

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K  
CURRENT REPORT**

**Pursuant to Section 13 or 15 (d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 10, 2020

**CAPSTONE TURBINE CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

001-15957  
(Commission File Number)

95-4180883  
(IRS Employer  
Identification No.)

16640 Stagg Street,  
Van Nuys, California  
(Address of principal executive offices)

91406  
(Zip Code)

(818) 734-5300  
(Registrant's telephone number, including area code)

Former name or former address, if changed since last report: N/A

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Common Stock, par value \$.001 per share	CPST	NASDAQ Capital Market
Series B Junior Participating Preferred Stock Purchase Rights		

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Results of Operations and Financial Condition.**

On November 10, 2020, Capstone Turbine Corporation (the “Company”) issued a press release announcing its financial results for the second quarter of fiscal year 2021 ending September 30, 2020. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information contained in Item 2.02 in this Current Report on Form 8-K (including Exhibit 99.1) is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#"><u>Press Release of Capstone Turbine Corporation, dated November 10, 2020 containing information for the quarter ending September 30, 2020 (furnished herewith).</u></a>

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CAPSTONE TURBINE CORPORATION

Date: November 10, 2020

By: /s/ Frederick S. Hencken III  
Name: Frederick S. Hencken III  
Title: Chief Financial Officer (Principal Financial Officer)

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**CAPSTONE TURBINE (NASDAQ: CPST) REPORTS SECOND QUARTER FISCAL 2021  
FINANCIAL RESULTS**

***\$1.9 Million Positive Cash from Operating Activities Representing a \$3.7 Million Improvement Quarter-Over-Quarter and an \$8.2 Million Improvement Year-Over-Year***

***New Gross Product Orders of \$9.8 Million in the Quarter Compared to \$5.5 Million in the Previous Quarter Representing a Positive Book-to-Bill Ratio of 1.4:1***

***Financial Results Webcast to be Held Today, November 10, 2020  
at 1:45 PM PT; 4:45 PM ET***

**VAN NUYS, CA / ACCESSWIRE / November 10, 2020 /** Capstone Turbine Corporation ([www.capstoneturbine.com](http://www.capstoneturbine.com)) (NASDAQ: CPST), the world's leading clean technology manufacturer of microturbine energy systems, reports financial results for its fiscal 2021 second quarter ended September 30, 2020.

**Financial Highlights of Fiscal 2021 Second Quarter:**

- \$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 at September 30, 2020, compared to \$19.2 million as of June 30, 2020, and decreased \$7.2 million, or 32%,
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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.

Additionally, 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.

"I am pleased that we continue to make significant progress against our stated goal of improving Adjusted EBITDA ten million dollars year-over-year despite the ongoing adverse impacts caused by the pandemic. In the first half of our fiscal year, we achieved a \$4.2 million improvement in Adjusted EBITDA year-over-year," said Darren Jamison, President and Chief Executive Officer of Capstone Turbine. "Not only are we making excellent strides in improving our Adjusted EBITDA performance amid external headwinds, in the second quarter, we also generated positive cash from operations for the first time in eleven quarters without any dilutive financing during the period," added Mr. Jamison.

"I'm extremely pleased that we delivered a positive adjusted EBITDA quarter in the first quarter of fiscal 2021 despite COVID-19, and continued momentum into the second quarter of fiscal 2021 by generating positive cash from operations," stated Eric Hencken, Chief Financial Officer of Capstone Turbine. "This clearly demonstrates the importance of our EaaS strategy and shows the impact it can have on cash flow and profitability even during the most challenging and unpredictable economic environments," concluded Mr. Hencken.

#### **Financial Results for Fiscal 2021 Second Quarter**

Total revenue for the quarter increased \$0.7 million sequentially, from \$14.2 million in the first quarter to \$14.9 million in the second quarter, primarily due to improving product revenue as the impact of COVID-19 continues to subside, but decreased \$5.8 million compared to total revenue of \$20.7 million in the year-ago second quarter. The year-over-year decrease in revenue was primarily the result of lower product, parts, and accessories volume as project schedules were adversely impacted by the global COVID-19 pandemic.

Gross margin percentage increased to 17% compared to 15% in the prior year's second quarter primarily due to improving service margins and lower warranty expenses.

Gross margin percentage for the six months ended September 30, 2020 was 20%, up from 15% for the six months ended September 30, 2019, primarily due to improving service margins, lower warranty expenses, and lower overhead from the Company's COVID-19 Business Continuity Plan (BCP), despite revenues being down 27% as a result of business disruptions caused by the COVID-19 pandemic.

Operating expenses in the second quarter of fiscal 2021 were \$5.5 million, an increase of \$1.6 million, from \$3.9 million in the previous quarter, primarily due to marketing spend related to our

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IndyCar racing sponsorship as well as an accrual for Executive Bonuses. Additionally, Capstone brought certain employees back during the quarter that had been furloughed as a result of the Company's COVID-19 BCP.

Operating expenses for the six months ended September 30, 2020 were \$9.4 million, down 31%, compared to \$13.6 million for the six months ended September 30, 2019, primarily due to lower costs from the Company's COVID-19 Business Continuity Plan.

Net loss was \$4.2 million for the second quarter of fiscal 2021, compared to a net loss of \$4.4 million in the year-ago quarter.

Adjusted EBITDA excluding Executive Bonus was negative \$1.9 million for the second quarter of fiscal 2021 compared to an Adjusted EBITDA excluding Executive Bonus of negative \$2.2 million for the year-ago quarter.

Adjusted EBITDA excluding Executive Bonus for the six months ended September 30, 2020 increased \$4.2 million, to negative \$1.4 million compared to negative \$5.6 million Adjusted EBITDA excluding Executive Bonus for the six months ended September 30, 2019. Capstone has a previously stated goal of improving Adjusted EBITDA excluding Executive Bonus, by \$10 million year-over-year, despite the ongoing COVID-19 pandemic.

Cash and cash equivalents increased to \$16.8 million as of September 30, 2020, up from \$16.2 million as of June 30, 2020. No cash was provided by financing activities during the quarter, and the Company generated positive cash from operations for the first time in eleven quarters despite the ongoing COVID-19 pandemic.

### **Conference Call and Webcast**

Capstone will host a live webcast on November 10, 2020, at 1:45 PM Pacific Time (4:45 PM Eastern Time) to provide the results of the second quarter fiscal 2021 ended September 30, 2020. Capstone will discuss its financial results and will provide an update on its business activities. At the end of the conference call, Capstone will host a question-and-answer session to provide an opportunity for financial analysts to ask questions. Investors and interested individuals are invited to listen to the webcast by logging on to Capstone's investor relation's webpage at [www.capstoneturbine.com](http://www.capstoneturbine.com). A replay of the webcast will be available on the website for 30 days.

### **About Capstone Turbine Corporation**

Capstone Turbine Corporation ([www.capstoneturbine.com](http://www.capstoneturbine.com)) (NASDAQ: CPST) is the world's leading producer of highly efficient, low-emission, resilient microturbine energy systems. Capstone microturbines serve multiple vertical markets worldwide, including natural resources, energy efficiency, renewable energy, critical power supply, transportation and microgrids. Capstone offers a comprehensive product lineup via our direct sales team, as well as our global distribution network. Capstone provides scalable solutions from 30 kW to 10 MWs that operate on a variety of fuels and are the ideal solution for today's multi-technology distributed power generation projects.

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For customers with limited capital or short-term needs, Capstone offers rental systems; for more information, contact: [rentals@capstoneturbine.com](mailto:rentals@capstoneturbine.com). To date, Capstone has shipped nearly 10,000 units to 83 countries and in FY20, saved customers an estimated \$219 million in annual energy costs and 368,000 tons of carbon.

For more information about the company, please visit [www.capstoneturbine.com](http://www.capstoneturbine.com). Follow Capstone Turbine on [Twitter](#), [LinkedIn](#), [Instagram](#), [Facebook](#) and [YouTube](#).

### **Cautionary Note Regarding Forward-Looking Statements**

This release contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including statements relating to the Company's Adjusted EBITDA improvement goal and other statements regarding expectations, beliefs, plans, intentions and strategies of the Company. 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. 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.

"Capstone" and "Capstone Microturbine" are registered trademarks of Capstone Turbine Corporation. All other trademarks mentioned are the property of their respective owners.

### **Financial Tables to Follow**

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**CAPSTONE TURBINE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEET S**  
(In thousands, except share amounts)  
(Unaudited)

	September 30, 2020	March 31, 2020
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 16,782	\$ 15,068
Accounts receivable, net of allowances of \$525 at September 30, 2020 and \$703 at March 31, 2020	13,481	16,240
Inventories, net	13,906	21,460
Prepaid expenses and other current assets	3,663	3,987
<b>Total current assets</b>	<b>47,832</b>	<b>56,755</b>
Property, plant, equipment and rental assets, net	8,358	7,749
Non-current portion of inventories	1,618	1,221
Other assets	7,942	8,230
<b>Total assets</b>	<b>\$ 65,750</b>	<b>\$ 73,955</b>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 10,908	\$ 15,000
Accrued salaries and wages	1,341	1,644
Accrued warranty reserve	1,427	1,934
Deferred revenue	6,459	7,898
Current portion of notes payable and lease obligations	568	477
<b>Total current liabilities</b>	<b>20,703</b>	<b>26,953</b>
Deferred revenue - non-current	860	944
Term note payable, net	30,419	27,963
Long-term portion of notes payable and lease obligations	4,920	5,074
<b>Total liabilities</b>	<b>56,902</b>	<b>60,934</b>
Commitments and contingencies (Note 15)		
Stockholders' Equity:		
Preferred stock, \$.001 par value; 1,000,000 shares authorized; none issued	—	—
Common stock, \$.001 par value; 51,500,000 shares authorized, 11,143,708 shares issued and 11,073,286 shares outstanding at September 30, 2020; 10,286,366 shares issued and 10,228,789 shares outstanding at March 31, 2020	11	10
Additional paid-in capital	917,674	915,755
Accumulated deficit	(906,919)	(900,869)
Treasury stock, at cost; 70,422 shares at September 30, 2020 and 57,577 shares at March 31, 2020	(1,918)	(1,875)
<b>Total stockholders' equity</b>	<b>8,848</b>	<b>13,021</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 65,750</b>	<b>\$ 73,955</b>

**CAPSTONE TURBINE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended		Six Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Revenue:				
Product, accessories and parts	\$ 9,344	\$ 15,988	\$ 18,280	\$ 30,061
Service	5,562	4,752	10,819	9,923
Total revenue	<u>14,906</u>	<u>20,740</u>	<u>29,099</u>	<u>39,984</u>
Cost of goods sold:				
Product, accessories and parts	8,693	13,460	16,688	25,692
Service	3,651	4,199	6,476	8,346
Total cost of goods sold	<u>12,344</u>	<u>17,659</u>	<u>23,164</u>	<u>34,038</u>
Gross margin	<u>2,562</u>	<u>3,081</u>	<u>5,935</u>	<u>5,946</u>
Operating expenses:				
Research and development	599	900	969	1,838
Selling, general and administrative	4,872	5,499	8,418	11,736
Total operating expenses	<u>5,471</u>	<u>6,399</u>	<u>9,387</u>	<u>13,574</u>
Loss from operations	(2,909)	(3,318)	(3,452)	(7,628)
Other income (expense)	11	157	15	158
Interest income	8	—	16	—
Interest expense	(1,313)	(1,287)	(2,604)	(2,563)
Loss before provision for income taxes	(4,203)	(4,448)	(6,025)	(10,033)
Provision for income taxes	9	—	10	8
Net loss	<u>(4,212)</u>	<u>(4,448)</u>	<u>(6,035)</u>	<u>(10,041)</u>
Less: Deemed dividend on purchase warrant for common shares	15	75	15	75
Net loss attributable to common stockholders	<u>\$ (4,227)</u>	<u>\$ (4,523)</u>	<u>\$ (6,050)</u>	<u>\$ (10,116)</u>
Net loss per common share attributable to common stockholders— basic and diluted	<u>\$ (0.38)</u>	<u>\$ (0.59)</u>	<u>\$ (0.56)</u>	<u>\$ (1.36)</u>
Weighted average shares used to calculate basic and diluted net loss per common share attributable to common stockholders	<u>11,040</u>	<u>7,650</u>	<u>10,862</u>	<u>7,455</u>

**CAPSTONE TURBINE CORPORATION AND SUBSIDIARIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE**  
(In thousands)

Reconciliation of Reported Net Loss to EBITDA and Adjusted EBITDA	Three months ended		Six months ended	
	September 30,		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
<b>EBITDA</b>	<b>\$ (2,541)</b>	<b>\$ (2,718)</b>	<b>\$ (2,718)</b>	<b>\$ (6,654)</b>
Stock-based compensation and other expense	664	104	962	366
Restructuring charges	-	370	-	670
<b>Adjusted EBITDA</b>	<b>\$ (1,877)</b>	<b>\$ (2,244)</b>	<b>\$ (1,756)</b>	<b>\$ (5,618)</b>
Executive Bonus	375	-	375	-
<b>Adjusted EBITDA excluding Executive Bonus</b>	<b>\$ (1,502)</b>	<b>\$ (2,244)</b>	<b>\$ (1,381)</b>	<b>\$ (5,618)</b>

To supplement the Company's unaudited financial data presented on a generally accepted accounting principles (GAAP) basis, management has used 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 (loss) or other measures prepared in accordance with GAAP.

EBITDA is defined as net income before interest, provision for income taxes, and depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA before stock-based compensation expense, and restructuring charges. Stock-based compensation and other expense includes expense related to stock issued to employees, directors, and vendors. Restructuring charges include facility consolidation costs and costs related to the Company's cost reduction initiatives. 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 due to differences in the methods of calculation.

**CONTACT:** Capstone Turbine Corporation  
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[ir@capstoneturbine.com](mailto:ir@capstoneturbine.com)

