx Emissions @ 15% O ₂	
Exhaust Mass Flow	
Exhaust Gas Temperature	

Dimensions & Weight¹⁰

Width x Depth x Height	
Weight - Grid Connect Model	
Weight - Dual Mode Model	

Reliable power

C1000S Megawatt Power Package Hydrogen



The Signature Series Microturbine provides 1MW of reliable electrical power in one small, ultra-low emission, and highly efficient package.

- Ultra-low emissions
- One moving part – minimal maintenance and downtime
- Patented air bearings – no lubricating oil or coolant
- Integrated utility synchronization – no external switchgear
- Compact modular design allows for easy, low-cost installation
- High electrical efficiency over a very wide operating range
- High availability – part load redundancy
- Remote monitoring and diagnostic capabilities
- Proven technology with tens of millions of operating hours
- Various Factory Protection Plans available



Electrical Performance¹⁰

Electrical Power Output	1000kW
Voltage	400/480 VAC
Electrical Service	3-Phase, 4 Wire Wye
Frequency	50/60 Hz
Electrical Efficiency LHV	33%

Fuel/Engine Characteristics¹⁰

Hydrogen HHV	12.1 MJ/m ³ (24 BTU/lb) nominal
Inlet Pressure	517-551 kPa gauge (75-80 psig)
Fuel Flow HHV	12,000 MJ/hr (11,400,000 BTU/hr)
Net Heat Rate LHV	10.9 MJ/kWh (10,300 BTU/kWh)

Exhaust Characteristics¹⁰

Exhaust Mass Flow	6.7 kg/s (14.7 lbm/s)
Exhaust Gas Temperature	280°C (535°F)

Dimensions & Weight¹⁰

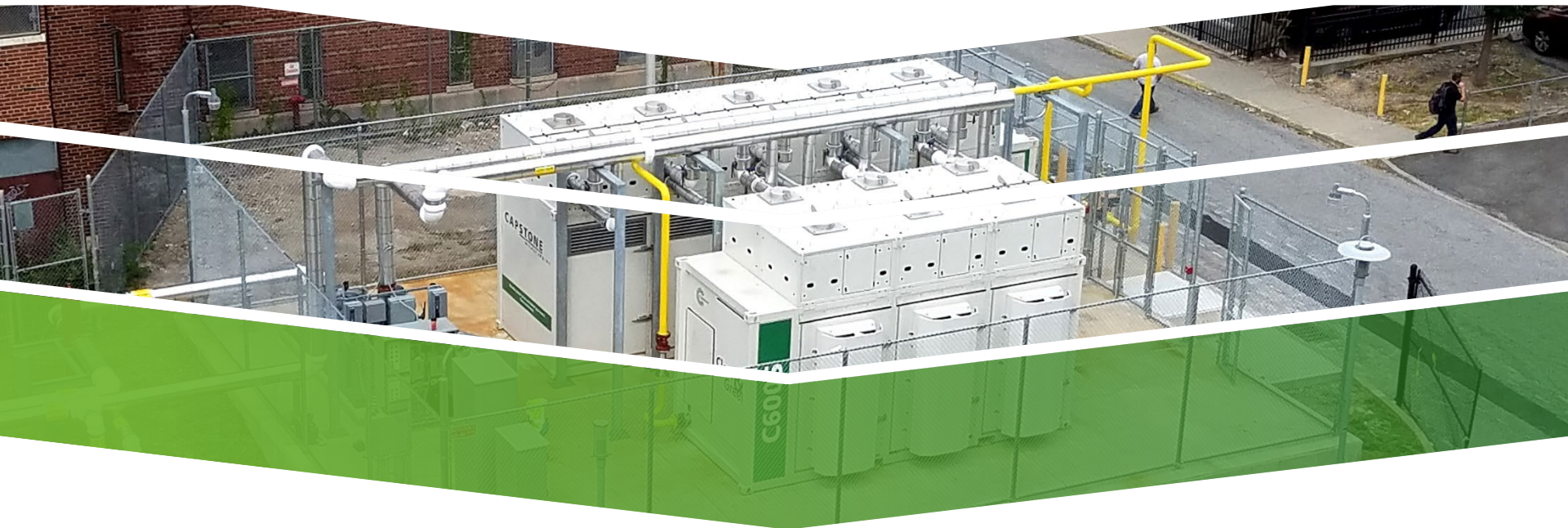
Width x Depth x Height	3.0 x 9.1 x 3.0 m (117 x 360 x 119 in)
Weight - Grid Connect Model	17,100 kg (37,700 lbs)
Weight - Dual Mode Model	20,650 kg (45,500 lbs)

Reliable power when and where you need it. Clean and simple.

New Hydrogen Sales Materials Released Over the Past Year



ANALYST Q&A SESSION



APPENDIX

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

Note: Carbon Savings and Financial Savings are estimates derived from data provided by Capstone's Distributors

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 4 men, with a female Chairperson and Audit Committee lead.
- 7 of the 8 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.

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 (3)	Q/Q in Cash	Market Cap (2)
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

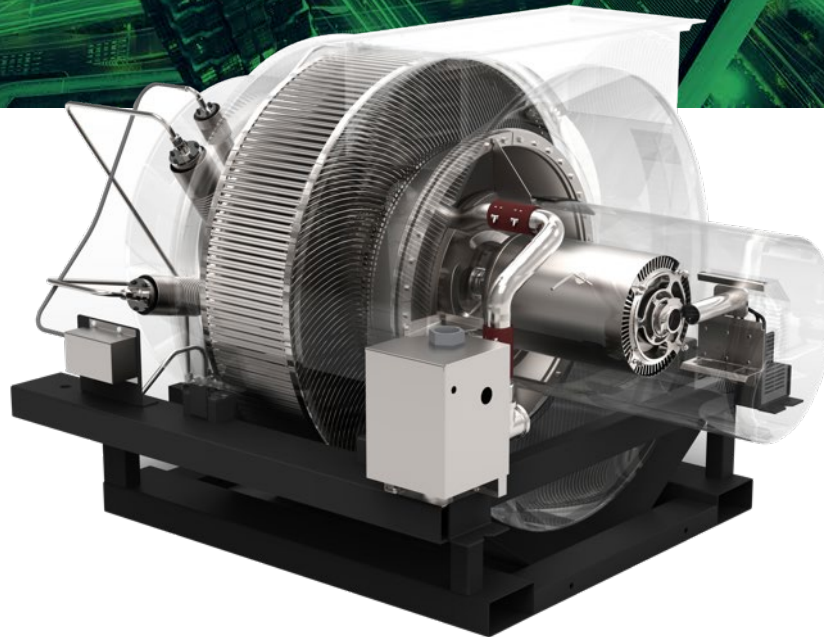
(9) Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as presented for Capstone and the other presented companies may be calculated in different manners and may otherwise not be comparable. See Appendix, Slide 29.

Capstone Beats in Most Areas but Trails in Market Cap

Capstone Growth Catalysts



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

Target Pricing Program

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

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

Distributor Business Growth

New RNG & Hydrogen Products

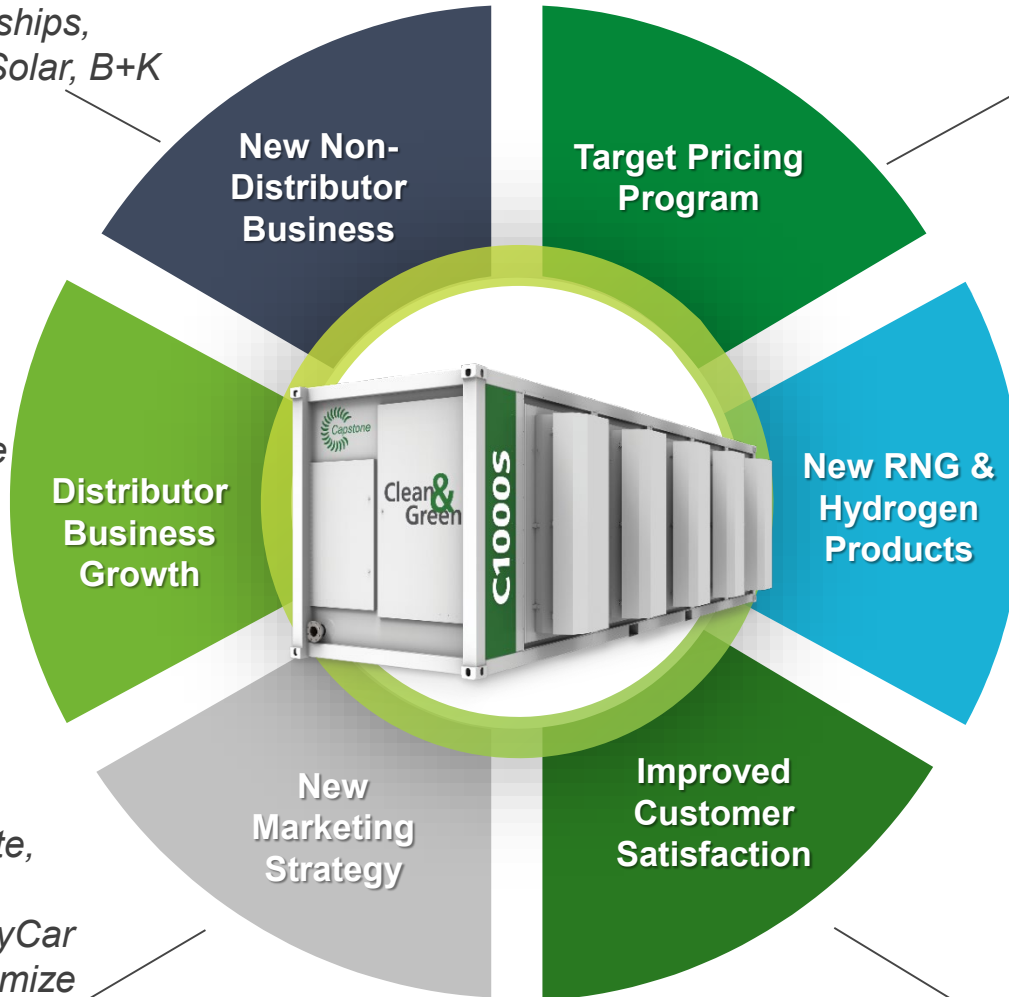
New RNG and Hydrogen Product Released with a goal of Eventually Operating on 100% Hydrogen

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

New Marketing Strategy

Improved Customer Satisfaction

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



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)

* See Appendix, Slide 29

**YTD Adjusted EBITDA Excluding Executive Bonus Improved
\$4.2M Despite COVID-19**

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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