

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

FORM 8-K/A
(Amendment No. 1)
CURRENT REPORT

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

Date of Report (Date of earliest event reported): August 12, 2025

CAPSTONE GREEN ENERGY HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-15957
(Commission File Number)

20-1514270
(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 \$0.001 per share | CGEH | OTCQX |

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.

Introductory Note

As previously disclosed by Capstone Green Energy Holdings, Inc. (the “Company”), on August 13, 2025 (the “Closing Date”), Capstone Green Energy LLC (the “Buyer”) entered into an Equity Purchase Agreement (the “Purchase Agreement”) with Cal Micro Holdco, Inc., a California corporation (the “Seller”), the Indirect Sellers party thereto (and, together with the Seller, the “Seller Parties”), pursuant to which, on the Closing Date, among other things, Buyer acquired all of the outstanding membership interests of Cal Microturbine, LLC, a Delaware limited liability company (the “Target”), from Seller free and clear of any liens. Prior to the consummation of the acquisition, the Target was converted from a corporation named Cal Microturbine, Inc. to a limited liability company named “Cal Microturbine, LLC”.

The Target is an authorized distributor of Buyer’s products and specializes in providing equipment, parts and service for Buyer’s systems throughout the state of California.

On August 14, 2025, the Company filed a Current Report on Form 8-K (the “Initial Form 8-K”) with the Securities and Exchange Commission (the “SEC”) disclosing that the Buyer had consummated the acquisition and that the financial statements required by Item 9.01(a) and the pro forma financial information required by Item 9.01(b) of Current Report on Form 8-K would be filed by amendment. This Amendment No. 1 to Current Report on Form 8-K (this “Amended Form 8-K”) amends the Initial Form 8-K to provide the required financial statements and pro forma financial information.

This Amended Form 8-K should be read in conjunction with the Initial Form 8-K and the Company’s other filings with the SEC. Except as stated herein, this Amended Form 8-K does not reflect events occurring after the filing of the Initial Form 8-K with the SEC on August 14, 2025 and no attempt has been made in this Amended Form 8-K to modify or update other disclosures as presented in the Initial Form 8-K.

Item 9.01 Financial Statements and Exhibits

(a) Financial statements of businesses acquired.

The audited financial statements of the Target for the years ended December 31, 2024 and 2023 and the notes related thereto (the “Audited Financial Statements”), the unaudited financial statements of the Target for the three months ended March 31, 2025 and 2024 (the “First Quarter Interim Financial Statements”), and the notes related thereto and the unaudited financial statements of the Target for the six months ended June 30, 2025 and 2024, and the notes related thereto (the “Second Quarter Interim Financial Statements” and, together with the First Quarter Interim Financial Statements, the “Interim Financial Statements”) are filed herein as Exhibit 99.1, 99.2 and 99.3, respectively. The Audited Financial Statements and the Interim Financial Statements are incorporated herein by reference.

(b) Pro forma financial information.

The unaudited pro forma condensed combined balance sheet of the Company and the Target as of June 30, 2025, and the unaudited pro forma condensed combined statements of operations for the three months ended June 30, 2025 and for the year ended March 31, 2025, and the notes related thereto are filed herein as Exhibit 99.4 and are incorporated herein by reference.

(d) Exhibits.

| Exhibit Number | Description |
|-----------------------|--|
| 23.1 | Consent of Rogers, Clem & Company, independent auditor of the financial statements of Cal Microturbine, Inc. |
| 99.1 | Cal Microturbine, Inc. Audited Financial Statements for the years ended December 31, 2024 and 2023, and the notes related thereto. |
| 99.2 | Cal Microturbine, Inc. Unaudited Financial Statements for the three months ended March 31, 2025 and 2024, and the notes related thereto. |
| 99.3 | Cal Microturbine, Inc. Unaudited Financial Statements for the six months ended June 30, 2025 and 2024, and the notes related thereto. |
| 99.4 | The unaudited pro forma condensed combined balance sheet of the Company and the Cal Microturbine, Inc. as of June 30, 2025, and the unaudited pro forma condensed combined statements of operations for the three months ended June 30, 2025 and for the year ended March 31, 2025, and the notes related thereto. |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101). |

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 GREEN ENERGY HOLDINGS, INC.

Date: October 23, 2025

By: /s/ John J. Juric

Name: John J. Juric

Title: Chief Financial Officer

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated August 8, 2025, with respect to the consolidated financial statements of Cal Microturbine, Inc. for the years ended December 31, 2024 and 2023 included in the Current Report on Form 8-K/A of Capstone Green Energy Holdings, Inc. dated October 23, 2025. We consent to the incorporation by reference of said report in the Registration Statement Capstone Green Energy Holdings, Inc. on Form S-8 (File No. 333-290788).

/s/ Rogers, Clem & Company

Covina, California

October 23, 2025

CAL MICROTURBINE, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS



Scott M. Biehl, CPA
Andy R. Jones, CPA
Graham S. Applebaum, CPA

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Independent Auditor's Report

To the Board of Directors
Cal Microturbine, Inc.
Costa Mesa, CA

Opinion

We have audited the accompanying financial statements of Cal Microturbine, Inc. (a California corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cal Microturbine, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cal Microturbine, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cal Microturbine, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cal Microturbine, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cal Microturbine, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedule I and II is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rogers, Clem & Company
ROGERS, CLEM & COMPANY

Covina, California
August 8, 2025

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

CAL MICROTURBINE, INC.
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

ASSETS

| | <u>December 31,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> |
|---|------------------------------------|------------------------------------|
| CURRENT ASSETS: | | |
| Cash | \$ 2,691,189 | \$ 1,049,986 |
| Accounts receivable, net of expected credit losses of \$0 and \$0 | 1,591,670 | 806,852 |
| Inventory, net of reserves of \$168,800 and \$220,000 | 600,113 | 1,899,570 |
| Current portion of notes receivable | 1,885,951 | - |
| Prepaid expenses | 471,097 | 424,732 |
| Other tax receivables | <u>-</u> | <u>34,928</u> |
| Total current assets | 7,240,020 | 4,216,068 |
| PROPERTY, PLANT, AND EQUIPMENT, net of accumulated depreciation of \$313,908 and \$247,421 | | |
| | 136,126 | 202,613 |
| NON-CURRENT ASSETS: | | |
| Notes receivable, net of current portion | 631,872 | - |
| Vendor deposits | 4,212,182 | 527,964 |
| Right-of-use assets under operating lease | <u>510,838</u> | <u>764,957</u> |
| Total assets | <u>\$ 12,731,038</u> | <u>\$ 5,711,602</u> |

See Independent Auditors' Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

LIABILITIES AND STOCKHOLDERS' EQUITY

| | <u>December 31,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> |
|--|------------------------------------|------------------------------------|
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 1,435,329 | \$ 67,355 |
| Accrued expenses | 259,948 | 200,991 |
| Customer deposits | 6,992,752 | 2,328,456 |
| Income tax payable | 58,638 | 87,151 |
| Deferred revenue | 2,326,645 | 1,843,830 |
| Line of credit | 193,146 | - |
| Due to shareholders | - | 400,000 |
| Current portion of operating lease liabilities | 275,518 | 423,935 |
| Current portion of notes payable | <u>16,324</u> | <u>25,940</u> |
| Total current liabilities | 11,558,300 | 5,377,658 |
| LONG TERM LIABILITIES: | | |
| Operating lease liabilities, net of current portion | 203,337 | 325,911 |
| Notes payable, net of current portion | <u>29,211</u> | <u>45,513</u> |
| Total liabilities | <u>11,790,848</u> | <u>5,749,082</u> |
| STOCKHOLDERS' DEFICIT | | |
| Common stock, \$1 par value, 100,000 shares authorized and 10,000 issued and outstanding | 10,000 | 10,000 |
| stockholders' equity (deficit) | <u>930,190</u> | <u>(47,480)</u> |
| Total stockholders' equity (deficit) | <u>940,190</u> | <u>(37,480)</u> |
| Total liabilities and stockholders' equity (deficit) | <u>\$ 12,731,038</u> | <u>\$ 5,711,602</u> |

See Independent Auditors' Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>December 31,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> |
|---|------------------------------------|------------------------------------|
| NET SALES | \$ 12,087,036 | \$ 15,061,852 |
| COST OF SALES | <u>7,719,206</u> | <u>8,933,092</u> |
| Gross profit | 4,367,830 | 6,128,760 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | <u>3,094,134</u> | <u>2,739,228</u> |
| Income from operations | <u>1,273,696</u> | <u>3,389,532</u> |
| OTHER INCOME (EXPENSE): | | |
| Gain on sale of assets | - | 14,264 |
| Interest income | 10,617 | 12,838 |
| Other income | 350,921 | 6,649 |
| Interest expense | <u>(29,822)</u> | <u>(7,191)</u> |
| Total other income | <u>331,716</u> | <u>26,560</u> |
| Income before provision for income taxes | 1,605,412 | 3,416,092 |
| PROVISION FOR INCOME TAXES: | <u>19,545</u> | <u>47,570</u> |
| Net income | <u>\$ 1,585,867</u> | <u>\$ 3,368,522</u> |

See Independent Auditor's Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | COMMON STOCK | RETAINED EARNINGS/ ACCUMULATED DEFICIT | TOTAL |
|--|------------------|---|-------------------|
| Balance at December 31, 2022 (Unaudited) | \$ 10,000 | \$ (306,078) | \$ (296,078) |
| Net income | - | 3,368,522 | 3,368,522 |
| Distributions | - | (3,109,924) | (3,109,924) |
| Balance at December 31, 2023 | \$ 10,000 | \$ (47,480) | \$ (37,480) |
| Net income | - | 1,585,867 | 1,585,867 |
| Distributions | - | (608,197) | (608,197) |
| Balance at December 31, 2024 | <u>\$ 10,000</u> | <u>\$ 930,190</u> | <u>\$ 940,190</u> |

See Independent Auditor's Report and the accompanying notes
 which are an integral part of these financial statements

CAL MICROTURBINE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | December 31, 2024 | December 31, 2023 |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 1,585,867 | \$ 3,368,522 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Depreciation | 66,487 | 89,489 |
| Credit losses | 10,304 | - |
| Gain on sale of assets | - | (14,264) |
| Issuance of notes receivable | (2,630,983) | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (795,122) | 322,629 |
| Inventory | 1,299,457 | 181,913 |
| Income taxes | (28,513) | 319,651 |
| Prepaid expenses | (46,365) | (7,524) |
| Other taxes receivable | 34,928 | (3,826) |
| Accounts payable | 1,367,974 | (415,752) |
| Accrued expenses | 58,957 | 57,624 |
| Customer deposits | 4,664,296 | (2,333,523) |
| Vendor deposits | (3,684,218) | 840,664 |
| Right-of-use assets under operating lease | (16,872) | 14,167 |
| Deferred revenue | 482,815 | 220,288 |
| | 2,369,012 | 2,640,058 |
| Net cash provided by operating activities | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of fixed assets | - | (13,364) |
| Proceeds on sale of fixed assets | - | 43,618 |
| Proceeds on notes receivable | 113,160 | - |
| | 113,160 | 30,254 |
| Net cash provided by investing activities | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net proceeds (payments) on credit line | 193,146 | (223,418) |
| Payments on notes payable | (25,918) | (41,931) |
| Shareholder distributions | (1,008,197) | (2,209,924) |
| | (840,969) | (2,475,273) |
| Net cash used in financing activities | | |
| Net increase in cash | 1,641,203 | 195,039 |
| CASH, beginning of year | 1,049,986 | 854,947 |
| CASH, end of year | \$ 2,691,189 | \$ 1,049,986 |

See Independent Auditors' Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>December 31,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> |
|---|------------------------------------|------------------------------------|
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the period for: | | |
| Interest | \$ 29,822 | \$ 7,191 |
| Income taxes | \$ - | \$ - |
| Equipment acquired through financing agreements | \$ - | \$ 65,881 |
| Right-of-use assets under operating agreements entered into | \$ 71,558 | \$ 341,448 |
| Pass-through entity tax payments | \$ 90,000 | \$ 232,250 |

See Independent Auditors' Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1. ORGANIZATION AND BUSINESS:

The Company's primary business activity is the sale and rental of turbines and service contracts for ongoing maintenance related to this equipment. It exclusively distributes Capstone Green Energy products, with revenue derived from equipment, parts and labor. The Company operates in Costa Mesa, California and has storage facilities in Fairfield and Rancho Dominguez, California.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which provides for improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This ASU is effective for the Company beginning on April 1, 2026. The Company is currently evaluating the impact of this new guidance on its financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The Company adopted the standard effective January 1, 2023. There was no adjustment to retained earnings upon adoption, as amounts are not material to the financial statements.

See Independent Auditors' Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short maturity of these instruments. The carrying value of the notes payable and approximates fair value based on existing rates being equal to or similar to rates offered to the Company for debt of the same maturity. The carrying value of right of use assets and related lease liabilities approximates fair value based on existing lease rates and terms being equal or similar to rates and terms offered to the Company for leases of the same maturity.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand and deposits with financial institutions. The Company maintains its cash in accounts that, at times, may be in excess of the amounts insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts.

ACCOUNTS RECEIVABLE

The Company requires non-refundable deposits for its equipment sales. Trade receivables are recorded at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest.

ALLOWANCE FOR CREDIT LOSSES

The Company recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the balance sheet date. Receivables are written off when the Company determined that such receivables are deemed uncollectible. The Company pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Company measures those receivables individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Company utilizes the loss-rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Company's historical loss experience. In determining its loss rates, the Company evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition, and legal and regulatory requirements on the level of estimated credit losses in the existing receivables.

See Independent Auditors' Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

ALLOWANCE FOR CREDIT LOSSES (Continued)

As of December 31, 2024 and 2023, management determined that no allowance for credit losses was necessary, as the expected uncollectible amounts were not material to the financial statements. The Company continues to monitor receivables and will adjust the allowance as needed based on changes in credit risk or economic conditions.

INVENTORY

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the average cost method. The Company maintains inventory reserves to account for potential losses arising from obsolete or unsellable inventory, as well as adjustments necessary to state inventory at the lower of cost or net realizable value.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the assets using the straight line method. The estimated useful lives are as follows:

| <u>Type of Asset</u> | <u>Life</u> |
|----------------------|-------------|
| Vehicles | 3-5 years |
| Equipment | 5-7 years |

The costs of normal maintenance, repairs, and minor replacements are charged to expense when incurred. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in income.

VENDOR DEPOSITS:

Vendor deposits represent advance payments made by the Company to equipment suppliers on behalf of customers as part of the Company's brokerage operations. These deposits are funded by customer deposits received in connection with specific purchase or rental agreements. The Company does not take ownership of the equipment and acts solely as a broker in the transaction. Accordingly, vendor deposits are recorded as other assets and are relieved upon completion of the transaction, typically when the vendor delivers the equipment directly to the customer. No asset is capitalized, and no revenue is recognized until the Company's performance obligations under the brokerage agreement are satisfied.

In certain instances, the Company makes deposits to acquire equipment that is subsequently leased to a customer. In such cases, the equipment is capitalized, and the lease arrangement is accounted for in accordance with applicable lease accounting standards.

See Independent Auditors' Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

LEASES

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities on the balance sheet. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the incremental borrowing rate is used based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain equipment leases, such as vehicles and microturbines, the Company accounts for the lease and non-lease components as a single lease component. Additionally, for certain equipment leases, the Company applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

REVENUE RECOGNITION

Under legacy guidance, the Company recognized revenues at a point in time when the products are shipped and title passes to the customer, upon meeting relevant revenue recognition criteria. Under ASC 606, the timing of revenue recognition for all revenue streams continue to be recognized at a point in time, and our performance obligations and revenue recognition timing and practices are substantially similar to how revenues were recorded under legacy guidance.

The following table summarizes the accounts receivable and deferred revenues as of December 31, 2024, 2023 and 2022:

| | <u>2024</u> | <u>2023</u> | (Unaudited) <u>2022</u> |
|---------------------------|--------------|--------------|----------------------------|
| Trade accounts receivable | \$ 1,591,670 | \$ 806,852 | \$ 1,129,481 |
| Deferred revenue | \$ 2,326,645 | \$ 1,843,830 | \$ 1,623,542 |

See Independent Auditors' Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

REVENUE RECOGNITION (Continued)

Trade receivables represent receivables for any portion of the equipment sales price not paid by the finance company, amounts due for sales of parts and service performed, and amounts owed for equipment rental. Management evaluates collectability of receivables and estimates an allowance for credit losses based on the age of the receivable and historical collection experience, which is recorded within "Accounts receivable" on the balance sheet with the receivables presented net of the allowance.

Deferred revenues primarily relate to payments received from customers prior to satisfaction of the Company's performance obligations for warranty service work. Revenue is amortized on a straight-line basis over the term of the related contract, which generally reflects the satisfaction of performance obligations. Deferred revenue is being evaluated for classification of short and long-term portions. Of the amounts recorded as deferred revenues as of December 31, 2023 and 2022, \$1,843,830 and \$1,623,542 was recognized as revenue during the year ended December 31, 2024 and 2023, respectively.

The Company does not have any materially significant payment terms associated with its customer's contracts and payment is due and collected as previously noted. The Company does not offer material rights of return or service-type warranties.

Taxes collected from customers and remitted to governmental authorities are recorded on a net basis (excluded from revenue). Shipping costs incurred subsequent to transfer of control to external customers are recognized as cost of sales. Discounts that the Company offers to customers are accounted for as a reduction of revenues at the time of sale.

The Company expenses sales commissions as incurred, as the amortization period for such costs would be less than one year. The Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. The effect of applying these practical expedients is not material.

Revenues from the sale of equipment are recognized upon delivery, passage of title, and signing of the sales contract. Revenue from the sale of parts and service is recognized upon delivery of parts to the customer or when service work is performed. Sales discounts and service coupons are accounted for as a reduction to the sales price at the point of sale. Revenue from equipment rentals is recognized at monthly intervals.

The Company receives deposits from customers in advance of fulfilling equipment sales contracts as well as rental contracts. Those deposits are recorded as a liability until the underlying performance obligation is satisfied, and which point revenue is recognized.

The Company subleases certain assets for which it is the lessee under non-cancelable lease agreements. Revenues from sublease agreements is recognized as rental income on a straight-line basis over the term of the sublease.

See Independent Auditors' Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

SHIPPING AND HANDLING COSTS

Shipping and handling costs are expensed as incurred and are included in costs of goods sold in the accompanying statements of income. Total shipping and handling cost incurred was approximately \$61,400 and \$16,200 for the year ended December 31, 2024 and 2023, respectively.

INCOME TAXES

The Company has elected to be taxed as an "S" corporation for income tax purposes. The taxable income of the Company is reported on the personal income tax return of the stockholders. However, the Company is subject to a California tax equal to 1.5% of taxable income or \$800, whichever is greater.

Deferred taxes have not been recorded because the Company is only subject to 1.5% California tax rate, any deferred tax is immaterial.

3. ACCOUNTS RECEIVABLE:

Accounts receivable as of December 31, 2024 and 2023 consisted of the following:

| | <u>2024</u> | <u>2023</u> |
|---------------------------|--------------|-------------|
| Trade accounts receivable | \$ 1,591,670 | \$ 806,852 |

Credit losses of \$10,304 and \$0 were recognized for the years ended December 31, 2024 and 2023, respectively.

4. INVENTORY:

Inventories as of December 31, 2024 and 2023 consisted of the following:

| | <u>2024</u> | <u>2023</u> |
|--------------------------|-------------------|---------------------|
| Inventory | \$ 768,913 | \$ 2,119,570 |
| Less: inventory reserves | <u>(168,800)</u> | <u>(220,000)</u> |
| | <u>\$ 600,113</u> | <u>\$ 1,899,570</u> |

See Independent Auditors' Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

5. PREPAID EXPENSES:

Prepaid expenses as of December 31, 2024 and 2023 consisted of the following:

| | <u>2024</u> | <u>2023</u> |
|---------------------------------|-------------------|-------------------|
| Prepaid factory protection plan | \$ 400,240 | \$ 357,472 |
| Other prepaid expenses | 70,857 | 67,261 |
| | <u>\$ 471,097</u> | <u>\$ 424,732</u> |

6. PROPERTY AND EQUIPMENT:

Property and equipment as of December 31, 2024 and 2023 consisted of the following:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------|-------------------|-------------------|
| Vehicles | \$ 252,034 | \$ 252,034 |
| Equipment and tools | 51,885 | 51,885 |
| Leased equipment | <u>146,115</u> | <u>146,115</u> |
| | 450,034 | 450,034 |
| Less: accumulated depreciation | <u>(313,908)</u> | <u>(247,421)</u> |
| | <u>\$ 136,126</u> | <u>\$ 202,613</u> |

Total depreciation expense charged to operations was \$66,487 and \$89,489 for the years ended December 31, 2024 and 2023, respectively.

7. NOTES RECEIVABLE:

Notes receivable as of December 31, 2024 and 2023 consisted of the following:

| | <u>2024</u> | <u>2023</u> |
|---|--------------------|-------------|
| Note receivable due from Brompton Energy, Inc. Payments of \$165,945 are due quarterly, including interest of 8%. Matures December 2026. Secured by related equipment. Full loan balance was paid during 2025, prior to its contractual maturity. | \$ 1,215,625 | \$ - |
| Note receivable due from E&B Natural Resources Management Corporation. Payments of \$123,775 are due monthly, including interest of 9%. Matures November 2025. Secured by related equipment. | <u>1,302,198</u> | <u>-</u> |
| Total | 2,517,823 | - |
| Less: current portion | <u>(1,885,951)</u> | <u>-</u> |
| Long term portion | <u>\$ 631,872</u> | <u>\$ -</u> |

See Independent Auditors' Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

7. NOTES RECEIVABLE: (Continued)

Maturities of notes receivable over the following two years are as follows:

| <u>Year Ending</u> | |
|--------------------|---------------------|
| 2025 | \$ 1,885,951 |
| 2026 | <u>631,872</u> |
| | <u>\$ 2,517,823</u> |

8. VENDOR DEPOSITS:

Vendor deposits as of December 31, 2024 and 2023 consisted of the following:

| | <u>2024</u> | <u>2023</u> |
|------------------------|---------------------|-------------------|
| Equipment for purchase | \$ 4,181,398 | \$ 462,530 |
| Equipment for lease | 30,784 | 65,434 |
| | <u>\$ 4,212,182</u> | <u>\$ 527,964</u> |

9. ACCRUED EXPENSES:

Accrued expenses as of December 31, 2024 and 2023 consisted of the following:

| | <u>2024</u> | <u>2023</u> |
|------------------------|-------------------|-------------------|
| Accrued payroll | \$ 20,997 | \$ 71,293 |
| Accrued vacation | 31,900 | 31,900 |
| Sales tax payable | 105,971 | 3,096 |
| Pension plan payable | 24,894 | 40,048 |
| Other accrued expenses | 76,186 | 54,654 |
| | <u>\$ 259,948</u> | <u>\$ 200,991</u> |

10. DEFERRED REVENUE:

The Company classifies income as deferred until the time frame has been met within the Company's revenue recognition policy. As of December 31, 2024 and 2023, deferred revenue consists of the following:

| | <u>2024</u> | <u>2023</u> |
|-----------------------|--------------------|--------------------|
| Customer prepayment | \$ 2,326,645 | \$ 1,843,830 |
| Less: current portion | <u>(2,326,645)</u> | <u>(1,843,830)</u> |
| Long term portion | <u>\$ -</u> | <u>\$ -</u> |

See Independent Auditors' Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

11. INCOME TAXES:

| | 2024 | 2023 |
|-----------------------|-----------|-----------|
| Current tax provision | \$ 19,545 | \$ 47,570 |

12. LINE OF CREDIT:

The Company entered into a revolving line of credit with JPMorgan Chase Bank with a maximum borrowing amount of \$500,000. The interest rate on the line is 8%. The Company had \$193,146 and \$0 outstanding as of December 31, 2024 and 2023, respectively.

The line of credit is secured by a personal guarantee of the shareholder and is further collateralized by the investment account held within the shareholder's living trust.

13. NOTES PAYABLE:

Notes payable as of December 31, 2024 and 2023 consisted of the following:

| | 2024 | 2023 |
|---|-----------|-----------|
| Note payable due to US Bank. Due in monthly payments of \$873, including interest of 5.99%. Matures November 2024. The loan is secured by the related vehicle. | \$ - | \$ 9,315 |
| Note payable due to Fifth Third Bank. Due in monthly payments of \$898, including interest of 5.99%. Matures February 2024. The loan is secured by the related vehicle. | - | 1,783 |
| Note payable due to Ally Bank. Due in monthly payments of \$1,663, including interest of 9.54%. Matures July 2027. The loan is secured by the related vehicle. | 45,535 | 60,355 |
| Total | 45,535 | 71,453 |
| Less: current portion | (16,324) | (25,940) |
| Long term portion | \$ 29,211 | \$ 45,513 |

Maturities of notes payable obligation over the following four years are as follows:

| Year Ending | | | |
|-------------|--|----|--------|
| 2025 | | \$ | 16,324 |
| 2026 | | | 17,933 |
| 2027 | | | 11,278 |
| | | \$ | 45,535 |

See Independent Auditors' Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

14. SHAREHOLDER LOANS

As of December 31, 2024 and 2023, the Company had an outstanding loan from a shareholder in the amount of \$0 and \$400,000, respectively. The loan is unsecured and non-interest bearing. The loan is repayable on demand, with no specific repayment schedule provided. The shareholder loan balance was distributed to the shareholder in full during the year ended December 31, 2024.

15. COMMITMENTS AND CONTINGENCIES:

OPERATING LEASES

The Company leases various equipment, vehicles and facilities under long-term, non-cancelable operating lease agreements. The Company leases facilities in Costa Mesa, CA at \$6,309 per month through January 2026. The agreement also require the Company to pay for all insurance, utilities, and repair and maintenance costs associated with the rented facilities. The Company leases other office facilities with various termination dates. In the normal course of business, it is expected that these leases will be renewed or replaced.

Significant equipment leases are for micro turbines under long-term, non-cancelable operating lease agreements with various monthly payments and termination dates through June 2027. The total rent paid exclusive of these costs was \$376,200 and \$859,864 for the year ended December 31, 2024 and 2023.

| Period Ending December 31, | <u>2024</u> | <u>2023</u> |
|----------------------------|-------------------|---------------------|
| Operating lease cost | \$ <u>543,349</u> | \$ <u>1,042,310</u> |

Supplemental cash flow information related to leases was as follows:

| Period Ending December 31, | | |
|---|-------------------|---------------------|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flow impact from cash paid for operating leases | \$ <u>538,175</u> | \$ <u>1,008,746</u> |
| Operating leases: | | |
| Operating lease right-of-use assets | \$ <u>510,838</u> | \$ <u>764,957</u> |
| Operating lease liabilities, current portion | \$ 275,518 | \$ 423,935 |
| Operating lease liabilities, long-term portion | <u>203,337</u> | <u>325,911</u> |
| Total operating lease liabilities | \$ <u>478,855</u> | \$ <u>749,846</u> |

See Independent Auditors' Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

15. COMMITMENTS AND CONTINGENCIES: (Continued)

OPERATING LEASES (Continued)

| | | |
|---------------------------------------|---------|---------|
| Weighted average remaining lease term | | |
| Operating lease | 3 Years | 2 Years |
| Weighted average discount rate | | |
| Operating lease | 7.19% | 5.85% |

Future discounted minimum lease obligations under these leases are as follows:

| Year Ending | <u>Facilities</u> | <u>Equipment</u> |
|------------------------|-------------------|-------------------|
| 2025 | \$ 92,565 | \$ 182,953 |
| 2026 | 6,515 | 123,808 |
| 2027 | - | 61,410 |
| 2028 | - | 40,308 |
| 2029 | - | 30,231 |
| | <u>99,080</u> | <u>438,710</u> |
| Less: imputed interest | <u>(1,889)</u> | <u>(57,046)</u> |
| | <u>\$ 97,191</u> | <u>\$ 381,664</u> |

16. EMPLOYEE BENEFIT PLAN:

The Company maintains a 401(k) plan that covers employees 21 years of age and over who have completed three months of service. Matching contributions are funded at the discretion of management. Matching contributions of \$17,989 and \$42,075 were made for the year ended December 31, 2024 and 2023, respectively.

17. COMMITMENTS AND CONCENTRATIONS:

Sales to the five largest customers accounted for approximately 43% and 54% of total sales for the years ended December 31, 2024 and 2023, respectively. This significant concentration is primarily due to equipment sales to these customers.

18. FRANCHISE AGREEMENT AND MAJOR SUPPLIER:

The Company has a dealer agreement with Capstone Green Energy, LLC. The agreement generally limits the location of the Company and requires Capstone Green Energy, LLC approval over changes in Company ownership. Capstone Green Energy, LLC is also entitled to terminate the dealer agreement if the Corporation is in material breach of the terms.

See Independent Auditors' Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

18. FRANCHISE AGREEMENT AND MAJOR SUPPLIER: (Continued)

The Company also purchases substantially all of its inventories from Capstone Green Energy, LLC at the prevailing prices charged to all franchises. The Company's overall sales could be impacted by the manufacturers' inability or unwillingness to supply the Company with an adequate supply of inventories.

19. FINANCIAL STATEMENT PRESENTATION:

Comparative figures have been reclassified in order to comply with current year's presentation.

20. SUBSEQUENT EVENTS:

The Company has evaluated subsequent events through August 8, 2025, the date these financial statements were available to be issued.

The Company entered into an equity purchase agreement with its supplier, Capstone Green Energy, LLC, with the expectation that the purchase would be finalized July 2025. Total purchase price is \$10 million. In connection with the purchase transaction the Company was converted to a Delaware LLC and renamed Cal Microturbine, LLC in August 2025.

See Independent Auditors' Report

SUPPLEMENTAL INFORMATION



CAL MICROTURBINE, INC.
SCHEDULE I - COST OF GOODS SOLD DETAIL
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>December 31,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> |
|------------------------------|------------------------------------|------------------------------------|
| COST OF GOODS SOLD: | | |
| Purchases | \$ 4,121,826 | \$ 5,086,673 |
| Direct labor | 81,098 | 102,681 |
| Compliance | 5,661 | 12,879 |
| Freight | 61,371 | 16,240 |
| Shop supplies | 44,633 | 43,570 |
| Equipment rent | 380,013 | 888,982 |
| Factory protection plan | <u>3,024,604</u> | <u>2,782,067</u> |
| Total Cost of Goods Sold | <u>\$ 7,719,206</u> | <u>\$ 8,933,092</u> |

See Independent Auditor's Report

CAL MICROTURBINE, INC.
SCHEDULE II - SELLING, GENERAL AND ADMINISTRATIVE EXPENSE DETAIL
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>December 31,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> |
|---|------------------------------------|------------------------------------|
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSE: | | |
| Advertising | \$ 429 | \$ 7,366 |
| Auto and truck | 170,089 | 165,677 |
| Credit losses | 10,304 | - |
| Bank fees | 1,719 | 2,434 |
| Charitable contributions | 3,503 | 1,727 |
| Computer expense | 74,502 | 53,389 |
| Depreciation | 66,487 | 89,489 |
| Dues and subscriptions | 3,994 | 5,981 |
| Employee benefit programs | 17,989 | 42,075 |
| Franchise fees | 336,142 | 375,548 |
| Insurance | 267,764 | 223,562 |
| Legal and professional | 492,218 | 99,085 |
| Meals and entertainment | 38,213 | 27,375 |
| Office expense | 49,078 | 73,937 |
| Outside services | 87,558 | 13,567 |
| Rent | 110,845 | 117,834 |
| Repairs and maintenance | 209 | 10,310 |
| Salaries and wages | 1,173,886 | 1,188,587 |
| Storage | 3,587 | - |
| Taxes and licenses | 99,433 | 116,923 |
| Telephone | 29,870 | 28,844 |
| Training | 10,896 | - |
| Travel | 37,283 | 88,294 |
| Utilities | 8,136 | 7,224 |
| | <u> </u> | <u> </u> |
| Total selling, general and administrative expense | <u>\$ 3,094,134</u> | <u>\$ 2,739,228</u> |

See Independent Auditor's Report

CAL MICROTURBINE, INC.
REVIEWED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
AND FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 (NO ASSURANCE PROVIDED)



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS



Scott M. Biehl, CPA
Andy R. Jones, CPA
Graham S. Applebaum, CPA

1067 PARK VIEW DRIVE • COVINA, CA 91724-3748 • (626) 858-5100 • WWW.ROGERSCLEM.COM

Independent Accountant's Review Report

To the Board of Directors
Cal Microturbine, Inc.
Costa Mesa, CA

We have reviewed the accompanying interim financial statements of Cal Microturbine, Inc. (a California corporation), which comprise the balance sheets as of March 31, 2025, and the related statements of income, stockholders' equity, and cash flows for the three months then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the interim financial statements as a whole. Accordingly, we do not express such an opinion.

Other Matter - Prior-Period Financial Statements

The financial statements as of and for the three months ended March 31, 2024 are presented for comparative purposes. We were not engaged to audit, review, or compile those financial statements and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of interim financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the interim financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Cal Microturbine, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS



Scott M. Biehl, CPA
Andy R. Jones, CPA
Graham S. Applebaum, CPA

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Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in Schedule I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Rogers, Clem & Company

ROGERS, CLEM & COMPANY

Covina, California
September 26, 2025

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

CAL MICROTURBINE, INC.
BALANCE SHEETS
MARCH 31, 2025 AND 2024

ASSETS

| | March 31, 2025 | (No Assurance Provided) March 31, 2024 |
|---|----------------------|---|
| CURRENT ASSETS: | | |
| Cash | \$ 1,901,912 | \$ 459,563 |
| Accounts receivable, net of expected credit losses of \$95,874 and \$0 | 1,321,751 | 1,440,072 |
| Inventory, net of reserves of \$100,755 and \$220,000 | 522,485 | 1,831,763 |
| Current portion of notes receivable | 1,541,353 | - |
| Prepaid expenses | 473,311 | 759,158 |
| Interest income receivable | 24,313 | - |
| Other tax receivables | - | 35,463 |
| | 5,785,125 | 4,526,019 |
| PROPERTY, PLANT, AND EQUIPMENT, net of accumulated depreciation of \$329,407 and \$259,058 | | |
| | 120,627 | 190,976 |
| NON-CURRENT ASSETS: | | |
| Notes receivable, net of current portion | 631,872 | - |
| Vendor deposits | 4,270,112 | 256,524 |
| Right-of-use assets under operating lease | 509,489 | 623,593 |
| | 11,317,225 | 5,597,112 |
| Total assets | \$ 11,317,225 | \$ 5,597,112 |

See Independent Accountant's Review Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
BALANCE SHEETS
MARCH 31, 2025 AND 2024

LIABILITIES AND STOCKHOLDERS' EQUITY

| | <u>March 31,</u> <u>2025</u> | <u>(No Assurance</u> <u>Provided)</u> <u>March 31,</u> <u>2024</u> |
|--|---------------------------------|---|
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 547,158 | \$ 594,034 |
| Accrued expenses | 247,730 | 178,004 |
| Customer deposits | 6,833,934 | 988,810 |
| Income tax payable | 96,505 | 140,752 |
| Deferred revenue | 2,182,835 | 2,146,549 |
| Line of credit | - | 302,637 |
| Due to shareholders | - | 400,000 |
| Current portion of operating lease liabilities | 267,478 | 323,703 |
| Current portion of notes payable | <u>16,701</u> | <u>22,013</u> |
| Total current liabilities | 10,192,341 | 5,096,502 |
| LONG TERM LIABILITIES: | | |
| Operating lease liabilities, net of current portion | 200,765 | 288,545 |
| Notes payable, net of current portion | <u>24,887</u> | <u>41,587</u> |
| Total liabilities | <u>10,417,993</u> | <u>5,426,634</u> |
| STOCKHOLDERS' DEFICIT | | |
| Common stock, \$1 par value, 100,000 shares authorized and 10,000 issued and outstanding | 10,000 | 10,000 |
| stockholders' equity | <u>889,232</u> | <u>160,478</u> |
| Total stockholders' equity | <u>899,232</u> | <u>170,478</u> |
| Total liabilities and stockholders' equity | <u>\$ 11,317,225</u> | <u>\$ 5,597,112</u> |

See Independent Accountant's Review Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

| | March 31, 2025 | (No Assurance Provided) March 31, 2024 |
|---|-------------------|---|
| NET SALES | \$ 2,410,225 | \$ 3,340,619 |
| COST OF SALES | <u>1,299,539</u> | <u>2,140,334</u> |
| Gross profit | 1,110,686 | 1,200,285 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | <u>825,423</u> | <u>685,863</u> |
| Income from operations | <u>285,263</u> | <u>514,422</u> |
| OTHER INCOME (EXPENSE): | | |
| Interest income | 51,041 | 1,406 |
| Other income (expense) | 7,344 | (96) |
| Interest expense | <u>(3,466)</u> | <u>(4,173)</u> |
| Total other income (loss) | <u>54,919</u> | <u>(2,863)</u> |
| Income before provision for income taxes | 340,182 | 511,559 |
| PROVISION FOR INCOME TAXES: | <u>6,208</u> | <u>7,096</u> |
| Net income | <u>\$ 333,974</u> | <u>\$ 504,463</u> |

See Independent Accountant's Review Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

| | COMMON STOCK | RETAINED EARNINGS/ ACCUMULATED DEFICIT | TOTAL |
|---|------------------|---|-------------------|
| Balance at December 31, 2023 (Audited) | \$ 10,000 | \$ (47,480) | \$ (37,480) |
| Net income | - | 504,463 | 504,463 |
| Distributions | - | (296,505) | (296,505) |
| Balance at March 31, 2024 (No assurance provided) | <u>\$ 10,000</u> | <u>\$ 160,478</u> | <u>\$ 170,478</u> |
| Balance at December 31, 2024 (Audited) | \$ 10,000 | \$ 930,190 | \$ 940,190 |
| Net income | - | 333,974 | 333,974 |
| Distributions | - | (374,932) | (374,932) |
| Balance at March 31, 2025 (Reviewed) | <u>\$ 10,000</u> | <u>\$ 889,232</u> | <u>\$ 899,232</u> |

See Independent Accountant's Review Report and the accompanying notes
 which are an integral part of these financial statements

CAL MICROTURBINE, INC.
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

| | March 31, 2025 | (No Assurance Provided) March 31, 2024 |
|---|---------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 333,974 | \$ 504,463 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Depreciation | 15,499 | 11,636 |
| Credit losses | 95,874 | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 174,045 | (633,219) |
| Inventory | 77,628 | 67,807 |
| Income taxes | 5,259 | 7,096 |
| Prepaid expenses | (2,214) | (334,426) |
| Interest income receivable | (24,313) | - |
| Other taxes receivable | - | (535) |
| Accounts payable | (888,171) | 526,679 |
| Accrued expenses | (12,218) | (22,987) |
| Customer deposits | (158,818) | (1,339,646) |
| Vendor deposits | (57,930) | 271,440 |
| Right-of-use assets under operating lease | (9,263) | 3,766 |
| Deferred revenue | (143,810) | 302,719 |
| | <u>(594,458)</u> | <u>(635,207)</u> |
| Net cash used in operating activities | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of fixed assets | - | - |
| | | |
| Net cash provided by investing activities | <u>344,598</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net proceeds (payments) on credit line | (193,146) | 302,637 |
| Payments on notes payable | (3,947) | (7,853) |
| Shareholder distributions | (342,324) | (250,000) |
| | <u>(539,417)</u> | <u>44,784</u> |
| Net cash provided by (used in) financing activities | | |
| Net decrease in cash | (789,277) | (590,423) |
| CASH, beginning of year | <u>2,691,189</u> | <u>1,049,986</u> |
| CASH, end of year | <u>\$ 1,901,912</u> | <u>\$ 459,563</u> |

See Independent Accountant's Review Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

| | <u>March 31,</u> <u>2025</u> | <u>March 31,</u> <u>2024</u> |
|--|---------------------------------|---------------------------------|
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the period for: | | |
| Interest | \$ 3,466 | \$ 4,173 |
| Income taxes | \$ - | \$ - |
| Right-of-use assets under operating agreements entered into | \$ 84,667 | \$ - |
| Pass-through entity tax payments | \$ 1,000 | \$ - |

See Independent Accountant's Review Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

1. ORGANIZATION AND BUSINESS:

The Company's primary business activity is the sale and rental of turbines and service contracts for ongoing maintenance related to this equipment. It exclusively distributes Capstone Green Energy products, with revenue derived from equipment, parts and labor. The Company operates in Costa Mesa, California and has storage facilities in Fairfield and Rancho Dominguez, California.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which provides for improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This ASU is effective for the Company beginning on April 1, 2026. The Company is currently evaluating the impact of this new guidance on its financial statements.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short maturity of these instruments. The carrying value of the notes payable and approximates fair value based on existing rates being equal to or similar to rates offered to the Company for debt of the same maturity. The carrying value of right of use assets and related lease liabilities approximates fair value based on existing lease rates and terms being equal or similar to rates and terms offered to the Company for leases of the same maturity.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand and deposits with financial institutions. The Company maintains its cash in accounts that, at times, may be in excess of the amounts insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

ACCOUNTS RECEIVABLE

The Company requires non-refundable deposits for its equipment sales. Trade receivables are recorded at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest.

ALLOWANCE FOR CREDIT LOSSES

The Company recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the balance sheet date. Receivables are written off when the Company determined that such receivables are deemed uncollectible. The Company pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Company measures those receivables individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Company utilizes the loss-rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Company's historical loss experience. In determining its loss rates, the Company evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition, and legal and regulatory requirements on the level of estimated credit losses in the existing receivables.

INVENTORY

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the average cost method. The Company maintains inventory reserves to account for potential losses arising from obsolete or unsellable inventory, as well as adjustments necessary to state inventory at the lower of cost or net realizable value.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the assets using the straight line method. The estimated useful lives are as follows:

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

PROPERTY AND EQUIPMENT (Continued)

| <u>Type of Asset</u> | <u>Life</u> |
|----------------------|-------------|
| Vehicles | 3-5 years |
| Equipment | 5-7 years |

The costs of normal maintenance, repairs, and minor replacements are charged to expense when incurred. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in income.

VENDOR DEPOSITS:

Vendor deposits represent advance payments made by the Company to equipment suppliers on behalf of customers as part of the Company's brokerage operations. These deposits are funded by customer deposits received in connection with specific purchase or rental agreements. The Company does not take ownership of the equipment and acts solely as a broker in the transaction. Accordingly, vendor deposits are recorded as other assets and are relieved upon completion of the transaction, typically when the vendor delivers the equipment directly to the customer. No asset is capitalized, and no revenue is recognized until the Company's performance obligations under the brokerage agreement are satisfied.

In certain instances, the Company makes deposits to acquire equipment that is subsequently leased to a customer. In such cases, the equipment is capitalized, and the lease arrangement is accounted for in accordance with applicable lease accounting standards.

LEASES

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities on the balance sheet. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the incremental borrowing rate is used based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

LEASES (Continued)

The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain equipment leases, such as vehicles and microturbines, the Company accounts for the lease and non-lease components as a single lease component. Additionally, for certain equipment leases, the Company applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

REVENUE RECOGNITION

Under legacy guidance, the Company recognized revenues at a point in time when the products are shipped and title passes to the customer, upon meeting relevant revenue recognition criteria. Under ASC 606, the timing of revenue recognition for all revenue streams continue to be recognized at a point in time, and our performance obligations and revenue recognition timing and practices are substantially similar to how revenues were recorded under legacy guidance.

The following table summarizes the accounts receivable and deferred revenues as of March 31, 2025, 2024, and 2023:

| | <u>2025</u> | <u>(No Assurance Provided) 2024</u> | <u>(No Assurance Provided) 2023</u> |
|---------------------------|--------------|---|---|
| Trade accounts receivable | \$ 1,417,625 | \$ 1,440,072 | \$ 1,860,428 |
| Deferred revenue | \$ 2,182,835 | \$ 2,146,549 | \$ 1,941,137 |

Trade receivables represent receivables for any portion of the equipment sales price not paid by the finance company, amounts due for sales of parts and service performed, and amounts owed for equipment rental. Management evaluates collectability of receivables and estimates an allowance for credit losses based on the age of the receivable and historical collection experience, which is recorded within "Accounts receivable" on the balance sheet with the receivables presented net of the allowance.

Deferred revenues primarily relate to payments received from customers prior to satisfaction of the Company's performance obligations for warranty service work. Revenue is amortized on a straight-line basis over the term of the related contract, which generally reflects the satisfaction of performance obligations. Deferred revenue is being evaluated for classification of short and long-term portions. Of the amounts recorded as deferred revenues as of March 31, 2024 and 2023, \$143,810 was recognized as revenue and \$302,719 as additional deferred revenue during the three months ended March 31, 2025 and 2024, respectively.

The Company does not have any materially significant payment terms associated with its customer's contracts and payment is due and collected as previously noted. The Company does not offer material rights of return or service-type warranties.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

REVENUE RECOGNITION (Continued)

Taxes collected from customers and remitted to governmental authorities are recorded on a net basis (excluded from revenue). Shipping costs incurred subsequent to transfer of control to external customers are recognized as cost of sales. Discounts that the Company offers to customers are accounted for as a reduction of revenues at the time of sale.

The Company expenses sales commissions as incurred, as the amortization period for such costs would be less than one year. The Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. The effect of applying these practical expedients is not material.

Revenues from the sale of equipment are recognized upon delivery, passage of title, and signing of the sales contract. Revenue from the sale of parts and service is recognized upon delivery of parts to the customer or when service work is performed. Sales discounts and service coupons are accounted for as a reduction to the sales price at the point of sale. Revenue from equipment rentals is recognized at monthly intervals.

The Company receives deposits from customers in advance of fulfilling equipment sales contracts as well as rental contracts. Those deposits are recorded as a liability until the underlying performance obligation is satisfied, and which point revenue is recognized.

The Company subleases certain assets for which it is the lessee under non-cancelable lease agreements. Revenues from sublease agreements is recognized as rental income on a straight-line basis over the term of the sublease.

SHIPPING AND HANDLING COSTS

Shipping and handling costs are expensed as incurred and are included in costs of goods sold in the accompanying statements of income. Total shipping and handling cost incurred was approximately \$14,900 and \$20,300 for the three months ended March 31, 2025 and 2024, respectively.

INCOME TAXES

The Company has elected to be taxed as an "S" corporation for income tax purposes. The taxable income of the Company is reported on the personal income tax return of the stockholders. However, the Company is subject to a California tax equal to 1.5% of taxable income or \$800, whichever is greater.

Deferred taxes have not been recorded because the Company is only subject to 1.5% California tax rate, any deferred tax is immaterial.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

3. ACCOUNTS RECEIVABLE:

Accounts receivable as of March 31, 2025 and 2024 consisted of the following:

| | 2025 | (No Assurance Provided) 2024 |
|-----------------------------------|---------------------|------------------------------------|
| Trade accounts receivable | \$ 1,417,625 | \$ 1,440,072 |
| Less: allowance for credit losses | (95,874) | - |
| | <u>\$ 1,321,751</u> | <u>\$ 1,440,072</u> |

4. INVENTORY:

Inventories as of March 31, 2025 and 2024 consisted of the following:

| | 2025 | (No Assurance Provided) 2024 |
|--------------------------|-------------------|------------------------------------|
| Inventory | \$ 623,240 | \$ 2,051,763 |
| Less: inventory reserves | (100,755) | (220,000) |
| | <u>\$ 522,485</u> | <u>\$ 1,831,763</u> |

5. PREPAID EXPENSES:

Prepaid expenses as of March 31, 2025 and 2024 consisted of the following:

| | 2025 | (No Assurance Provided) 2024 |
|---------------------------------|-------------------|------------------------------------|
| Prepaid factory protection plan | \$ 361,884 | \$ 369,796 |
| Other prepaid expenses | 111,428 | 389,363 |
| | <u>\$ 473,311</u> | <u>\$ 759,158</u> |

6. PROPERTY AND EQUIPMENT:

Property and equipment as of March 31, 2025 and 2024 consisted of the following:

| | 2025 | (No Assurance Provided) 2024 |
|--------------------------------|-------------------|------------------------------------|
| Vehicles | \$ 252,034 | \$ 252,034 |
| Equipment and tools | 51,885 | 51,885 |
| Leased equipment | 146,115 | 146,115 |
| | 450,034 | 450,034 |
| Less: accumulated depreciation | (329,407) | (259,058) |
| | <u>\$ 120,627</u> | <u>\$ 190,976</u> |

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

6. PROPERTY AND EQUIPMENT: (Continued)

Total depreciation expense charged to operations was \$15,499 and \$11,636 for the three months ended March 31, 2025 and 2024, respectively.

7. NOTES RECEIVABLE:

Notes receivable as of March 31, 2025 and 2024 consisted of the following:

| | 2025 | (No Assurance Provided) 2024 |
|--|--------------|------------------------------------|
| Note receivable due from Brompton Energy, Inc. Payments of \$165,945 are due quarterly, including interest of 8%. Matures December 2026. Secured by related equipment. Full loan balance was paid April 2025, prior to its contractual maturity. | \$ 1,215,625 | \$ - |
| Note receivable due from E&B Natural Resources Management Corporation. Payments of \$123,775 are due monthly, including interest of 9%. Matures November 2025. Secured by related equipment. | 957,600 | - |
| Total | 2,173,225 | - |
| Less: current portion | (1,541,353) | - |
| Long term portion | \$ 631,872 | \$ - |

Maturities of notes receivable over the following two years are as follows:

| <u>Period ended March 31,</u> | | | |
|-------------------------------|--|--------------|--|
| 2026 | | \$ 1,541,353 | |
| 2027 | | 631,872 | |
| | | \$ 2,173,225 | |

8. VENDOR DEPOSITS:

Vendor deposits as of March 31, 2025 and 2024 consisted of the following:

| | 2025 | (No Assurance Provided) 2024 |
|------------------------|--------------|------------------------------------|
| Equipment for purchase | \$ 4,239,328 | \$ 225,740 |
| Equipment for lease | 30,784 | 30,784 |
| | \$ 4,270,112 | \$ 256,524 |

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

9. ACCRUED EXPENSES:

Accrued expenses as of March 31, 2025 and 2024 consisted of the following:

| | 2025 | (No Assurance Provided) 2024 |
|------------------------|------------|---------------------------------|
| Accrued payroll | \$ 37,313 | \$ 55,118 |
| Accrued vacation | 31,900 | 31,900 |
| Accrued distributor | 80,946 | - |
| Sales tax payable | 23,263 | 14,479 |
| Pension plan payable | 24,894 | 40,519 |
| Other accrued expenses | 49,414 | 35,988 |
| | \$ 247,730 | \$ 178,004 |

10. DEFERRED REVENUE:

The Company classifies income as deferred until the time frame has been met within the Company's revenue recognition policy. As of March 31, 2025 and 2024, deferred revenue consists of the following:

| | 2025 | (No Assurance Provided) 2024 |
|-----------------------|--------------|---------------------------------|
| Customer prepayment | \$ 2,182,835 | \$ 2,146,549 |
| Less: current portion | (2,182,835) | (2,146,549) |
| Long term portion | \$ - | \$ - |

11. INCOME TAXES:

| | 2025 | (No Assurance Provided) 2024 |
|-----------------------|----------|---------------------------------|
| Current tax provision | \$ 6,208 | \$ 7,096 |

12. LINE OF CREDIT:

The Company entered into a revolving line of credit with JPMorgan Chase Bank with a maximum borrowing amount of \$500,000. The interest rate on the line is 8%. The Company had \$0 and \$302,637 outstanding as of March 31, 2025 and 2024, respectively.

The line of credit is secured by a personal guarantee of the shareholder and is further collateralized by the investment account held within the shareholder's living trust.

13. NOTES PAYABLE:

Notes payable as of March 31, 2025 and 2024 consisted of the following:

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

13. NOTES PAYABLE: (Continued)

| | 2025 | (No Assurance Provided) 2024 |
|--|-----------|------------------------------------|
| Note payable due to US Bank. Due in monthly payments of \$873, including interest of 5.99%. Matures November 2024. The loan is secured by the related vehicle. | \$ - | \$ 6,826 |
| Note payable due to Ally Bank. Due in monthly payments of \$1,663, including interest of 9.54%. Matures July 2027. The loan is secured by the related vehicle. | 41,588 | 56,774 |
| Total | 41,588 | 63,600 |
| Less: current portion | (16,701) | (22,013) |
| Long term portion | \$ 24,887 | \$ 41,587 |

Maturities of notes payable obligation over the following three years are as follows:

| Year Ending | | |
|-------------|----|--------|
| 2026 | \$ | 16,701 |
| 2027 | | 18,365 |
| 2028 | | 6,522 |
| | \$ | 41,588 |

14. SHAREHOLDER LOANS

As of March 31, 2025 and 2024, the Company had an outstanding loan from a shareholder in the amount of \$0 and \$400,000, respectively. The loan is unsecured and non-interest bearing. The loan is repayable on demand, with no specific repayment schedule provided. The shareholder loan balance was distributed to the shareholder in full during the year ended December 31, 2024.

15. COMMITMENTS AND CONTINGENCIES:

OPERATING LEASES

The Company leases various equipment, vehicles and facilities under long-term, non-cancelable operating lease agreements. The Company leases facilities in Costa Mesa, CA at \$6,309 per month through January 2026. The agreement also require the Company to pay for all insurance, utilities, and repair and maintenance costs associated with the rented facilities. The Company leases other office facilities with various termination dates. In the normal course of business, it is expected that these leases will be renewed or replaced.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

15. COMMITMENTS AND CONTINGENCIES: (Continued)

OPERATING LEASES (Continued)

Significant equipment leases are for micro turbines under long-term, non-cancelable operating lease agreements with various monthly payments and termination dates through June 2027. The total rent paid exclusive of these costs was \$39,042 and \$116,523 for the three months ended March 31, 2025 and 2024.

| Period Ending March 31, | <u>2025</u> | <u>(No Assurance Provided) 2024</u> |
|-------------------------|------------------|---|
| Operating lease cost | <u>\$ 92,229</u> | <u>\$ 154,431</u> |

Supplemental cash flow information related to leases was as follows:

| Period Ending March 31, | | |
|---|-------------------|-------------------|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flow impact from cash paid for operating leases | <u>\$ 98,310</u> | <u>\$ 149,990</u> |
| Operating leases: | | |
| Operating lease right-of-use assets | <u>\$ 509,489</u> | <u>\$ 623,593</u> |
| Operating lease liabilities, current portion | \$ 267,478 | \$ 323,703 |
| Operating lease liabilities, long-term portion | <u>200,765</u> | <u>288,545</u> |
| Total operating lease liabilities | <u>\$ 468,243</u> | <u>\$ 612,248</u> |
| Weighted average remaining lease term | | |
| Operating lease | 3 Years | 2 Years |
| Weighted average discount rate | | |
| Operating lease | 7.24% | 5.98% |

Future discounted minimum lease obligations under these leases are as follows:

| Year Ending | <u>Facilities</u> | <u>Equipment</u> |
|-------------|-------------------|------------------|
| 2026 | \$ 88,600 | \$ 178,878 |
| 2027 | - | 125,358 |
| 2028 | - | 71,096 |
| 2029 | - | 40,735 |

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

15. COMMITMENTS AND CONTINGENCIES: (Continued)

OPERATING LEASES (Continued)

| | | |
|------------------------|------------------|-------------------|
| 2030 | - | 20,154 |
| | 88,600 | 436,221 |
| Less: imputed interest | <u>(1,207)</u> | <u>(55,371)</u> |
| | <u>\$ 87,393</u> | <u>\$ 380,850</u> |

16. EMPLOYEE BENEFIT PLAN:

The Company maintains a 401(k) plan that covers employees 21 years of age and over who have completed three months of service. Matching contributions are funded at the discretion of management. Matching contributions of \$0 and \$0 were made for the three months ended March 31, 2025 and 2024, respectively.

17. COMMITMENTS AND CONCENTRATIONS:

Sales to the five largest customers accounted for approximately 46% and 63% of total sales for the three months ended March 31, 2025 and 2024, respectively. This significant concentration is primarily due to equipment sales to these customers.

18. FRANCHISE AGREEMENT AND MAJOR SUPPLIER:

The Company has a dealer agreement with Capstone Green Energy, LLC. The agreement generally limits the location of the Company and requires Capstone Green Energy, LLC approval over changes in Company ownership. Capstone Green Energy, LLC is also entitled to terminate the dealer agreement if the Corporation is in material breach of the terms.

The Company also purchases substantially all of its inventories from Capstone Green Energy, LLC at the prevailing prices charged to all franchises. The Company's overall sales could be impacted by the manufacturers' inability or unwillingness to supply the Company with an adequate supply of inventories.

19. FINANCIAL STATEMENT PRESENTATION:

Comparative figures have been reclassified in order to comply with current quarter's presentation.

20. SUBSEQUENT EVENTS:

The Company has evaluated subsequent events through September 26, 2025, the date these financial statements were available to be issued.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

20. SUBSEQUENT EVENTS: (Continued)

The Company entered into an equity purchase agreement with its supplier, Capstone Green Energy, LLC, that finalized August 13, 2025. Total purchase price is \$10 million. In connection with the purchase transaction the Company was converted to a Delaware LLC and renamed Cal Microturbine, LLC in August 2025.

See Independent Accountant's Review Report

SUPPLEMENTAL INFORMATION



CAL MICROTURBINE, INC.
SCHEDULE I - COST OF GOODS SOLD DETAIL
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

| | <u>March 31,</u> <u>2025</u> | <u>(No Assurance</u> <u>Provided)</u> <u>March 31,</u> <u>2024</u> |
|------------------------------|---------------------------------|---|
| COST OF GOODS SOLD: | | |
| Purchases | \$ 525,099 | \$ 1,266,242 |
| Compliance | - | 3,023 |
| Freight | 14,886 | 20,273 |
| Shop supplies | 11,997 | 8,304 |
| Equipment rent | 34,815 | 108,161 |
| Factory protection plan | <u>712,742</u> | <u>734,331</u> |
| Total Cost of Goods Sold | <u>\$ 1,299,539</u> | <u>\$ 2,140,334</u> |

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
SCHEDULE II - SELLING, GENERAL AND ADMINISTRATIVE EXPENSE DETAIL
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

| | March 31, 2025 | (No Assurance Provided) March 31, 2024 |
|---|-------------------|---|
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSE: | | |
| Advertising | \$ 117 | \$ 117 |
| Auto and truck | 58,532 | 34,444 |
| Credit losses | 95,874 | - |
| Bank fees | 198 | 421 |
| Charitable contributions | 3,767 | 3,503 |
| Computer expense | 24,201 | 18,299 |
| Depreciation | 15,499 | 11,636 |
| Dues and subscriptions | 218 | 379 |
| Franchise fees | 80,946 | 84,036 |
| Insurance | 66,675 | 58,654 |
| Legal and professional | 114,092 | 101,685 |
| Meals and entertainment | 3,236 | 3,603 |
| Office expense | 14,458 | 8,520 |
| Outside services | 15,166 | 15,453 |
| Rent | 23,134 | 27,339 |
| Salaries and wages | 272,383 | 272,175 |
| Storage | 1,552 | - |
| Taxes and licenses | 22,697 | 23,795 |
| Telephone | 9,183 | 7,708 |
| Training | 120 | - |
| Travel | 2,460 | 12,159 |
| Utilities | 915 | 1,937 |
| | <u> </u> | <u> </u> |
| Total selling, general and administrative expense | <u>\$ 825,423</u> | <u>\$ 685,863</u> |

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
REVIEWED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025
AND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 (NO ASSURANCE PROVIDED)



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS



Scott M. Biehl, CPA
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Independent Accountant's Review Report

To the Board of Directors
Cal Microturbine, Inc.
Costa Mesa, CA

We have reviewed the accompanying interim financial statements of Cal Microturbine, Inc. (a California corporation), which comprise the balance sheet as of June 30, 2025, and the related statements of income, stockholders' equity, and cash flows for the six months then ended, and the related notes to the interim financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the interim financial statements as a whole. Accordingly, we do not express such an opinion.

Other Matter - Prior-Period Financial Statements

The financial statements as of and for the six months ended June 30, 2024 are presented for comparative purposes. We were not engaged to audit, review, or compile those financial statements and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of interim financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the interim financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Cal Microturbine, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in Schedule I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Rogers, Clem & Company

ROGERS, CLEM & COMPANY

Covina, California
October 9, 2025

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

CAL MICROTURBINE, INC.
BALANCE SHEETS
JUNE 30, 2025 AND 2024

ASSETS

| | <u>June 30,</u> <u>2025</u> | <u>(No Assurance</u> <u>Provided)</u> <u>June 30,</u> <u>2024</u> |
|--|--------------------------------|--|
| CURRENT ASSETS: | | |
| Cash | \$ 5,153,333 | \$ 471,055 |
| Accounts receivable, net of expected credit losses of \$326,231 and \$0 | 7,592,544 | 1,301,899 |
| Inventory, net of reserves of \$83,522 and \$220,000 | 431,022 | 1,760,023 |
| Current portion of notes receivable | 607,815 | - |
| Prepaid expenses | 456,719 | 546,056 |
| Other tax receivables | - | 35,463 |
| | <u>14,241,433</u> | <u>4,114,496</u> |
| PROPERTY, PLANT, AND EQUIPMENT, net of accumulated depreciation of \$344,905 and \$268,299 | | |
| | 105,129 | 181,735 |
| NON-CURRENT ASSETS: | | |
| Vendor deposits | 716,509 | 271,219 |
| Right-of-use assets under operating lease | <u>431,161</u> | <u>570,888</u> |
| | <u>\$ 15,494,232</u> | <u>\$ 5,138,338</u> |

See Independent Accountant's Review Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
BALANCE SHEETS
JUNE 30, 2025 AND 2024

LIABILITIES AND STOCKHOLDERS' EQUITY

| | <u>June 30,</u> <u>2025</u> | <u>(No Assurance</u> <u>Provided)</u> <u>June 30,</u> <u>2024</u> |
|--|--------------------------------|--|
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 4,231,183 | \$ 601,390 |
| Accrued expenses | 214,877 | 201,712 |
| Customer deposits | 4,734,070 | 477,314 |
| Income tax payable | 434,146 | 190,594 |
| Deferred revenue | 1,855,106 | 1,808,711 |
| Line of credit | - | 407,367 |
| Due to shareholders | - | 400,000 |
| Current portion of operating lease liabilities | 229,244 | 305,427 |
| Current portion of notes payable | <u>18,456</u> | <u>19,863</u> |
| Total current liabilities | 11,717,082 | 4,412,378 |
| LONG TERM LIABILITIES: | | |
| Operating lease liabilities, net of current portion | 166,336 | 238,685 |
| Notes payable, net of current portion | <u>20,458</u> | <u>37,556</u> |
| Total liabilities | <u>11,903,876</u> | <u>4,688,619</u> |
| STOCKHOLDERS' DEFICIT | | |
| Common stock, \$1 par value, 100,000 shares authorized and 10,000 issued and outstanding | 10,000 | 10,000 |
| stockholders' equity | <u>3,580,356</u> | <u>439,719</u> |
| Total stockholders' equity | <u>3,590,356</u> | <u>449,719</u> |
| Total liabilities and stockholders' equity | <u>\$ 15,494,232</u> | <u>\$ 5,138,338</u> |

See Independent Accountant's Review Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

| | <u>June 30,</u> <u>2025</u> | <u>(No Assurance</u> <u>Provided)</u> <u>June 30,</u> <u>2024</u> |
|---|--------------------------------|--|
| NET SALES | \$ 19,644,325 | \$ 5,524,505 |
| COST OF SALES | <u>14,492,847</u> | <u>3,325,403</u> |
| Gross profit | 5,151,478 | 2,199,102 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | <u>1,888,141</u> | <u>1,529,929</u> |
| Income from operations | <u>3,263,337</u> | <u>669,173</u> |
| OTHER INCOME (EXPENSE): | | |
| Interest income | 83,187 | 629 |
| Other income (expense) | 113,866 | 334,233 |
| Interest expense | <u>(4,118)</u> | <u>(13,393)</u> |
| Total other income | <u>192,935</u> | <u>321,469</u> |
| Income before provision for income taxes | 3,456,272 | 990,642 |
| PROVISION FOR INCOME TAXES: | <u>53,103</u> | <u>13,694</u> |
| Net income | <u>\$ 3,403,169</u> | <u>\$ 976,948</u> |

See Independent Accountant's Review Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
 STATEMENTS OF STOCKHOLDERS' EQUITY
 FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

| | COMMON STOCK | RETAINED EARNINGS/ ACCUMULATED DEFICIT | TOTAL |
|--|-----------------|---|--------------|
| Balance at December 31, 2023 (Audited) | \$ 10,000 | \$ (47,480) | \$ (37,480) |
| Net income | - | 976,948 | 976,948 |
| Distributions | - | (489,749) | (489,749) |
| Balance at June 30, 2024 (No assurance provided) | \$ 10,000 | \$ 439,719 | \$ 449,719 |
| Balance at December 31, 2024 (Audited) | \$ 10,000 | \$ 930,190 | \$ 940,190 |
| Net income | - | 3,403,169 | 3,403,169 |
| Distributions | - | (753,003) | (753,003) |
| Balance at June 30, 2025 (Reviewed) | \$ 10,000 | \$ 3,580,356 | \$ 3,590,356 |

See Independent Accountant's Review Report and the accompanying notes
 which are an integral part of these financial statements

CAL MICROTURBINE, INC.
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

| | June 30, 2025 | June 30, 2024 |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 3,403,169 | \$ 976,948 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Depreciation | 30,997 | 20,878 |
| Credit losses | 326,231 | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (6,327,105) | (495,047) |
| Inventory | 169,091 | 139,547 |
| Income taxes | 52,154 | 13,694 |
| Prepaid expenses | 14,378 | (121,324) |
| Other taxes receivable | - | (535) |
| Accounts payable | 2,795,854 | 534,035 |
| Accrued expenses | (45,071) | 721 |
| Customer deposits | (2,258,682) | (1,851,142) |
| Vendor deposits | 3,495,673 | 256,745 |
| Right-of-use assets under operating lease | (3,598) | (11,665) |
| Deferred revenue | (471,539) | (35,119) |
| | 1,181,552 | (572,264) |
| Net cash provided by (used in) operating activities | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds on notes receivable | 1,910,008 | - |
| Net cash provided by investing activities | 1,910,008 | - |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net proceeds (payments) on credit line | (193,146) | 407,367 |
| Payments on notes payable | (6,621) | (14,034) |
| Shareholder distributions | (429,649) | (400,000) |
| Net cash used in financing activities | (629,416) | (6,667) |
| Net increase (decrease) in cash | 2,462,144 | (578,931) |
| CASH, beginning of year | 2,691,189 | 1,049,986 |
| CASH, end of year | \$ 5,153,333 | \$ 471,055 |

See Independent Accountant's Review Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

| | <u>June 30,</u> <u>2025</u> | <u>(No Assurance</u> <u>Provided)</u> <u>June 30,</u> <u>2024</u> |
|---|--------------------------------|--|
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the period for: | | |
| Interest | \$ 4,118 | \$ 13,393 |
| Income taxes | \$ - | \$ - |
| Right-of-use assets under operating agreements entered into | \$ 84,667 | \$ 95,935 |
| Pass-through entity tax payments | \$ - | \$ - |

See Independent Accountant's Review Report and the accompanying notes
which are an integral part of these financial statements

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

1. ORGANIZATION AND BUSINESS:

The Company's primary business activity is the sale and rental of turbines and service contracts for ongoing maintenance related to this equipment. It exclusively distributes Capstone Green Energy products, with revenue derived from equipment, parts and labor. The Company operates in Costa Mesa, California and has storage facilities in Fairfield and Rancho Dominguez, California.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which provides for improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This ASU is effective for the Company beginning on April 1, 2026. The Company is currently evaluating the impact of this new guidance on its financial statements.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short maturity of these instruments. The carrying value of the notes payable and approximates fair value based on existing rates being equal to or similar to rates offered to the Company for debt of the same maturity. The carrying value of right of use assets and related lease liabilities approximates fair value based on existing lease rates and terms being equal or similar to rates and terms offered to the Company for leases of the same maturity.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand and deposits with financial institutions. The Company maintains its cash in accounts that, at times, may be in excess of the amounts insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

ACCOUNTS RECEIVABLE

The Company requires non-refundable deposits for its equipment sales. Trade receivables are recorded at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest.

ALLOWANCE FOR CREDIT LOSSES

The Company recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the balance sheet date. Receivables are written off when the Company determined that such receivables are deemed uncollectible. The Company pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Company measures those receivables individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Company utilizes the loss-rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Company's historical loss experience. In determining its loss rates, the Company evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition, and legal and regulatory requirements on the level of estimated credit losses in the existing receivables.

INVENTORY

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the average cost method. The Company maintains inventory reserves to account for potential losses arising from obsolete or unsellable inventory, as well as adjustments necessary to state inventory at the lower of cost or net realizable value.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the assets using the straight line method. The estimated useful lives are as follows:

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

PROPERTY AND EQUIPMENT (Continued)

| <u>Type of Asset</u> | <u>Life</u> |
|----------------------|-------------|
| Vehicles | 3-5 years |
| Equipment | 5-7 years |

The costs of normal maintenance, repairs, and minor replacements are charged to expense when incurred. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in income.

VENDOR DEPOSITS:

Vendor deposits represent advance payments made by the Company to equipment suppliers on behalf of customers as part of the Company's brokerage operations. These deposits are funded by customer deposits received in connection with specific purchase or rental agreements. The Company does not take ownership of the equipment and acts solely as a broker in the transaction. Accordingly, vendor deposits are recorded as other assets and are relieved upon completion of the transaction, typically when the vendor delivers the equipment directly to the customer. No asset is capitalized, and no revenue is recognized until the Company's performance obligations under the brokerage agreement are satisfied.

In certain instances, the Company makes deposits to acquire equipment that is subsequently leased to a customer. In such cases, the equipment is capitalized, and the lease arrangement is accounted for in accordance with applicable lease accounting standards.

LEASES

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities on the balance sheet. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the incremental borrowing rate is used based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

LEASES (Continued)

The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain equipment leases, such as vehicles and microturbines, the Company accounts for the lease and non-lease components as a single lease component. Additionally, for certain equipment leases, the Company applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

REVENUE RECOGNITION

Under legacy guidance, the Company recognized revenues at a point in time when the products are shipped and title passes to the customer, upon meeting relevant revenue recognition criteria. Under ASC 606, the timing of revenue recognition for all revenue streams continue to be recognized at a point in time, and our performance obligations and revenue recognition timing and practices are substantially similar to how revenues were recorded under legacy guidance.

The following table summarizes the accounts receivable and deferred revenues as of June 30, 2025, 2024, and 2023:

| | 2025 | (No Assurance Provided) 2024 | (No Assurance Provided) 2023 |
|---------------------------|--------------|------------------------------------|------------------------------------|
| Trade accounts receivable | \$ 7,918,775 | \$ 1,301,899 | \$ 2,372,866 |
| Deferred revenue | \$ 1,855,106 | \$ 1,808,711 | \$ 1,880,556 |

Trade receivables represent receivables for any portion of the equipment sales price not paid by the finance company, amounts due for sales of parts and service performed, and amounts owed for equipment rental. Management evaluates collectability of receivables and estimates an allowance for credit losses based on the age of the receivable and historical collection experience, which is recorded within "Accounts receivable" on the balance sheet with the receivables presented net of the allowance.

Deferred revenues primarily relate to payments received from customers prior to satisfaction of the Company's performance obligations for warranty service work. Revenue is amortized on a straight-line basis over the term of the related contract, which generally reflects the satisfaction of performance obligations. Deferred revenue is being evaluated for classification of short and long-term portions. Of the amounts recorded as deferred revenues as of June 30, 2024 and 2023, \$471,539 and \$35,119 was recognized as revenue during the six months ended June 30, 2025 and 2024, respectively.

The Company does not have any materially significant payment terms associated with its customer's contracts and payment is due and collected as previously noted. The Company does not offer material rights of return or service-type warranties.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

REVENUE RECOGNITION (Continued)

Taxes collected from customers and remitted to governmental authorities are recorded on a net basis (excluded from revenue). Shipping costs incurred subsequent to transfer of control to external customers are recognized as cost of sales. Discounts that the Company offers to customers are accounted for as a reduction of revenues at the time of sale.

The Company expenses sales commissions as incurred, as the amortization period for such costs would be less than one year. The Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. The effect of applying these practical expedients is not material.

Revenues from the sale of equipment are recognized upon delivery, passage of title, and signing of the sales contract. Revenue from the sale of parts and service is recognized upon delivery of parts to the customer or when service work is performed. Sales discounts and service coupons are accounted for as a reduction to the sales price at the point of sale. Revenue from equipment rentals is recognized at monthly intervals.

The Company receives deposits from customers in advance of fulfilling equipment sales contracts as well as rental contracts. Those deposits are recorded as a liability until the underlying performance obligation is satisfied, and which point revenue is recognized.

The Company subleases certain assets for which it is the lessee under non-cancelable lease agreements. Revenues from sublease agreements is recognized as rental income on a straight-line basis over the term of the sublease.

SHIPPING AND HANDLING COSTS

Shipping and handling costs are expensed as incurred and are included in costs of goods sold in the accompanying statements of income. Total shipping and handling cost incurred was approximately \$83,400 and \$41,500 for the six months ended June 30, 2025 and 2024, respectively.

INCOME TAXES

The Company has elected to be taxed as an "S" corporation for income tax purposes. The taxable income of the Company is reported on the personal income tax return of the stockholders. However, the Company is subject to a California tax equal to 1.5% of taxable income or \$800, whichever is greater.

Deferred taxes have not been recorded because the Company is only subject to 1.5% California tax rate, any deferred tax is immaterial.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

3. ACCOUNTS RECEIVABLE:

Accounts receivable as of June 30, 2025 and 2024 consisted of the following:

| | <u>2025</u> | <u>(No Assurance Provided) 2024</u> |
|-----------------------------------|---------------------|---|
| Trade accounts receivable | \$ 7,918,775 | \$ 1,301,899 |
| Less: allowance for credit losses | (326,231) | - |
| | <u>\$ 7,592,544</u> | <u>\$ 1,301,899</u> |

4. INVENTORY:

Inventories as of June 30, 2025 and 2024 consisted of the following:

| | <u>2025</u> | <u>(No Assurance Provided) 2024</u> |
|--------------------------|-------------------|---|
| Inventory | \$ 514,544 | \$ 1,980,023 |
| Less: inventory reserves | (83,522) | (220,000) |
| | <u>\$ 431,022</u> | <u>\$ 1,760,023</u> |

5. PREPAID EXPENSES:

Prepaid expenses as of June 30, 2025 and 2024 consisted of the following:

| | <u>2025</u> | <u>(No Assurance Provided) 2024</u> |
|---------------------------------|-------------------|---|
| Prepaid factory protection plan | \$ 414,162 | \$ 293,932 |
| Other prepaid expenses | 42,557 | 252,124 |
| | <u>\$ 456,719</u> | <u>\$ 546,056</u> |

6. PROPERTY AND EQUIPMENT:

Property and equipment as of June 30, 2025 and 2024 consisted of the following:

| | <u>2025</u> | <u>(No Assurance Provided) 2024</u> |
|--------------------------------|-------------------|---|
| Vehicles | \$ 252,034 | \$ 252,034 |
| Equipment and tools | 51,885 | 51,885 |
| Leased equipment | 146,115 | 146,115 |
| | 450,034 | 450,034 |
| Less: accumulated depreciation | (344,905) | (268,299) |
| | <u>\$ 105,129</u> | <u>\$ 181,735</u> |

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

6. PROPERTY AND EQUIPMENT: (Continued)

Total depreciation expense charged to operations was \$30,997 and \$20,878 for the six months ended June 30, 2025 and 2024, respectively.

7. NOTES RECEIVABLE:

Notes receivable as of June 30, 2025 and 2024 consisted of the following:

| | 2025 | (No Assurance Provided) 2024 |
|--|------------|------------------------------------|
| Note receivable due from E&B Natural Resources Management Corporation. Payments of \$123,775 are due monthly, including interest of 9%. Matures November 2025. Secured by related equipment. | \$ 607,815 | \$ - |
| Total | 607,815 | - |
| Less: current portion | (607,815) | - |
| Long term portion | \$ - | \$ - |

Maturities of notes receivable over the following year are as follows:

| <u>Period ended June 30,</u> | |
|------------------------------|------------|
| 2026 | \$ 607,815 |
| | \$ 607,815 |

8. VENDOR DEPOSITS:

Vendor deposits as of June 30, 2025 and 2024 consisted of the following:

| | 2025 | (No Assurance Provided) 2024 |
|------------------------|------------|------------------------------------|
| Equipment for purchase | \$ 685,725 | \$ 240,435 |
| Equipment for lease | 30,784 | 30,784 |
| | \$ 716,509 | \$ 271,219 |

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

9. ACCRUED EXPENSES:

| | | |
|---|-------------------|----------------------------|
| Accrued expenses as of June 30, 2025 and 2024 consisted of the following: | | (No Assurance Provided) |
| | <u>2025</u> | <u>2024</u> |
| Accrued payroll | \$ 15,250 | \$ 25,412 |
| Accrued vacation | 31,900 | 31,900 |
| Accrued distributor | 158,577 | - |
| Sales tax payable | 5,026 | 19,745 |
| Pension plan payable | 4,124 | 76,522 |
| Other accrued expenses | - | 48,133 |
| | <u>\$ 214,877</u> | <u>\$ 201,712</u> |

10. DEFERRED REVENUE:

The Company classifies income as deferred until the time frame has been met within the Company's revenue recognition policy. As of June 30, 2025 and 2024, deferred revenue consists of the following:

| | | |
|-----------------------|--------------|----------------------------|
| | | (No Assurance Provided) |
| | <u>2025</u> | <u>2024</u> |
| Customer prepayment | \$ 1,855,106 | \$ 1,808,711 |
| Less: current portion | (1,855,106) | (1,808,711) |
| Long term portion | <u>\$ -</u> | <u>\$ -</u> |

11. INCOME TAXES:

| | | |
|-----------------------|-------------|----------------------------|
| | | (No Assurance Provided) |
| | <u>2025</u> | <u>2024</u> |
| Current tax provision | \$ 53,103 | \$ 13,694 |

12. LINE OF CREDIT:

The Company entered into a revolving line of credit with JPMorgan Chase Bank with a maximum borrowing amount of \$500,000. The interest rate on the line is 8%. The Company had \$0 and \$407,367 outstanding as of June 30, 2025 and 2024, respectively.

The line of credit is secured by a personal guarantee of the shareholder and is further collateralized by the investment account held within the shareholder's living trust.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

13. NOTES PAYABLE:

Notes payable as of June 30, 2025 and 2024 consisted of the following:

| | <u>2025</u> | <u>(No Assurance Provided) 2024</u> |
|--|------------------|---|
| Note payable due to US Bank. Due in monthly payments of \$873, including interest of 5.99%. Matures November 2024. The loan is secured by the related vehicle. | \$ - | \$ 4,298 |
| Note payable due to Ally Bank. Due in monthly payments of \$1,663, including interest of 9.54%. Matures July 2027. The loan is secured by the related vehicle. | <u>38,914</u> | <u>53,121</u> |
| Total | 38,914 | 57,419 |
| Less: current portion | <u>(18,456)</u> | <u>(19,863)</u> |
| Long term portion | <u>\$ 20,458</u> | <u>\$ 37,556</u> |

Maturities of notes payable obligation over the following three years are as follows:

| <u>Year Ending</u> | |
|--------------------|------------------|
| 2026 | \$ 18,456 |
| 2027 | 18,808 |
| 2028 | <u>1,650</u> |
| | <u>\$ 38,914</u> |

14. SHAREHOLDER LOANS

As of June 30, 2025 and 2024, the Company had an outstanding loan from a shareholder in the amount of \$0 and \$400,000, respectively. The loan is unsecured and non-interest bearing. The loan is repayable on demand, with no specific repayment schedule provided. The shareholder loan balance was distributed to the shareholder in full during the year ended December 31, 2024.

15. COMMITMENTS AND CONTINGENCIES:

OPERATING LEASES

The Company leases various equipment, vehicles and facilities under long-term, non-cancelable operating lease agreements. The Company leases facilities in Costa Mesa, CA at \$6,515 per month through January 2026. The agreement also require the Company to pay for all insurance, utilities, and repair and maintenance costs associated with the rented facilities. The Company leases other office facilities with various termination dates. In the normal course of business, it is expected that these leases will be renewed or replaced.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

15. COMMITMENTS AND CONTINGENCIES: (Continued)

OPERATING LEASES (Continued)

Significant equipment leases are for micro turbines under long-term, non-cancelable operating lease agreements with various monthly payments and termination dates through June 2027. The total rent paid exclusive of these costs was \$79,949 and \$236,987 for the six months ended June 30, 2025 and 2024.

| Period Ending June 30, | <u>2025</u> | <u>(No Assurance Provided) 2024</u> |
|---|-------------------|---|
| Operating lease cost | <u>\$ 164,348</u> | <u>\$ 296,793</u> |
| Supplemental cash flow information related to leases was as follows: | | |
| Period Ending June 30, | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flow impact from cash paid for operating leases | <u>\$ 165,321</u> | <u>\$ 309,121</u> |
| Operating leases: | | |
| Operating lease right-of-use assets | <u>\$ 431,161</u> | <u>\$ 570,888</u> |
| Operating lease liabilities, current portion | \$ 229,244 | \$ 305,427 |
| Operating lease liabilities, long-term portion | <u>166,336</u> | <u>238,685</u> |
| Total operating lease liabilities | <u>\$ 395,580</u> | <u>\$ 544,112</u> |
| Weighted average remaining lease term | | |
| Operating lease | 2 Years | 2 Years |
| Weighted average discount rate | | |
| Operating lease | 7.55% | 6.50% |

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

15. COMMITMENTS AND CONTINGENCIES: (Continued)

OPERATING LEASES (Continued)

Future discounted minimum lease obligations under these leases are as follows:

| Year Ending | <u>Facilities</u> | <u>Equipment</u> |
|------------------------|-------------------|-------------------|
| 2026 | \$ 59,966 | \$ 169,278 |
| 2027 | - | 108,815 |
| 2028 | - | 55,823 |
| 2029 | - | 40,308 |
| 2030 | - | 10,077 |
| | <u>59,966</u> | <u>384,301</u> |
| Less: imputed interest | <u>(578)</u> | <u>(48,109)</u> |
| | <u>\$ 59,388</u> | <u>\$ 336,192</u> |

16. EMPLOYEE BENEFIT PLAN:

The Company maintains a 401(k) plan that covers employees 21 years of age and over who have completed three months of service. Matching contributions are funded at the discretion of management. Matching contributions of \$192 and \$0 were made for the six months ended June 30, 2025 and 2024, respectively.

17. COMMITMENTS AND CONCENTRATIONS:

Sales to the five largest customers accounted for approximately 83% and 46% of total sales for the six months ended June 30, 2025 and 2024, respectively. This significant concentration is primarily due to equipment sales to these customers.

18. FRANCHISE AGREEMENT AND MAJOR SUPPLIER:

The Company has a dealer agreement with Capstone Green Energy, LLC. The agreement generally limits the location of the Company and requires Capstone Green Energy, LLC approval over changes in Company ownership. Capstone Green Energy, LLC is also entitled to terminate the dealer agreement if the Corporation is in material breach of the terms.

The Company also purchases substantially all of its inventories from Capstone Green Energy, LLC at the prevailing prices charged to all franchises. The Company's overall sales could be impacted by the manufacturers' inability or unwillingness to supply the Company with an adequate supply of inventories.

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

19. FINANCIAL STATEMENT PRESENTATION:

Comparative figures have been reclassified in order to comply with current quarter's presentation.

20. SUBSEQUENT EVENTS:

The Company has evaluated subsequent events through October 9, 2025, the date these financial statements were available to be issued.

The Company entered into an equity purchase agreement with its supplier, Capstone Green Energy, LLC, that finalized August 13, 2025. Total purchase price is \$10 million. In connection with the purchase transaction the Company was converted to a Delaware LLC and renamed Cal Microturbine, LLC in August 2025.

See Independent Accountant's Review Report

SUPPLEMENTAL INFORMATION



CAL MICROTURBINE, INC.
SCHEDULE I - COST OF GOODS SOLD DETAIL
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

| | June 30, 2025 | (No Assurance Provided) June 30, 2024 |
|------------------------------|--------------------------|--|
| COST OF GOODS SOLD: | | |
| Purchases | \$ 12,807,552 | \$ 1,564,540 |
| Compliance | - | 5,544 |
| Freight | 83,356 | 41,477 |
| Shop supplies | 19,510 | 35,492 |
| Equipment rent | 70,341 | 207,973 |
| Factory protection plan | <u>1,512,088</u> | <u>1,470,377</u> |
| Total Cost of Goods Sold | <u>\$ 14,492,847</u> | <u>\$ 3,325,403</u> |

See Independent Accountant's Review Report

CAL MICROTURBINE, INC.
SCHEDULE II - SELLING, GENERAL AND ADMINISTRATIVE EXPENSE DETAIL
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

| | June 30, 2025 | (No Assurance Provided) June 30, 2024 |
|--|-------------------------|--|
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSE: | | |
| Advertising | \$ 195 | \$ 234 |
| Auto and truck | 95,440 | 80,398 |
| Credit losses | 326,231 | - |
| Bank fees | 379 | 601 |
| Charitable contributions | 3,767 | 3,503 |
| Computer expense | 38,415 | 36,095 |
| Depreciation | 30,997 | 20,878 |
| Dues and subscriptions | 3,128 | 379 |
| Employee benefit programs | 192 | - |
| Franchise fees | 161,892 | 168,071 |
| Insurance | 118,467 | 132,867 |
| Legal and professional | 382,879 | 248,733 |
| Meals and entertainment | 6,170 | 6,792 |
| Office expense | 25,226 | 19,394 |
| Outside services | 32,921 | 38,605 |
| Rent | 49,564 | 55,572 |
| Repairs and maintenance | 1,105 | - |
| Salaries and wages | 540,916 | 626,972 |
| Storage | 3,064 | 862 |
| Taxes and licenses | 43,411 | 48,859 |
| Telephone | 18,082 | 14,847 |
| Training | 180 | - |
| Travel | 3,680 | 22,545 |
| Utilities | 1,840 | 3,722 |
| | <u>1,840</u> | <u>3,722</u> |
| Total selling, general and administrative expense | <u>\$ 1,888,141</u> | <u>\$ 1,529,929</u> |

See Independent Accountant's Review Report

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The unaudited pro forma condensed combined financial statements of Capstone Green Energy Holdings, Inc. (“**Capstone**” or the “**Company**”) and the accompanying explanatory notes (the “**Pro Forma Financial Information**”) present the combination of the financial information of Capstone and Cal Microturbine, Inc. (“**Cal Micro**” or the “**Target**”), adjusted to give effect to the transaction as further described in *Note 1 – Description of the Transaction* and the pro forma effects of certain assumptions and adjustments described in the “*Notes to the Unaudited Pro Forma Condensed Combined Financial Information*” below.

The unaudited pro forma condensed combined balance sheet gives pro forma effect to the transaction as if it had been consummated on June 30, 2025. The unaudited pro forma condensed combined statements of operations for the three months ended June 30, 2025 and the year ended March 31, 2025 give effect to the transaction as if it had occurred on April 1, 2024, the beginning of the earliest period presented.

The following Pro Forma Financial Information is provided for informational and illustrative purposes only and does not purport to represent what the combined company’s financial position or results of operations would have been had the transaction occurred on the dates assumed, nor is it necessarily indicative of the combined company’s future financial position or results of operations. The pro forma adjustments are based on currently available information and certain assumptions that Capstone believes are reasonable and factually supportable. The Pro Forma Financial Information should be read in conjunction with the following:

- The audited historical consolidated financial statements and notes of Capstone as of March 31, 2025 and March 31, 2024 and for each of the two years ended March 31, 2025 included in Capstone’s Annual Report on Form 10-K for the fiscal year ended March 31, 2025, filed with the Securities and Exchange Commission (the “**SEC**”) on June 27, 2025, incorporated by reference herein.
 - The unaudited historical consolidated financial statements and notes of Capstone included in Capstone’s Report on Form 10-Q for the three months ended June 30, 2025 filed with the SEC on August 8, 2025, and incorporated by reference herein.
 - The historical audited financial statements and notes of Cal Micro as of December 31, 2024 and December 31, 2023 and for each of the two years ended December 31, 2024 included elsewhere within this Form 8-K/A filed with the SEC on October 23, 2025.
 - The unaudited historical financial statements and notes of Cal Micro as of June 30, 2025 and December 31, 2024 and for the six months ended June 30, 2025 and June 30, 2024 included elsewhere within this Form 8-K/A filed with the SEC on October 23, 2025.
 - Capstone’s Form 8-K filed with the SEC on August 14, 2025, incorporated by reference herein.
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**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2025**

| <i>(In \$ thousands)</i> | Capstone Historical | Adjusted Cal Micro Historical (Note 3) | Transaction Accounting Adjustments | Note | Pro Forma Combined |
|---|------------------------|--|--|------|-----------------------|
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash | \$ 6,628 | \$ 5,153 | \$ (5,951) | 5a | \$ 5,830 |
| Accounts receivable, net | 10,706 | 7,593 | (4,231) | 5b | 14,068 |
| Inventories | 16,583 | 431 | 327 | 5c | 17,341 |
| Lease receivable, current | 117 | 608 | — | | 725 |
| Prepaid expenses and other current assets | 3,488 | 457 | (414) | 5b | 3,531 |
| Total current assets | 37,522 | 14,242 | (10,269) | | 41,495 |
| Property, plant, equipment and rental assets, net | 18,715 | 105 | — | | 18,820 |
| Finance lease right-of-use assets | 4,030 | — | — | | 4,030 |
| Operating lease right-of-use assets | 5,741 | 431 | (36) | 5d | 6,136 |
| Non-current portion of inventories | 3,077 | — | — | | 3,077 |
| Lease receivable, non-current | 1,146 | — | — | | 1,146 |
| Other assets | 2,530 | 716 | (716) | 5b | 2,530 |
| Intangible assets | — | — | 3,349 | 5e | 3,349 |
| Goodwill | — | — | 2,181 | 5f | 2,181 |
| Total assets | \$ 72,761 | \$ 15,494 | \$ (5,491) | | \$ 82,764 |
| Liabilities, Temporary Equity and Stockholders' Equity (Deficit) | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | \$ 15,159 | \$ 4,231 | \$ (4,231) | 5b | \$ 15,159 |
| Accrued expenses | 1,640 | 598 | 1,036 | 5g | 3,274 |
| Accrued salaries and wages | 3,410 | 51 | — | | 3,461 |
| Accrued warranty reserve | 1,134 | — | — | | 1,134 |
| Deferred revenue, current | 10,159 | 6,589 | (1,130) | 5b | 15,618 |
| Finance lease liability, current | 2,791 | 19 | — | | 2,810 |
| Operating lease liability, current | 2,441 | 229 | — | | 2,670 |
| Factory protection plan liability | 6,878 | — | — | | 6,878 |
| Deferred consideration, current | — | — | 925 | 5h | 925 |
| Exit new money notes, net of discount, current | 8,100 | — | — | | 8,100 |
| Total current liabilities | 51,712 | 11,717 | (3,400) | | 60,029 |
| Deferred revenue, non-current | 568 | — | — | | 568 |
| Finance lease liability, non-current | 553 | 21 | — | | 574 |
| Operating lease liability, non-current | 3,519 | 166 | — | | 3,685 |
| Deferred consideration, non-current | — | — | 2,486 | 5h | 2,486 |
| Exit new money notes, net of discount, non-current | 24,597 | — | — | | 24,597 |
| Total liabilities | 80,949 | 11,904 | \$ (914) | | 91,939 |
| Temporary equity: | | | | | |
| Redeemable noncontrolling interests | 13,859 | — | — | | 13,859 |
| Stockholders' equity (deficit): | | | | | |
| Preferred stock | — | — | — | | — |
| Common stock | 19 | 10 | (10) | 5i | 19 |
| Non-voting common stock | 1 | — | — | | 1 |
| Additional paid-in capital | 955,765 | 3,580 | (3,580) | 5i | 955,765 |
| Accumulated deficit | (977,698) | — | (987) | 5i | (978,685) |
| Treasury stock, at cost | (134) | — | — | | (134) |
| Total stockholders' equity (deficit) | (22,047) | 3,590 | (4,577) | | (23,034) |
| Total liabilities, temporary equity and stockholders' equity (deficit) | \$ 72,761 | \$ 15,494 | \$ (5,491) | | \$ 82,764 |

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2025**

| <i>(In \$ thousands, except share and per share amounts)</i> | Capstone Historical | Adjusted Cal Micro Historical (Note 3) | Transaction Accounting Adjustments | Note | Pro Forma Combined |
|--|------------------------|--|--|------|--------------------|
| Revenue, net: | | | | | |
| Product and accessories | \$ 15,720 | \$ 15,734 | \$ (11,652) | 6a | \$ 19,802 |
| Parts and service | 7,938 | 1,452 | (1,345) | 6a | 8,045 |
| Rentals | 4,213 | 48 | (36) | 6a | 4,225 |
| Total revenue, net | 27,871 | 17,234 | (13,033) | | 32,072 |
| Cost of goods sold: | | | | | |
| Product and accessories | 14,518 | 11,812 | (11,652) | 6a | 14,678 |
| Parts and service | 3,759 | 1,345 | (1,345) | 6a | 3,759 |
| Rentals | 2,030 | 36 | (36) | 6a | 2,030 |
| Total cost of goods sold | 20,307 | 13,193 | (13,033) | | 20,467 |
| Gross profit | 7,564 | 4,041 | — | | 11,605 |
| Operating expenses: | | | | | |
| Research and development | 814 | — | — | | 814 |
| Selling, general and administrative | 6,921 | 1,063 | 140 | 6b | 8,124 |
| Total operating expenses | 7,735 | 1,063 | 140 | | 8,938 |
| Loss from operations | (171) | 2,978 | (140) | | 2,667 |
| Other income | 436 | 107 | — | | 543 |
| Interest income | 53 | 32 | — | | 85 |
| Interest expense | (1,011) | (1) | (111) | 6c | (1,123) |
| Income (loss) before provision for income taxes | (693) | 3,116 | (251) | | 2,172 |
| Provision for income taxes | 5 | 47 | (24) | 6d | 28 |
| Net income (loss) | (698) | 3,069 | (227) | | 2,144 |
| Net income (loss) per share—basic | \$ (0.04) | | | | \$ 0.11 |
| Net income (loss) per share—diluted | \$ (0.04) | | | | \$ 0.08 |
| Weighted average shares outstanding—basic | 19,366,390 | | | 6e | 19,366,390 |
| Weighted average shares outstanding—diluted | 19,366,390 | | | 6e | 27,589,537 |

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2025**

| <i>(In \$ thousands, except share and per share amounts)</i> | Capstone Historical | Adjusted Cal Micro Historical (Note 3) | Transaction Accounting Adjustments | Note | Pro Forma Combined |
|--|------------------------|--|--|------|--------------------|
| Revenue, net: | | | | | |
| Product and accessories | \$ 40,219 | \$ 5,733 | \$ (2,304) | 6a | \$ 43,648 |
| Parts and service | 30,939 | 5,795 | (3,551) | 6a | 33,183 |
| Rentals | 14,406 | 559 | (352) | 6a | 14,613 |
| Total revenue, net | 85,564 | 12,087 | (6,207) | | 91,444 |
| Cost of goods sold: | | | | | |
| Product and accessories | 39,200 | 3,778 | (3,777) | 6a | 39,201 |
| Parts and service | 13,660 | 3,561 | (3,483) | 6a | 13,738 |
| Rentals | 9,406 | 380 | (380) | 6a | 9,406 |
| Total cost of goods sold | 62,266 | 7,719 | (7,640) | | 62,345 |
| Gross profit | 23,298 | 4,368 | 1,433 | | 29,099 |
| Operating expenses: | | | | | |
| Research and development | 2,667 | — | — | | 2,667 |
| Selling, general and administrative | 26,205 | 3,094 | 1,545 | 6b | 30,844 |
| Total operating expenses | 28,872 | 3,094 | 1,545 | | 33,511 |
| Loss from operations | (5,574) | 1,274 | (112) | | (4,412) |
| Other income | 2,317 | 351 | — | | 2,668 |
| Interest income | 186 | 11 | — | | 197 |
| Interest expense | (3,944) | (30) | (445) | 6c | (4,419) |
| Income (loss) before provision for income taxes | (7,015) | 1,606 | (557) | | (5,966) |
| Provision for income taxes | 175 | 20 | 111 | 6d | 306 |
| Net income (loss) | (7,190) | 1,586 | (668) | | (6,272) |
| Net income (loss) per share—basic and diluted | \$ (0.38) | | | | \$ (0.33) |
| Weighted average shares outstanding—basic and diluted | 19,055,535 | | | 6e | 19,055,535 |

Note 1 – Description of the Transaction

On August 13, 2025 (the "**Closing Date**"), Capstone Green Energy LLC, a wholly owned subsidiary of Capstone Green Energy Holdings, Inc., acquired all outstanding membership interests of Cal Microturbine, LLC from Cal Micro Holdco, Inc. pursuant to the Equity Purchase Agreement, dated August 13, 2025, (the "**Transaction**") for total consideration of approximately \$10 million, which is comprised of \$6 million, paid at closing, \$4 million payable in 24 monthly installments from January 2026 through December 2027, and contingent post-closing payments tied to collections on specified pre-closing purchase orders and transactions through March 7, 2026. The deferred payments are non-interest bearing unless delayed, in which case interest accrues at a rate of 8% per annum. As a condition to closing, the Target was required to maintain a cash balance of \$7.3 million, resulting in a minimum net increase to cash of \$1.3 million after deducting the \$6 million cash consideration to be paid at closing. The Company expects the acquisition to be self-funded through the Target's available cash at closing and committed future cash flows from operations.

The acquisition was preceded by a reorganization in which Cal Microturbine, Inc. was converted to a Delaware limited liability company, Cal Microturbine, LLC, and became a wholly owned subsidiary of Cal Micro Holdco, Inc. The financial statements used for the pro forma presentation are for Cal Microturbine, Inc., which, following the reorganization, is substantially the same operating entity as Cal Microturbine, LLC for purposes of presenting the Transaction within the Pro Forma Financial Information.

Note 2 – Basis of Presentation

The following Pro Forma Financial Information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 *Amendments to Financial Disclosures about Acquired and Disposed Businesses*. Release No. 33-10786 replaced the previous pro forma adjustment criteria with simplified requirements to depict the accounting for the transaction ("**Transaction Accounting Adjustments**") and present the reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur ("**Management's Adjustments**"). Management has elected not to present Management's Adjustments and will only be presenting Transaction Accounting Adjustments in the Pro Forma Financial Information.

The Pro Forma Financial Information has been prepared using the acquisition method of accounting under ASC 805, *Business Combinations* ("**ASC 805**"), with Capstone treated as the acquirer. The acquisition method of accounting in accordance with ASC 805 requires, among other things, that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date with limited exceptions. The Transaction Accounting Adjustments reflect preliminary estimates and are subject to change as additional information becomes available and as the analysis of facts and circumstances progresses. Actual results may differ materially from the assumptions used in the Pro Forma Financial Information.

Fiscal Year End Difference

Capstone and Cal Micro have differing fiscal year ends of March 31 and December 31, respectively. Under Rule 11-02(c)(3) of Regulation S-X, entities with different fiscal year ends may be combined provided the periods differ by no more than one fiscal quarter. Furthermore, registrants are permitted to use combinations of periods that involve overlaps or gaps in the information of the target up to one fiscal quarter, provided that the resulting annual and interim periods are of the same length required for the registrant, and there are no overlaps or gaps in the registrant's information. Cal Micro, as acquiree, will follow the fiscal reporting of Capstone.

To comply with SEC rules and regulations for companies with different fiscal year ends, the Pro Forma Financial Information has been prepared utilizing periods that differ by one fiscal quarter. The Pro Forma Financial Information was prepared as follows:

- The unaudited pro forma condensed combined balance sheet as of June 30, 2025 combines the unaudited consolidated balance sheet of Capstone as of June 30, 2025 with the unaudited balance sheet of Cal Micro as of June 30, 2025.
- The unaudited pro forma condensed combined statement of operations for the year ended March 31, 2025 combines Capstone's consolidated statement of operations for the fiscal year ended March 31, 2025 with Cal Micro's statement of income for the fiscal year ended December 31, 2024.
- The unaudited pro forma condensed combined statement of operations for the three months ended June 30, 2025 combines Capstone's unaudited consolidated statement of operations for the three months ended June 30, 2025 with Cal Micro's unaudited statement of income for the three months ended June 30, 2025.
- Cal Micro's historical statement of income for the three months ended June 30, 2025 was prepared by subtracting the unaudited statement of income for the three months ended March 31, 2025 from the unaudited statement of income for the six months ended June 30, 2025.

Cal Micro's historical statement of income for the three months ended June 30, 2025 is reconciled as follows:

| <i>(In \$ thousands)</i> | [1] Six Months Ended June 30, 2025 | [2] Three Months Ended March 31, 2025 | [1] - [2] Three Months Ended June 30, 2025 |
|--------------------------|--|---|--|
| Revenues | \$ 19,644 | \$ 2,410 | \$ 17,234 |
| Net income | 3,403 | 334 | 3,069 |

Accounting Policy Review

During the preparation of the Pro Forma Financial Information, Capstone performed a preliminary analysis of Cal Micro's historical financial information to identify differences in accounting policies and financial statement presentation as compared to those of Capstone. With the information currently available, Capstone has determined that there are certain accounting policy differences, and accordingly certain reclassifications have been made to conform Cal Micro's historical financial statements to the accounting policies and presentation used by Capstone. Refer to *Note 3 – Reclassifications for additional information*.

Preexisting Relationship

Prior to the acquisition, Cal Micro operated as an exclusive distributor of Capstone products in California, Nevada, and Hawaii, and as a non-exclusive distributor in Oregon and Washington, pursuant to a distributor agreement dated March 8, 2021. Under this agreement, Cal Micro was authorized to market, sell, and service Capstone's microturbine generator systems and related parts within defined geographic and market segments.

The preexisting distributor relationship resulted in significant commercial transactions between Capstone and Cal Micro prior to the acquisition, including purchases of inventory, service arrangements, customer deposits, and rentals.

At the time of acquisition, Capstone and Cal Micro were engaged in ongoing litigation and arbitration related to their distributor agreement. As a result of the Equity Purchase Agreement, these disputes were resolved and mutual releases were executed. Neither company had recorded any contingent assets or liabilities related to these matters as of June 30, 2025.

The Pro Forma Financial Information reflects adjustments to eliminate transactions between Capstone and Cal Micro for the periods presented similar to the treatment of intercompany transactions between consolidated entities.

Note 3 – Reclassifications

Reclassifications included in the Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2025

| Cal Micro Presentation As of June 30, 2025 | Presentation | | | Capstone Presentation As of June 30, 2025 |
|---|--------------|-------------------|------|--|
| | Amount | Reclassifications | Note | Amount |
| Assets | | | | |
| Current Assets: | | | | |
| Cash | \$ 5,153 | \$ — | | \$ 5,153 |
| Accounts receivable, net of expected credit losses | 7,593 | — | | 7,593 |
| Inventories, net of reserves | 431 | — | | 431 |
| Current portion of notes receivable | 608 | — | | 608 |
| Prepaid expenses | 457 | — | | 457 |
| Total current assets | 14,242 | — | | 14,242 |
| Property, plant and equipment, net of accumulated depreciation | 105 | — | | 105 |
| Right-of-use assets under operating lease | 431 | — | | 431 |
| Vendor deposits | 716 | — | | 716 |
| Total assets | \$ 15,494 | \$ — | | \$ 15,494 |
| Liabilities and Stockholders' Deficit | | | | |
| Current Liabilities: | | | | |
| Accounts payable | \$ 4,231 | \$ — | | \$ 4,231 |
| Accrued expenses | 215 | 383 | a,b | 598 |
| — | — | 51 | a | 51 |
| Deferred revenue | 1,855 | 4,734 | c | 6,589 |
| Income tax payable | 434 | (434) | b | — |
| Customer deposits | 4,734 | (4,734) | c | — |
| Current portion of notes payable | 19 | — | | 19 |
| Current portion of operating lease liabilities | 229 | — | | 229 |
| Total current liabilities | 11,717 | — | | 11,717 |
| Notes payable, net of current portion | 21 | — | | 21 |
| Operating lease liabilities, net of current portion | 166 | — | | 166 |
| Total liabilities | 11,904 | — | | 11,904 |
| Stockholders' deficit: | | | | |
| Common stock | 10 | — | | 10 |
| Stockholders' equity | 3,580 | — | | 3,580 |
| Total stockholders' equity | 3,590 | — | | 3,590 |
| Total liabilities and stockholders' equity | \$ 15,494 | \$ — | | \$ 15,494 |
| Liabilities, Temporary Equity and Stockholders' Equity (Deficit) | | | | |
| Current Liabilities: | | | | |
| Accounts payable | | | | |
| Accrued expenses | | | | |
| Accrued salaries and wages | | | | |
| Deferred revenue, current | | | | |
| Finance lease liability, current | | | | |
| Operating lease liability, current | | | | |
| Total current liabilities | | | | |
| Finance lease liability, non-current | | | | |
| Operating lease liability, non-current | | | | |
| Total liabilities | | | | |
| Stockholders' equity (deficit): | | | | |
| Common stock | | | | |
| Additional paid-in capital | | | | |
| Total stockholders' equity (deficit) | | | | |
| Total liabilities, temporary equity and stockholders' equity (deficit) | | | | |

- Accrued expenses* – To reclassify accrued expenses in the amount of \$51 thousand to accrued salaries and wages.
- Income tax payable* – To reclassify income tax payable in the amount of \$434 thousand to accrued expenses.
- Customer deposits* – To reclassify customer deposits in the amount of \$4,734 thousand to deferred revenue, current.

Reclassifications included in the Unaudited Pro Forma Condensed Combined Statement of Operations for the three months ended June 30, 2025

| Cal Micro Presentation | Presentation | | | Capstone Presentation |
|--|--------------|-------------------|------|---|
| Three Months Ended June 30, 2025 | Amount | Reclassifications | Note | Amount |
| | | | | Three Months Ended June 30, 2025 |
| | | | | Revenue, net: |
| Net sales | \$ 17,234 | \$ (17,234) | a | \$ — |
| — | — | 15,734 | a | 15,734 |
| — | — | 1,452 | a | 1,452 |
| — | — | 48 | a | 48 |
| — | 17,234 | - | | 17,234 |
| | | | | Total revenue, net |
| | | | | Cost of goods sold: |
| Cost of sales | 13,193 | (13,193) | b | — |
| — | — | 11,812 | b | 11,812 |
| — | — | 1,345 | b | 1,345 |
| — | — | 36 | b | 36 |
| — | 13,193 | — | | 13,193 |
| | | | | Total cost of goods sold |
| Gross profit | 4,041 | — | | 4,041 |
| | | | | Gross profit |
| Operating expenses: | | | | Operating expenses: |
| Selling, general and administrative expenses | 1,063 | — | | 1,063 |
| Total operating expenses | 1,063 | — | | 1,063 |
| | | | | Selling, general and administrative |
| | | | | Total operating expenses |
| Income from operations | 2,978 | — | | 2,978 |
| | | | | Loss from operations |
| Other income | 107 | — | | 107 |
| | | | | Other income |
| Interest income | 32 | — | | 32 |
| | | | | Interest income |
| Interest expense | (1) | — | | (1) |
| | | | | Interest expense |
| Income before provision for income taxes | 3,116 | — | | 3,116 |
| | | | | Income (loss) before provision for income taxes |
| Provision for income taxes | 47 | — | | 47 |
| | | | | Provision for income taxes |
| Net income | \$ 3,069 | \$ — | | \$ 3,069 |
| | | | | Net income (loss) |

- a. *Net sales* - To reclassify revenue in the amount of \$15,734 thousand, \$1,452 thousand, and \$48 thousand to product and accessories, parts and service, and rentals, respectively.
- b. *Cost of sales* - To reclassify cost of sales in the amount of \$11,812 thousand, \$1,345 thousand, and \$36 thousand to product and accessories, parts and service, and rentals, respectively.

Reclassifications included in the Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended March 31, 2025

| Cal Micro Presentation Year Ended March 31, 2025 | Amount | Presentation Reclassifications | Note | Amount | Capstone Presentation Year Ended March 31, 2025 |
|---|-----------|-----------------------------------|------|----------|--|
| | | | | | Revenue, net: |
| Net sales | \$ 12,087 | \$ (12,087) | a | \$ — | — |
| — | — | 5,733 | a | 5,733 | Product and accessories |
| — | — | 5,795 | a | 5,795 | Parts and service |
| — | — | 559 | a | 559 | Rentals |
| — | 12,087 | — | | 12,087 | Total revenue, net |
| | | | | | Cost of goods sold: |
| Cost of sales | 7,719 | (7,719) | b | — | — |
| — | — | 3,778 | b | 3,778 | Product and accessories |
| — | — | 3,561 | b | 3,561 | Parts and service |
| — | — | 380 | b | 380 | Rentals |
| — | 7,719 | — | | 7,719 | Total cost of goods sold |
| Gross profit | 4,368 | — | | 4,368 | Gross profit |
| Operating expenses: | | | | | Operating expenses: |
| Selling, general and administrative expenses | 3,094 | — | | 3,094 | Selling, general and administrative |
| Total operating expenses | 3,094 | — | | 3,094 | Total operating expenses |
| Income from operations | 1,274 | — | | 1,274 | Loss from operations |
| Other income | 351 | — | | 351 | Other income |
| Interest income | 11 | — | | 11 | Interest income |
| Interest expense | (30) | — | | (30) | Interest expense |
| Income before provision for income taxes | 1,606 | — | | 1,606 | Income (loss) before provision for income taxes |
| Provision for income taxes | 20 | — | | 20 | Provision for income taxes |
| Net income | \$ 1,586 | \$ — | | \$ 1,586 | Net income (loss) |

- a. *Net sales* - To reclassify revenue in the amount of \$5,733 thousand, \$5,795 thousand, and \$559 thousand to product and accessories, parts and service, and rentals, respectively.
- b. *Cost of sales* - To reclassify cost of sales in the amount of \$3,778 thousand, \$3,561 thousand, and \$380 thousand to product and accessories, parts and service, and rentals, respectively.

Note 4 – Preliminary Consideration and Purchase Price Allocation

The allocation of the consideration, including any related tax effects, is preliminary and pending finalization of various estimates, inputs and analyses used in the valuation assessment of the specifically identifiable tangible and intangible assets acquired. Since the Pro Forma Financial Information has been prepared by Capstone based on preliminary fair values attributable to the Transaction, the actual amounts eventually recorded in accordance with the acquisition method of accounting may differ materially from the information presented.

The following table presents the preliminary calculation of consideration:

| <i>(In \$ thousands)</i> | As of | |
|---|----------------------|---------------|
| | June 30, 2025 | |
| Cash paid at close | \$ | 5,951 |
| Deferred consideration ⁽¹⁾ | | 3,411 |
| Settlement of preexisting relationships (Note 5b) | | 3,101 |
| Total preliminary consideration ⁽²⁾ | \$ | 12,463 |

- (1) Reflects the \$4 million in deferred payments to be paid in 24 monthly installments beginning January 2026. Deferred consideration was discounted to present value using a rate of 11%, which reflects management’s estimate of the appropriate rate for similar obligations.
- (2) The preliminary estimate of contingent consideration is immaterial.
-

The preliminary allocation of the purchase price consideration is as follows:

| <i>(In \$ thousands)</i> | As of June 30, 2025 | | | |
|---|--|---|------|---------------------------------------|
| | Book value of net assets acquired ⁽¹⁾ | Preliminary Purchase Accounting Adjustments | Note | Preliminary Purchase Price Allocation |
| Assets acquired | | | | |
| Cash | \$ 5,153 | \$ — | | \$ 5,153 |
| Accounts receivable, net | 7,593 | — | | 7,593 |
| Inventories | 431 | 327 | 5c | 758 |
| Lease receivable, current | 608 | — | | 608 |
| Prepaid expenses and other current assets | 43 | — | | 43 |
| Property, plant, equipment and rental assets, net | 105 | — | | 105 |
| Operating lease right-of-use assets | 431 | (36) | 5d | 395 |
| Intangible assets | — | 3,349 | 5e | 3,349 |
| Total assets acquired | <u>14,364</u> | <u>3,640</u> | | <u>18,004</u> |
| Liabilities assumed | | | | |
| Accrued expenses | 598 | 49 | 5g | 647 |
| Accrued salaries and wages | 51 | — | | 51 |
| Deferred revenue, current | 6,589 | — | | 6,589 |
| Finance lease liability, current | 19 | — | | 19 |
| Operating lease liability, current | 229 | — | | 229 |
| Finance lease liability, non-current | 21 | — | | 21 |
| Operating lease liability, non-current | 166 | — | | 166 |
| Total liabilities assumed | <u>7,673</u> | <u>49</u> | | <u>7,722</u> |
| Net assets acquired excluding goodwill | \$ 6,691 | \$ 3,591 | 5f | \$ 10,282 |
| Goodwill | | | | <u>2,181</u> |
| Total preliminary consideration | | | | <u>\$ 12,463</u> |

(1) Certain preexisting relationships balances have been removed from the June 30, 2025 balance sheet as these amounts were settled as part of the Transaction and are not part of the net assets acquired. Refer to Note 5b for additional details.

As of the date of this filing, the preliminary consideration at the Closing Date is \$14.9 million, which is a difference from that presented above in this Note 4 due to the actual amount of accounts receivable, deferred revenue and the fair value of deferred consideration on the Closing Date compared to the balances at June 30, 2025. The final allocation of the purchase consideration will be determined after completion of the closing balance sheet and any required adjustments.

Note 5 – Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet

- a. *Cash* – Reflects the \$5,951 thousand cash consideration paid at close.
- b. *Accounts receivable, net, Prepaid expenses and other current assets, Other assets, Accounts payable, Deferred revenue, current* – Reflects the elimination and settlement of the preexisting relationships between Capstone and Cal Micro. Upon the close of the Transaction, Capstone and Cal Micro will become a combined company and intercompany relationships will be eliminated upon consolidation.

| <i>(In \$ thousands)</i> | As of June 30, 2025 |
|--|--------------------------------|
| Capstone balances with Cal Micro | |
| Accounts receivable, net | \$ (4,231) |
| Deferred revenue, current | (1,130) |
| Capstone settlement, net | (3,101) |
| Cal Micro balances with Capstone | |
| Prepaid expenses and other current assets | (414) |
| Other assets | (716) |
| Accounts payable | (4,231) |
| Cal Micro settlement, net | 3,101 |
| Total adjustment to remove preexisting relationships | \$ - |

- c. *Inventories* – Reflects the increase of \$327 thousand in the carrying value of Cal Micro’s inventory to the estimated fair value.
- d. *Operating lease right-of-use assets* – Reflects the decrease of \$36 thousand in the carrying value of Cal Micro’s operating lease right of use assets to the estimated fair value.
- e. *Intangible assets* – Reflects the preliminary fair value of intangible assets acquired from Cal Micro. Intangible assets acquired from Cal Micro relate to customer relationships and have an estimated useful life of six years.
- f. *Goodwill* – Reflects the recognition of the preliminary goodwill associated with the Transaction. Goodwill reflects the estimated Transaction consideration in excess of the fair value of the underlying net assets.
- g. *Accrued expenses* – Reflects the impact to accrued expenses as a result of the transaction accounting adjustments as follows:

| <i>(In \$ thousands)</i> | As of June 30, 2025 |
|--|--------------------------------|
| Capstone's remaining transaction costs | \$ 987 |
| Seller expenses assumed by Capstone (Note 4) | 49 |
| Total adjustment to Accrued expenses | \$ 1,036 |

- h. *Deferred consideration, current and non-current* – Reflects the present value of the deferred consideration to be paid in 24 monthly installments of \$167k beginning January 2026 through December 2027.
- i. *Total stockholders' deficit* – Reflects the adjustments made to equity captions based on the Transaction.

| <i>(In \$ thousands)</i> | As of June 30, 2025 |
|--|--------------------------------|
| Elimination of historical Cal Micro common shares | \$ (10) |
| Common stock | (10) |
| Elimination of historical Cal Micro stockholders' equity | (3,580) |
| Additional paid-in capital | (3,580) |
| Remaining transaction costs (Note 5g) | (987) |
| Accumulated deficit | (987) |
| Total adjustments to Total stockholders' deficit | \$ (4,577) |

Note 6 – Adjustments to the Unaudited Pro Forma Condensed Combined Statements of Operations

- a. *Revenue, net and Cost of goods sold* – Reflects the elimination of the preexisting relationship between Capstone and Cal Micro related to Cal Micro’s Distributor Agreement. Upon the close of the Transaction, Capstone and Cal Micro will become a combined company and intercompany relationships will be eliminated upon consolidation.

| <i>(In \$ thousands)</i> | Three months ended | | Year ended | |
|---|--------------------|----------|-------------------------------|---------|
| | June 30, 2025 | | March 31, 2025 ⁽¹⁾ | |
| Capstone product and accessories revenue removal | \$ | (11,652) | \$ | (2,304) |
| Capstone parts and services revenue removal | | (1,345) | | (3,551) |
| Capstone rental revenue removal | | (36) | | (352) |
| Total Revenue, net | | (13,033) | | (6,207) |
| Cal Micro product and accessories cost removal | | (11,652) | | (3,777) |
| Cal Micro parts and services cost removal | | (1,345) | | (3,483) |
| Cal Micro part rental cost removal | | (36) | | (380) |
| Total Cost of goods sold | | (13,033) | | (7,640) |
| Total adjustment to remove preexisting relationships, net | \$ | - | \$ | 1,433 |

(1) The unaudited pro forma condensed combined statement of operations for the year ended March 31, 2025 combines Capstone’s fiscal year results with Cal Micro’s results for the year ended December 31, 2024; as these periods differ by one fiscal quarter, eliminations of intercompany transactions have been made based on the overlapping periods and available information.

- b. *Selling, general and administrative* – Reflects the impact to selling, general and administrative expenses as a result of the transaction accounting adjustments as follows:

| <i>(In \$ thousands)</i> | Three months ended | | Year ended | |
|---|--------------------|-----|----------------|-------|
| | June 30, 2025 | | March 31, 2025 | |
| Estimated amortization expense for acquired intangibles (Note 5e) | \$ | 140 | \$ | 558 |
| Capstone’s remaining transaction costs ⁽¹⁾ | | – | | 987 |
| Total adjustment to Selling, general and administrative | \$ | 140 | \$ | 1,545 |

(1) Estimated costs to be incurred by Capstone in connection with the Transaction are recorded to Selling, general and administrative. These expenses are not expected to recur in any period beyond twelve months from the close of the Transaction.

- c. *Interest expense* – Reflects the interest expense for the deferred consideration in the amount of \$111 thousand and \$445 thousand for the three months ended June 30, 2025 and the year ended March 31, 2025, respectively.
- d. *Provision for income taxes* – Reflects the estimated income tax impact of adjustments to the unaudited pro forma condensed combined statements of operations for the three months ended June 30, 2025 and for the year ended March 31, 2025. The estimated income tax impact of the adjustments differs from the federal statutory rate of 21% due to the impact of the redeemable noncontrolling interests and the full valuation allowance the Company has established against its deferred tax assets.
- e. *Net loss per share and Weighted average shares outstanding — basic and diluted* – The unaudited pro forma condensed combined basic and diluted net loss per share calculations are based on the weighted average basic and diluted shares of Capstone.
-

| | Three months ended June 30, 2025 | Year ended March 31, 2025 ⁽¹⁾ |
|--|-------------------------------------|---|
| Capstone's weighted average shares outstanding | 19,366,390 | 19,055,535 |
| Total pro forma weighted average shares outstanding—basic | 19,366,390 | 19,055,535 |
| Dilutive impact of Capstone's pre-transaction preferred units | 7,262,396 | — |
| Dilutive impact of Capstone's pre-transaction restricted stock units | 865,148 | — |
| Dilutive impact of Capstone's pre-transaction performance restricted stock units | 95,604 | — |
| Total pro forma weighted average shares outstanding—diluted | 27,589,537 | 19,055,535 |

(1) For the year ended March 31, 2025, the pro forma condensed combined statement of operations shows a net loss. As a result, diluted loss per share is the same as basic, as any dilutive securities would reduce loss per share.
