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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 001-15957

Capstone Energy+, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**20-1514270**
(State or other jurisdiction of incorporation or organization)	(I.R.S. 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)

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, par value $0.001 per share	**CEPL**	The Nasdaq Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☒

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 ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of November 7, 2026, the registrant had 32,755,702 shares of voting common stock, par value $0.001 per share, and 333,120 shares of non-voting common stock, par value $0.001 per share, outstanding.

CAPSTONE ENERGY+, INC.
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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

CAPSTONE ENERGY+, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	September 30, 2026 (Unaudited)	March 31, 2026
Assets		
Current Assets:		
Cash	$ 23,751	$ 28,179
Restricted cash	716	715
Accounts receivable, net of allowances of $1,395 at September 30, 2026 and $1,337 at March 31, 2026	11,137	12,911
Inventories	22,294	22,106
Prepaid expenses and other current assets	3,502	3,924
Total current assets	61,400	67,835
Property, plant, equipment and rental assets, net	13,350	16,185
Intangible assets, net	5,050	5,546
Finance lease right-of-use assets	4,120	4,789
Operating lease right-of-use assets	8,172	9,859
Non-current portion of inventories	3,691	2,736
Other assets	4,609	4,500
Total assets	$ 100,392	$ 111,450
Liabilities, Temporary Equity and Stockholders' Deficit		
Current Liabilities:		
Accounts payable	$ 13,060	$ 17,614
Accrued expenses	4,267	7,029
Accrued warranty reserve	946	971
Deferred revenue, current	11,430	10,040
Deferred acquisition costs, current	1,827	1,726
Finance lease liability, current	1,249	1,520
Operating lease liability, current	2,333	1,862
Factory protection plan liability	6,094	4,698
Exit notes, net of discount, current	25,344	25,320
Total current liabilities	66,550	70,780
Deferred revenue, non-current	525	648
Deferred acquisition costs, non-current	491	1,430
Finance lease liability, non-current	562	991
Operating lease liability, non-current	6,351	8,132
Total liabilities	74,479	81,981
Commitments and contingencies (Note 12)		
Temporary equity:		
Redeemable preferred stock, $0.001 par value; 1,000,000 shares authorized, 80,000 shares issued and outstanding at September 30, 2026 and March 31, 2026 respectively (Note 13)	75,920	73,936
Total temporary equity	75,920	73,936
Stockholders' deficit:		
Common stock, $0.001 par value; 100,000,000 shares authorized, 32,750,702 shares issued and outstanding at September 30, 2026 and 30,163,613 shares issued and outstanding at March 31, 2026	35	30
Non-voting common stock, $0.001 par value; 600,000 shares authorized, 333,120 shares issued and outstanding at September 30, 2026 and March 31, 2026 respectively	1	1
Additional paid-in capital	929,015	930,234
Accumulated deficit	(978,185)	(974,175)
Treasury stock, at cost; 325,293 shares at September 30, 2026 and 269,603 shares at March 31, 2026	(873)	(557)
Total stockholders' deficit	(50,007)	(44,467)
Total liabilities, temporary equity and stockholders' deficit	$ 100,392	$ 111,450

See accompanying notes to unaudited condensed consolidated financial statements.

CAPSTONE ENERGY+, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Revenue, net:				
Product and accessories	$ 11,874	$ 16,112	$ 24,838	$ 31,832
Parts and services	8,700	7,861	18,422	15,799
Rentals	1,850	4,412	4,087	8,625
Total revenue, net	22,424	28,385	47,347	56,256
Cost of goods sold:				
Product and accessories	9,809	14,162	18,622	28,680
Parts and services	6,340	3,201	12,207	6,960
Rentals	1,274	2,060	2,757	4,090
Total cost of goods sold	17,423	19,423	33,586	39,730
Gross profit	5,001	8,962	13,761	16,526
Operating expenses:				
Research and development	1,126	809	2,347	1,624
Selling, general and administrative	7,301	6,794	13,873	13,715
Total operating expenses	8,427	7,603	16,220	15,339
Income (loss) from operations	(3,426)	1,359	(2,459)	1,187
Other income (expense), net	9	541	(218)	977
Interest income	237	53	396	107
Interest expense	(863)	(1,115)	(1,720)	(2,126)
Income (loss) before provision for income taxes	(4,043)	838	(4,001)	145
Provision for income taxes	4	4	9	9
Net income (loss)	$ (4,047)	$ 834	$ (4,010)	$ 136
Net loss per share of common stock and non-voting common stock—basic and diluted	$ (0.15)	$ (0.89)	$ (0.17)	$ (0.93)
Weighted average shares used to calculate basic net loss per share of common stock and non-voting common stock	34,414	19,412	34,389	19,390

See accompanying notes to unaudited condensed consolidated financial statements.

CAPSTONE ENERGY+, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TEMPORARY EQUITY AND STOCKHOLDERS' DEFICIT
(In thousands, except share amounts)
(Unaudited)

	Temporary Equity		Permanent Equity							
	Redeemable Preferred Stock		Common Stock		Non-Voting Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount			Amount	
Balance, March 31, 2026	80,000	$ 73,936	30,163,613	$ 30	333,120	$ 1	$ 930,234	$ (974,175)	$ (557)	$ (44,467)
Stock-based compensation	—	—	—	—	—	—	365	—	—	365
Stock awards to Board of Directors	—	—	2,232	—	—	—	—	—	—	—
Exercise of prefunded warrants	—	—	2,019,812	5	—	—	—	—	—	5
Vested restricted stock units	—	—	76,462	—	—	—	—	—	—	—
Issuance of restricted stock awards	—	—	353,624	—	—	—	—	—	—	—
Repurchase of shares for employee taxes on restricted stock units	—	—	(29,221)	—	—	—	—	—	(173)	(173)
PIK dividend on Series A Preferred Stock	—	986	—	—	—	—	(986)	—	—	(986)
Net income	—	—	—	—	—	—	—	37	—	37
Balance, June 30, 2026	80,000	74,922	32,586,522	35	333,120	1	929,613	(974,138)	$ (730)	(45,219)
Vested restricted stock units	—	—	115,255	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	400	—	—	400
PIK dividend on Series A Preferred Stock	—	998	—	—	—	—	(998)	—	—	(998)
Stock awards to Board of Directors	—	—	24,894	—	—	—	—	—	—	—
Issuance of restricted stock awards	—	—	55,000	—	—	—	—	—	—	—
Forfeitures of restricted stock awards	—	—	(4,500)	—	—	—	—	—	—	—
Repurchase of shares for employee taxes on restricted stock units	—	—	(26,469)	—	—	—	—	—	(143)	(143)
Net loss	—	—	—	—	—	—	—	(4,047)	—	(4,047)
Balance, September 30, 2026	80,000	75,920	32,750,702	35	333,120	1	929,015	(978,185)	$ (873)	(50,007)

	Temporary Equity		Permanent Equity								
	Redeemable Noncontrolling Interest		Common Stock		Non-Voting Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Deficit
	LLC Units	Amount	Shares	Amount	Shares	Amount			Shares	Amount	
Balance, March 31, 2025	10,449,863	$ 13,859	18,643,587	$ 18	508,475	$ 1	$ 955,407	$ (977,000)	57,202	(46)	$ (21,620)
Purchase of treasury stock	—	—	(119,292)	—	—	—	—	—	119,292	(88)	(88)
Vested restricted stock units	—	—	355,153	1	—	—	—	—	—	—	1
Stock-based compensation	—	—	—	—	—	—	358	—	—	—	358
Net loss	—	—	—	—	—	—	—	(698)	—	—	(698)
Balance, June 30, 2025	10,449,863	13,859	18,879,448	19	508,475	1	955,765	(977,698)	176,494	(134)	(22,047)
Purchase of treasury stock	—	—	(32,304)	—	—	—	—	—	32,304	(75)	(75)
Vested restricted stock awards	—	—	99,064	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	111	—	—	—	111
Change in value of temporary equity	—	18,183	—	—	—	—	(18,183)	—	—	—	(18,183)
Net income	—	—	—	—	—	—	—	834	—	—	834
Balance, September 30, 2025	10,449,863	32,042	18,946,208	19	508,475	1	937,693	(976,864)	208,798	(209)	(39,360)

(1) The common stock par value in total does not change the total common stock par value presented in thousands.

See accompanying notes to unaudited condensed consolidated financial statements.

CAPSTONE ENERGY+, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended September 30,	
	2026	2025
Cash Flows from Operating Activities:		
Net income (loss)	$ (4,010)	$ 136
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	2,183	1,956
Amortization of financing costs and discounts	25	44
Paid-in-kind interest expense	—	999
Interest related to deferred acquisition costs	162	—
Non-cash lease expense	1,047	1,492
Non-cash cost of assets sold	3,500	—
Provision for credit loss expense	172	276
Inventory write-down	—	553
Provision for warranty expenses	58	160
Gain on termination of lease	(50)	—
Stock-based compensation	765	460
Changes in operating assets and liabilities:		
Accounts receivable	1,602	(9,392)
Inventories	(1,143)	(39)
Lease receivable	78	292
Prepaid expenses, other current assets and other assets	237	(34)
Accounts payable	(4,551)	5,424
Accrued expenses	(1,772)	(311)
Operating lease liability, net	(622)	(1,551)
Accrued salaries and wages and long-term liabilities	(1,132)	(175)
Accrued warranty reserve	(83)	(49)
Deferred revenue	(1,955)	(2,134)
Deposits	3,222	—
Factory protection plan liability	1,396	848
Net cash used in operating activities	(871)	(1,045)
Cash Flows from Investing Activities:		
Total business combination consideration, net of cash acquired	—	1,410
Payment of deferred acquisition costs	(1,000)	—
Expenditures for property, plant, equipment and rental assets	(1,684)	(381)
Net cash (used in) provided by investing activities	(2,684)	1,029
Cash Flows from Financing Activities:		
Acquisition of treasury stock	(173)	(208)
Repayment of finance lease obligations	(699)	(750)
Net cash used in financing activities	(872)	(958)
Net decrease in cash and restricted cash	(4,427)	(974)
Cash and restricted cash, Beginning of Period	28,894	8,671
Cash and restricted cash, End of Period	$ 24,467	$ 7,697
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 1,690	$ 1,114
Income taxes	$ 18	$ 116
Supplemental Disclosures of Non-Cash Information:		
Right-of-use assets obtained in exchange for operating lease obligations	$ —	$ 1,419
Right-of-use assets obtained in exchange for finance lease obligations	$ —	$ 1,720
Acquisition of treasury stock with accrued liabilities	$ 143	$ 46
Settlement of lease liabilities through accounts receivable	$ —	$ 979
Operating lease modified to finance lease	$ —	$ 614
Accounts payable negotiated in lease modification	$ —	$ 1,289

See accompanying notes to unaudited condensed consolidated financial statements.

CAPSTONE ENERGY+, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Business and Organization

Capstone Energy+, Inc. (the "Company"), formerly known as Capstone Green Energy Holdings, Inc., the public successor to Capstone Green Energy Corporation, together with its consolidated operating subsidiary Capstone Energy+, LLC (the "Operating Subsidiary") is a provider of behind-the-meter clean turbine energy solutions for industrial and commercial operations, with solutions designed for the next generation of artificial intelligence ("AI") and data center applications. The Company addresses the "Energy Trilemma" facing today's commercial, industrial, and utility customers: the simultaneous need for resiliency, affordability, and sustainability.

The Company is the publicly traded successor to a business originally organized in 1988 as NoMac Energy Systems in the State of California. The business was reincorporated in the State of Delaware on June 22, 2000, as Capstone Turbine Corporation, and on April 22, 2021, changed its name to Capstone Green Energy Corporation ("Legacy Capstone").

Effective April 30, 2026, the Company changed its name from Capstone Green Energy Holdings, Inc. to Capstone Energy+, Inc.

The Company's offerings include stationary distributed power generation and energy distribution solutions, including cogeneration systems such as combined heat and power ("CHP"), integrated combined heat and power ("ICHP"), and combined cooling, heat and power ("CCHP"), as well as solutions for renewable energy, natural resources, and critical power supply applications. The Company's inverter-based technologies enable operation in parallel with the electric grid or in island mode within localized microgrids and serve as the stabilizing backbone for microgrid installations integrating renewables, battery energy storage, and other distributed energy resources.

The Company's energy conversion products business line is driven by its industry-leading, highly efficient, low-emission and resilient turbine energy systems, which offer scalable configurations and customer-tailored solutions ranging from 65 kilowatts to expansive multi-megawatt deployments. The Company is also actively developing energy solutions purpose-built for AI and data center applications, including an 800-volt direct-current ("VDC") turbine solution designed to interface directly with next-generation AI chip architectures, and its Energy Surplus Program ("ESP"), an integrated architecture purpose-built for the high-density, mission-critical power demands of modern AI workloads.

Through its EaaS (as defined herein) business line, the Company provides Build, Own, Operate and Maintain ("BOOM") and energy rental solutions, as well as power purchase agreements ("PPA") and lease-to-own structures, utilizing its turbine energy systems. The Company also offers long-term maintenance agreements ("LTMAs") covering planned and unplanned maintenance to protect customers' total cost of ownership and ensure maximum system availability, with access to Original Equipment Manufacturer ("OEM") parts.

On July 8, 2026, the Company's common stock commenced trading on the Nasdaq Global Market ("Nasdaq") under the symbol "CEPL," following a period during which the Company's common stock traded on the OTCQX Best Market under the symbol "CGEH."

All references in these footnotes to "the Company," "we," "us," "our," or "Capstone" are to Capstone Energy+, Inc. and its consolidated subsidiaries.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation. The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the instructions to Form 10-Q and Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). They do not include all of the information and footnotes required by GAAP for complete financial statements. The Condensed Consolidated Balance Sheet as of March 31, 2026, was derived from audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the interim Condensed Consolidated Financial Statements include all adjustments (including normal recurring adjustments) necessary for a fair presentation of the financial condition, results of operations and cash flows for

such periods. Results of operations for any interim period are not necessarily indicative of results for any other interim period or for the full year. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026, filed with the SEC on June 25, 2026.

This Quarterly Report on Form 10-Q (this "Form 10-Q") refers to the Company's fiscal years ending March 31 as its "Fiscal" years.

Basis for Consolidation. The unaudited Condensed Consolidated Financial Statements included in this filing include the accounts of the Company, the Operating Subsidiary, Capstone Turbine Financial Services, LLC, its wholly owned subsidiary formed in October 2015, and Cal Microturbine LLC ("Cal Microturbine") after elimination of inter-company transactions.

Reclassification. Certain prior-period amounts have been reclassified to conform to the current period presentation. These reclassifications include the presentation of lease receivables, current within prepaid expenses and other current assets, lease receivables, non-current within other assets, accrued salaries and wages within accrued expenses, and cost of goods sold categories. The reclassifications had no effect on the Company's financial statements.

Significant Accounting Policies. Except as described below, there have been no changes to the Company's significant accounting policies described in the Annual Report on Form 10-K for Fiscal Year 2026 filed with the SEC, that have had a material impact on the Company's unaudited Condensed Consolidated Financial Statements.

Impact of Recently Issued Accounting Standards

Adopted

In July 2025, the FASB issued ASU No. 2025-05, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*." The amendments provide an optional practical expedient for estimating expected credit losses on current accounts receivable and contract assets arising from revenue transactions. Effective April 1, 2026, the Company adopted this guidance. The adoption did not have a material impact on the Company's condensed consolidated financial statements or related disclosures.

In April 2026, the FASB issued ASU No. 2026-01, "*Equity (Topic 505): Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock."* The guidance requires an entity to initially measure paid-in-kind ("PIK") dividends on equity-classified preferred stock based on the dividend rate stated in the underlying preferred stock agreement. The Company early adopted ASU 2026-01 effective April 1, 2026. The adoption of this guidance did not have a material impact on the Company's condensed consolidated financial statements.

Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, "*Income Statement (Subtopic 220-40): Disaggregation of Income Statement Expenses*," as subsequently clarified by ASU No. 2025-01. The amendments require disaggregated disclosure of certain income statement expense line items. The guidance is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this guidance on its condensed consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU No. 2025-12, "*Codification Improvements*." The amendments include clarifications related to diluted earnings per share when a loss from continuing operations exists, disclosure requirements for lease receivables arising from sales-type or direct financing leases, and permissible methods for accounting for treasury stock retirements. The guidance is effective for fiscal years beginning after December 15, 2026. The Company is currently evaluating the impact of this guidance on its condensed consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU No. 2025-06, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software." The amendments remove all references to software development project stages. Instead, an entity begins capitalizing software costs when management has authorized and committed to funding the project and it is probable that the project will be completed and the software will be used to perform its intended function. The amendments also require entities to present capitalized internal-use software costs within the property, plant and equipment disclosures under Topic 360. The guidance is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, which for the

Company is Fiscal 2029. Early adoption is permitted, and the guidance may be applied prospectively, retrospectively, or on a modified prospective basis. The Company is currently evaluating the impact of this guidance on its condensed consolidated financial statements and related disclosures.

3. Revenue Recognition

The Company derives its revenues primarily from the sale of turbine products, accessories, parts, equipment rentals, and services.

Revenue is recognized in accordance with the following five-step model under ASC 606:

- Identification of the contract(s) with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Recognition of revenue when, or as, each performance obligation is satisfied.

Products and Accessories

Products and Accessories revenue consists primarily of sales of turbine products and accessories, with revenue recognized when control of the underlying product transfers to the customer in accordance with the terms of the contract.

Turbine Products. The Company recognizes revenue when the performance obligation identified under the terms of the contract with its customer is satisfied, which generally occurs, for turbine products, upon the transfer of control in accordance with the contractual terms and conditions of the sale. The majority of the Company's revenue associated with a turbine product is recognized at a point in time when the turbine product is shipped to the customer. On occasion, the Company enters into bill-and-hold arrangements. Each bill-and-hold arrangement is reviewed and revenue is recognized only when certain criteria have been met: (i) the reason for the bill-and-hold arrangement is substantive; (ii) the product is segregated from the Company's other inventory items held for sale; (iii) the product is ready for shipment to the customer; and (iv) the Company does not have the ability to use the product or direct it to another customer.

Advanced payments in the form of customer deposits are received on these contracts, typically providing for a substantial portion of the contract value to be paid prior to shipment. Advance payments are not considered a significant financing component as they are typically received less than one year before the related performance obligations are satisfied. Payment terms in contracts with customers typically are 0 to 60 days. The Company extends payment terms past 60 days only on a limited basis, and thus any financing component is not considered material.

Accessories. Revenue from accessories is recognized at the point in time when control transfers to the customer, generally upon shipment.

Parts and Services

Parts and Services revenue consists primarily of sales of replacement parts and revenues generated from maintenance and service programs, including Long-Term Maintenance Agreements ("LTMAs"), legacy Factory Protection Plan ("FPP") arrangements, warranty-related activities, and other service cost reimbursement programs.

Parts. Revenue from parts is recognized at the point in time when control transfers to the customer, generally upon shipment.

Warranty Services. The Company provides standard (assurance) warranties which do not represent separate performance obligations and are reflected as product liability. Shipping and handling costs billed to customers are included in revenue; costs associated with outbound freight after control transfers are recorded as fulfillment costs in cost of goods sold. Sales and usage-based taxes are excluded from revenue.

Factory Protection Plan ("FPP"), Long Term Maintenance Agreements ("LTMA") and Service Cost Reimbursement (collectively, "Service Contracts") The Company is transitioning from its Factory Protection Plan to Long-Term Maintenance Agreements. Both programs are designed to minimize product downtime and provide predictable maintenance costs. Revenue related to the obligation to provide replacement parts is recognized over the term of the contract aligned to monthly service periods. LTMA contracts typically range from three to twelve years and are cancellable

at any time. Related costs are accrued when a customer submits a qualifying claim, based on the Company's best estimate of the probable obligation.

LTMA contracts cover critical components including engine, electronic, and fuel components, and include an annual escalator. Freight is excluded by default but may be added when requested while labor reimbursement is excluded. Advance payments received at contract inception are classified as deferred revenue and recognized on a straight-line basis over the contract term. These payments are typically made annually or semi-annually, except where an alternate schedule is requested, and are not considered a significant financing component.

Remaining FPP contracts may include labor reimbursements for work performed by Authorized Service Providers ("ASPs"). These reimbursements are accounted for under ASC 460 and recognized as contra revenue under ASC 606. The labor reimbursement is treated as a distinct performance obligation, with a portion of the transaction price allocated based on relative standalone selling price ("SSP"). A liability is recognized at contract inception for the labor component, with income recognized on a straight-line basis and reimbursement costs expensed as incurred.

Distribution Services. The Company provides distribution support services to customers and distributors, including customer lead generation, brand awareness initiatives, and tailored marketing programs. Revenue is recognized over the period in which the services are performed.

Rentals

Rentals. The Company accounts for customer leases under lessor accounting guidance in ASC 842, utilizing a portfolio approach for similar assets leased to a single customer. Leases are classified as either sales-type or operating leases based on whether one of the five ASC 842 classification criteria are met.

For sales-type leases, the Company recognizes at commencement a lease receivable (equal to the present value of lease payments) and a residual asset, with revenue recognized in the amount of the lease receivable as part of Product and Accessories revenue, and cost of sales equal to the carrying value of the underlying asset less the unguaranteed residual asset. Subsequent to commencement, interest income is recognized using the effective interest method.

For operating leases, the underlying asset is recorded as a rental lease asset and depreciated on a straight-line basis to its estimated residual value. Lease payments are recognized as Rental Revenue on a straight-line basis over the lease term.

Contracts with Multiple Performance Obligations

Contracts with customers often include promises to transfer multiple products, parts, accessories, and services. The Company evaluates whether each promised good or service is distinct and should be accounted for as a separate performance obligation, which may require significant judgment. Products, parts, and accessories are generally sold separately and are therefore considered distinct. Service contracts, including FPP and LTMA agreements, are evaluated based on availability from other vendors, the nature of the services, timing relative to product delivery, and contractual dependencies. To date, the Company has concluded that all service contracts within multiple-element arrangements are distinct.

The transaction price is allocated to each performance obligation based on relative SSP, which the Company determines by considering overall pricing objectives, market conditions, discounting practices, transaction size, customer demographics, geographic factors, price lists, and historical contract data. SSP is established using observable prices where available; otherwise, a range is used based on market conditions and other observable inputs. The Company typically maintains more than one SSP for individual products and services due to stratification by customer size and geography.

The following table presents disaggregated revenue by business group (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Turbine Products	$ 11,685	$ 15,994	$ 24,480	$ 31,360
Accessories	189	118	358	472
Total Product and Accessories	11,874	16,112	24,838	31,832
Parts and Services	8,700	7,861	18,422	15,799
Total ASC 606 Revenue	20,574	23,973	43,260	47,631
Rentals	1,850	4,412	4,087	8,625
Total ASC 842 Revenue	1,850	4,412	4,087	8,625
Total Revenue	$ 22,424	$ 28,385	$ 47,347	$ 56,256

The following table presents disaggregated revenue by geography based on the primary operating location of the Company's customers (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
United States	$ 15,463	$ 21,570	$ 32,984	$ 44,526
Mexico	3,852	1,368	5,661	2,574
All other North America	25	6	89	125
Total North America	19,340	22,944	38,734	47,225
Europe	1,101	3,864	2,828	5,880
Asia	631	771	1,738	1,330
Australia	627	404	957	895
All other	725	402	3,090	926
Total Revenue	$ 22,424	$ 28,385	$ 47,347	$ 56,256

Contract Balances

The Company's deferred revenues consist of deposits and advance payments for turbine products, parts, accessories and parts ordered under sales contracts, which have not yet been delivered (contract liabilities), as well as advance payments on service obligations, Service Contracts and extended warranties. Deposits are primarily non-refundable cash payments from distributors for future orders. The current portion of deferred revenue and the non-current portion of deferred revenue are included in Current Liabilities and Long-Term Liabilities, respectively, in the Condensed Consolidated Balance Sheets.

Changes in deferred revenue consisted of the following (in thousands):

	Six Months Ended September 30,	
	2026	2025
Opening balance, beginning of the period	$ 10,688	$ 13,949
Closing balance, end of the period	$ 11,955	$ 12,883
Revenue recognized in the period from:		
Amounts included in deferred revenue at the beginning of the period	$ 5,099	$ 9,375

Service Contracts

Deferred revenue attributed to Service Contracts represents the unearned portion of advance payments received under those agreements. Payments are generally received quarterly in advance, with revenue recognized on a straight-line basis over the applicable contract period. As of September 30, 2026, approximately $5.5 million of revenue is expected to be recognized from the remaining Service Contract liabilities. The rest of the deferred revenue balance relates to deposits or other obligations. The Company expects to recognize approximately $5.0 million of these remaining performance obligations over the next 12 months, with the remaining balance of $0.5 million to be recognized thereafter.

Distributor Support System ("DSS") Program

The Company's DSS program provides support for business development activities, including customer lead generation, brand awareness, and tailored marketing services across the Company's major geographic and vertical markets.

DSS program fees are generally invoiced and paid quarterly, with revenue recognized on a straight-line basis over the applicable service period, which is typically one year. As of September 30, 2026, approximately $0.7 million is expected to be recognized from remaining DSS contract liabilities. The Company expects to recognize all of the remaining performance obligations within the next 12 months.

Unsatisfied Performance Obligations

The Company has elected the practical expedient to disclose unsatisfied performance obligations only for contracts with an original expected duration greater than one year. The majority of product sales have lead times of less than one year and are therefore excluded. Service contracts, while often exceeding one year in duration, are cancellable without significant penalty; accordingly, their enforceable duration is considered one year or less, and they are also excluded from this disclosure.

Practical Expedients

For contracts with a duration of one year or less, the Company expenses incremental costs to obtain a contract as incurred. Such costs are recorded within sales and marketing expenses in Condensed Consolidated Statements of Operations.

Warranty

The Company accrues estimated warranty costs at the time revenue is recognized. Warranty terms vary by product and geography and generally extend up to 24 months from the delivery date. Key factors in the warranty estimate include product failure rates, anticipated operating hours, and estimated repair or replacement costs. These estimates are updated each period as new information becomes available. The Company may also accrue costs for reliability repairs on out-of-warranty products when, in management's judgment, a specific remediation plan makes such accrual prudent. Warranty liabilities are assessed quarterly and adjusted as necessary, including when product improvements alter historical failure rates.

Research and Development ("R&D")

The Company accounts for grant distributions and development funding as offsets to R&D expenses and both are recorded as the related costs are incurred in the Company's statement of operations. There were no offsets to R&D during Fiscal 2027 and 2026.

4. Customer Concentrations and Accounts Receivable

Accounts receivable are presented on the Condensed Consolidated Balance Sheets, net of estimated credit losses. The Company applies the aging method by pooling receivables based on levels of delinquency and applying historical loss rates on what has been historically uncollectible by aging categories. The historical loss rate is adjusted for current conditions and reasonable and supportable forecasts of future losses, as necessary. Additionally, the allowance for credit loss calculation includes subjective adjustments for qualitative risk factors that could likely cause estimated credit losses to differ from historical experience. The factors include assessments of various economic conditions, significant events that have or will occur, geographic location, size, and credit ratings of the customers. The Company may also record a specific reserve for individual accounts when the Company becomes aware of specific customer circumstances, such as in the case of a bankruptcy filing or deterioration in the customer's operating results or financial position. Accounts deemed uncollectible are written off against the allowance for credit loss.

Changes in the current expected credit losses ("CECL") allowance for accounts receivable are as follows (in thousands):

Balance, March 31, 2026	$	1,337
Provision for credit loss		172
Write-offs		(114)
Balance, September 30, 2026	$	1,395

Revenue Concentrations

The Company's revenue is concentrated among a limited number of distributors. For the three months ended September 30, 2026, sales to MT Cogeneration, DTC Soluciones SA de CV ("DTC"), Horizon Power Systems ("Horizon") and E-Finity Distributed Generation ("E-Finity") accounted for approximately 19%, 17%, 17% and 11% of total revenue, respectively. For the three months ended September 30, 2025, sales to E-Finity, Cal Microturbine and Lone Star accounted for approximately 36%, 13% and 10% of total revenue, respectively.

For the six months ended September 30, 2026, sales to Horizon Power Systems, E-Finity and DTC accounted for approximately 29%, 12% and 12% of total revenue, respectively. For the six months ended September 30, 2025, sales to Cal Microturbine, E-Finity and Lone Star accounted for 30%, 22% and 10% of revenue, respectively.

Accounts Receivable Concentrations

As of September 30, 2026, DTC Machinery S de RL de CV, RSP Systems and Capstone Engineered Solutions Corp. accounted for approximately 18%,14% and 11%, respectively, of total accounts receivable. As of March 31, 2026, E-Finity, Lone Star and RSP Systems accounted for approximately 14%, 14% and 10%, respectively, of total accounts receivable.

5. Inventories

Inventories are valued at the lower of cost (determined on a first-in, first-out ("FIFO") basis) or net realizable value and consisted of the following (in thousands):

	September 30, 2026	March 31, 2026
Raw materials	$ 25,797	$ 21,015
Work in process	25	1,597
Finished goods	163	2,230
Total	25,985	24,842
Less: non-current portion	(3,691)	(2,736)
Total inventory, net non-current portion	$ 22,294	$ 22,106

The non-current portion of inventories represents that portion of inventories in excess of amounts expected to be sold or used in the next twelve months and could include repair parts for older generation products that are still in operation but are not technologically compatible with current configurations. The Company expects to use the non-current portion of the inventories on hand as of September 30, 2026 over the periods presented in the following table (in thousands):

Expected Period of Use	Non-current Inventory Balance Expected to be Used
13 to 24 months	$ 1,577
25 to 36 months	2,114
Total	$ 3,691

6. Accrued Warranty Reserve

The Company accrues the estimated costs of product warranties at the time the related revenue is recognized. Warranty terms and conditions vary by product and geography; however, the Company's standard product warranties generally commence on the delivery date and extend for up to twenty-four months.

The Company's warranty obligation is influenced by several key estimates, including product failure rates, anticipated hours of product operation, and the expected costs of repair or replacement necessary to correct product failures. These estimates are reviewed and updated each reporting period as new information becomes available, including field performance data and engineering assessments. When the Company has sufficient evidence that product modifications or design changes are materially affecting historical failure rates, those changes are incorporated prospectively into the warranty liability estimate.

In addition to standard warranty obligations, the Company may accrue estimated costs for reliability repairs on products that are no longer under warranty. Such accruals are recorded when, in management's judgment, and in

accordance with a specific remediation plan approved by the Company, it is prudent to provide such repairs. The adequacy of all recorded warranty liabilities is assessed quarterly, and adjustments are made as warranted by updated estimates or actual claims experience.

Changes in the accrued warranty reserve consisted of the following (in thousands):

	Six Months Ended September 30,	
	2026	2025
Balance, beginning of the period	$ 971	$ 1,070
Standard warranty provision	58	160
Deductions for warranty claims	(83)	(50)
Balance, end of the period	$ 946	$ 1,180

7. Property, Plant, Equipment and Rental Assets

Property, plant, equipment and rental assets consisted of the following (in thousands):

	September 30, 2026	March 31, 2026
Machinery, equipment, automobiles and furniture	$ 13,694	$ 13,441
Leasehold improvements	9,347	8,941
Molds and tooling	3,467	3,465
Rental assets	21,363	27,204
Total property, plant, equipment and rental assets	47,871	53,051
Less: accumulated depreciation	(34,521)	(36,866)
Total property, plant, equipment and rental assets, net	$ 13,350	$ 16,185

The Company regularly assesses the useful lives of property and equipment and retires assets no longer in service. Depreciation expense for property, plant, equipment and rental assets was $0.8 million for the three months ended September 30, 2026 and $1.0 million for the three months ended September 30, 2025. Depreciation expense recorded to cost of sales was $0.8 million and $1.0 million for the three months ended September 30, 2026 and 2025, respectively.

Depreciation expense for property, plant, equipment and rental assets was $1.7 million for the six months ended September 30, 2026 and $1.9 million for the six months ended September 30, 2025. Depreciation expense recorded to cost of sales was $1.6 million and $1.9 million for the six months ended September 30, 2026 and 2025, respectively.

8. Intangible Assets

The Company's intangible assets relate to two acquisitions completed during Fiscal 2026. In connection with the acquisition of Cal Microturbine, which was accounted for as a business combination under ASC 805, the Company recognized customer relationship intangible assets. In connection with the acquisition of CDSS (as defined herein), which was accounted for as an asset acquisition under ASC 805-50, the Company recognized trademark intangible assets. These intangible assets have finite useful lives and are being amortized on a straight-line basis over their estimated useful lives.

Intangible assets consisted of the following (in thousands):

	Total Estimated Useful Life	September 30, 2026	March 31, 2026
Customer relationships	6 years	$ 4,376	$ 4,376
Less: accumulated amortization		(827)	(411)
Customer relationships, net		3,549	3,965
Trademark	10 years	1,581	1,581
Less: accumulated amortization		(80)	—
Trademark, net		1,501	1,581
Total intangible assets, net		$ 5,050	$ 5,546

Amortization expense related to intangible assets was $0.2 million for the three months ended September 30, 2026, and $0.5 million for the six months ended September 30, 2026. Amortization expense was less than $0.1 million for each of the three and six months ended September 30, 2025, as the customer relationships intangible assets were acquired in August 2025 in connection with the Cal Microturbine acquisition and the trademark intangible assets were acquired on March 31, 2026.

Estimated future amortization expense for intangible assets as of September 30, 2026 is as follows (in thousands):

Year Ending March 31,		
2027 (remainder of fiscal year)	$	445
2028		887
2029		887
2030		887
2031		887
Thereafter		1,057
Total	$	5,050

9. Fair Value Measurements

The FASB has established a framework for measuring fair value using generally accepted accounting principles. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs.

Basis for Valuation

The carrying amounts reported in the Condensed Consolidated Balance Sheets for cash, accounts receivable, and accounts payable approximate fair value due to the short-term nature of these instruments. The Company had no assets or liabilities measured at fair value on a recurring basis as of September 30, 2026. The Redeemable non-controlling interest, which had previously been classified within Level 3 of the fair value hierarchy, was fully redeemed on March 31, 2026. Refer to Note 13 – Temporary Equity for additional information.

10. Leases

Lessor

The Company rents turbine equipment to customers under lease agreements with terms ranging from a few months to ninety-six months. The majority of our leases carry an initial term of thirty-six months and may include extension options, which are assessed at lease commencement to determine whether they are reasonably certain of exercise. Certain lease agreements provide the lessee with an option to purchase the underlying asset at the end of the lease term.

Monthly rental payments are fixed. Certain leases also include variable payment components for items such as fuel, excess labor, additional equipment, or technician labor and engineering support. Variable payments are not included in the measurement of the lease receivable and are recognized as revenue in the period earned.

Leases are classified at commencement as either sales-type leases or operating leases in accordance with ASC 842. In connection with its Energy-as-a-Service ("EaaS") business, the Company also enters into arrangements under which it rents certain turbine equipment back from customers and subleases that equipment to end users, as further described in the Lessee section below.

Lessor – Operating Leases

At September 30, 2026, the Company's minimum rental revenue to be received was as follows (in thousands):

Year Ending March 31,	Leased Assets	Owned and Financed Assets
2027 (remainder of fiscal year)	$ 3,214	$ 4,248
2028	369	1,170
2029	—	29
Thereafter	—	—
Total minimum rental revenue	$ 3,583	$ 5,447

Lessor – Sales-Type Leases

At September 30, 2026, the Company's future scheduled minimum payments to be received from its sales-type lease was as follows (in thousands):

Year Ending March 31,	
2027 (remainder of fiscal year)	$ 294
2028	589
2029	589
2030	399
2031	264
Thereafter	264
Total minimum lease payments	$ 2,399
Less: imputed interest	(478)
Plus: unguaranteed residual value	246
Present value of lease receivable	$ 2,167

The Company recognized less than $0.1 million of interest income related to lease receivables during each of the three months ended September 30, 2026 and September 30, 2025. The Company recognized $0.1 million of interest income related to lease receivables during each of the six months ended September 30, 2026 and September 30, 2025. As of September 30, 2026, the current portion of lease receivables was included in prepaid expenses and other current assets, while the noncurrent portion was included in other assets on the consolidated balance sheets.

	September 30, 2026	March 31, 2026
Gross receivables	$ 1,921	$ 2,003
Unguaranteed residual value	246	242
Total, net	$ 2,167	$ 2,245
Reported as:		
Current	388	377
Long-Term	1,779	1,868
Total, net	$ 2,167	$ 2,245

Lessee

The Company leases facilities and equipment under various non-cancellable operating and finance leases with expiration dates through Fiscal 2037. All leases require the Company to pay maintenance, insurance, and property taxes. Lease agreements for the Company's primary office and manufacturing facilities include rent escalation provisions over the lease term and renewal options for successive five-year periods. Lease expense is recognized on a straight-line basis over the lease term, including any extension periods that are reasonably certain of exercise.

EaaS Sublease Arrangements

As part of its EaaS business, the Company rents used turbine equipment from customers where that equipment would otherwise not be in use, and subleases that equipment to end users. During the six months ended September 30, 2026, the Company did not enter into any new rental agreements under this program and did not modify any existing agreements. The existing rental agreements provide the Company an option to extend the lease term; however, as exercise of these options is not considered reasonably certain, they are excluded from the determination of the lease term. There were no new rental agreements under this program during the six months ended September 30, 2025.

As of September 30, 2026, lease commitments totaled approximately 18 megawatts of turbines and had an average term of 36 months and a total remaining commitment value of approximately $6.8 million.

Lease Cost

The components of lease expense were as follows (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Finance lease costs (1)	$ 176	$ 302	$ 364	$ 349
Operating lease costs	765	835	1,551	1,859
Variable lease expense	91	62	182	83
Total lease costs	$ 1,032	$ 1,199	$ 2,097	$ 2,291

(1) Finance lease costs include both the amortization of the right-of-use asset and interest expense on the finance lease liability.

Supplemental Balance Sheet Information

Right-of-use assets and lease liabilities consisted of the following (in thousands):

	September 30, 2026	March 31, 2026
Finance lease right-of-use assets	$ 4,120	$ 4,789
Operating lease right-of-use assets	8,172	9,859
Total right-of-use assets	$ 12,292	$ 14,648
Finance lease liability, current	$ 1,249	$ 1,520
Operating lease liability, current	2,333	1,862
Finance lease liability, non-current	562	991
Operating lease liability, non-current	6,351	8,132
Total lease liabilities	$ 10,495	$ 12,505
Finance leases:		
Weighted average remaining lease life	1.54 years	1.70 years
Weighted average discount rate	11.49%	11.77%
Operating leases:		
Weighted average remaining lease life	3.81 years	4.76 years
Weighted average discount rate	10.82%	10.75%

Supplemental Cash Flow Information (in thousands):

	Six Months Ended September 30,	
	2026	2025
Cash paid for amounts included in the measurement of lease liabilities		
Finance cash flows from finance leases	$ 699	$ 1,748
Operating cash flows from finance leases	$ 127	$ 130
Operating cash flows from operating leases	$ 1,169	$ 1,911
Change in Right-of-use assets through modification of lease obligations		
Finance leases	$ —	$ 1,720
Operating leases	$ —	$ (1,419)

Lease Maturity Analysis

At September 30, 2026, the Company's minimum commitments under non-cancelable operating and finance leases were as follows (in thousands):

Year Ending March 31,	Finance Leases	Operating Leases
2027 (remainder of fiscal year)	$ 893	$ 1,568
2028	868	3,181
2029	197	3,051
2030	—	1,462
2031	—	660
Thereafter	—	716
Total lease payments	$ 1,958	$ 10,638
Less: imputed interest	(147)	(1,954)
Present value of lease liabilities	$ 1,811	$ 8,684

11. Debt

Exit Facility Agreement

On December 7, 2023, in connection with the Company's emergence from Chapter 11 bankruptcy, the Operating Subsidiary entered into a Note Purchase Agreement (the "Exit Note Purchase Agreement") for an aggregate principal amount of $28.1 million, consisting of $21.1 million of Exit Roll Up Notes and $7.0 million of Exit New Money Notes

(together, the "Exit Notes"). The Exit Notes bear interest at Adjusted Term SOFR plus 7.00% per annum through the third year following the December 7, 2023 closing date. The Exit Notes are secured by a lien on substantially all present and future property and assets of the Operating Subsidiary and each Guarantor, subject to customary exceptions, and are subject to customary covenants, including financial covenants requiring minimum consolidated liquidity and minimum consolidated adjusted EBITDA. The Exit Note Purchase Agreement also provides for a $10.0 million uncommitted incremental facility, which remained undrawn as of September 30, 2026.

The Exit Note Purchase Agreement was amended three times through March 29, 2026, as described in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026. There were no amendments to the Exit Note Purchase Agreement during the six months ended September 30, 2026.

Financial Covenants

As of September 30, 2026, the minimum consolidated liquidity covenant required the Company and its subsidiaries to maintain minimum average consolidated liquidity of $4.0 million during any seven consecutive day period, and the minimum consolidated adjusted EBITDA covenant required minimum trailing four-quarter consolidated adjusted EBITDA of $8.0 million, tested as of the last day of the fiscal quarter. The full covenant schedules are set forth in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026. As of September 30, 2026, the Company was in compliance with all financial covenants under the Exit Note Purchase Agreement.

Outstanding Balance and Maturity

As of September 30, 2026, the outstanding Exit Notes balance was $25.3 million, consisting of Exit Roll Up Notes of $21.1 million and PIK interest of $4.3 million, net of unamortized debt issuance costs. The Exit New Money Notes matured and were repaid in full on December 7, 2025. The Exit Roll Up Notes mature on December 7, 2026, and accordingly are classified as a current liability. See 'Subsequent Event – Refinancing of the Exit Notes' below. Debt issuance costs are amortized over the term of the notes at an effective interest rate of 10.87% as of September 30, 2026.

Interest expense related to the Exit Notes during the three months ended September 30, 2026 and 2025 was $0.7 million and $0.5 million, respectively.

Interest expense related to the Exit Notes during the six months ended September 30, 2026 and 2025 was $1.4 million and $0.9 million, respectively.

Subsequent Event – Refinancing of the Exit Notes

On November 16, 2026 (the "Closing Date"), the Company entered into a Note Purchase Agreement (the "2026 Note Purchase Agreement") with funds managed by Monarch Alternative Capital LP (collectively, "Monarch"), as purchasers, and Monarch Finance, LLC, as collateral agent, which provides for the issuance of $25 million aggregate principal amount of senior secured notes (the "2026 Notes") at a purchase price of 98.0% of principal. The Notes were issued on the Closing Date. The Company used the net proceeds from issuance of the 2026 Notes, together with cash on hand, to repay in full all amounts outstanding under the Exit Note Purchase Agreement. Monarch is a related party of the Company (see Note 12 – Commitments and Contingencies – Related Party Transactions).

The 2026 Notes mature three years from the Closing Date and bear interest, payable monthly in cash, at Term SOFR (subject to a 2.00% floor) plus 6.00% per annum through the second anniversary of the closing date and 7.50% per annum thereafter. The Company may prepay the 2026 Notes without a fee during the first six months and thereafter at a 1.00% premium through maturity. The 2026 Notes are guaranteed by all of the Company's subsidiaries and secured by substantially all of the Company's assets. The 2026 Note Purchase Agreement contains customary affirmative and negative covenants, as well as financial covenants requiring minimum trailing four-quarter consolidated adjusted EBITDA of $7.9 million, tested quarterly beginning with the first full fiscal quarter ending after the Closing Date, and minimum average monthly liquidity of $4.0 million.

Upon repayment, the Company expects to account for the repayment of the Exit Notes as a debt extinguishment in the third quarter of Fiscal 2027.

12. Commitments and Contingencies

Purchase Commitments

As of September 30, 2026, the Company had firm commitments to purchase inventories of approximately $45.3 million through Fiscal 2029. Certain inventory delivery dates and related payments are not scheduled; therefore, amounts under these firm purchase commitments will be payable upon the receipt of the related inventory.

Lease Commitments

See Note 10 – Leases.

Related Party Transactions

In connection with the Company's emergence from Chapter 11 bankruptcy on December 7, 2023, the Company and its Operating Subsidiary were party to a series of agreements with Capstone Distributor Support Services Corporation ("CDSS"), an entity controlled by Goldman Sachs, and its affiliate ("Reorganized PrivateCo"), including a Services Agreement between the Operating Subsidiary and Reorganized PrivateCo (the "Reorganized PrivateCo Services Agreement"). On March 31, 2026, in connection with the closing of the March 2026 PIPE (see Note 15), the Company completed a series of transactions that fully unwound these arrangements, including:

- the acquisition of the Distributor Support Services assets previously held by CDSS for $1.0 million (the "DSS Asset Acquisition"), terminating the Reorganized PrivateCo Services Agreement;
- the acquisition of the Capstone trademarks previously licensed from Reorganized PrivateCo, terminating the Trademark License Agreement (see Note 8 – Intangible Assets); and
- the redemption of all outstanding Preferred Units (as defined herein) held by CDSS (see Note 13 – Temporary Equity), following which the Operating Subsidiary became a wholly owned subsidiary of the Company.

For additional information regarding these related party relationships and the March 31, 2026 unwind, see Note 12 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026.

Monarch. Funds managed by Monarch Alternative Capital LP ("Monarch") hold all of the Company's outstanding Series A Preferred Stock as well as shares of the Company's common stock. Together, these holdings represent approximately 40% of the Company's common stock on an as-converted basis. Monarch also has the right to designate members of the Company's Board of Directors (see Note 13 – Temporary Equity). Accordingly, Monarch is considered a related party. During the three and six months ended September 30, 2026, the Company accrued paid-in-kind dividends on the Series A Preferred Stock of $1.0 million and $2.0 million, respectively. On November 16, 2026, the Company entered into the 2026 Note Purchase Agreement with Monarch, which provides for the issuance of $25 million of senior secured notes (see Note 11 – Debt and Note 20 – Subsequent Events).

Other than as described above, there were no related party transactions during the six months ended September 30, 2026, and no related party balances were outstanding as of September 30, 2026 or March 31, 2026.

Legal Proceedings

Capstone Turbine Corporation v. Turbine International, LLC.

On February 3, 2020, the Company (previously known as "Capstone Turbine Corporation") filed suit against its former distributor, Turbine International, LLC ("Turbine Intl."), in the Superior Court of California (the "Court") alleging breach of contract relating to the parties' prior distributor relationship (which terminated at the end of March 2018) and Turbine Intl.'s failure to satisfy its payment obligations under certain financial agreements, namely an accounts receivable agreement and promissory note in favor of the Company. The Company subsequently modified its complaint to include Turbine Intl. guarantors as defendants. The Company was seeking approximately $4.8 million in compensatory damages, along with injunctive relief and attorney's fees, interest, and costs. In 2024, the Court ordered default judgments first against Turbine Intl. and then against the other defendants. The default judgment in the amount of approximately $7.3 million, which included pre-judgment interest and costs of the suit, was entered and placed on the docket in June 2025. The Company has prevailed in this proceeding. The ability of the Company to collect on the judgment is unclear, as the defendants are overseas or without U.S.-based assets, therefore the Company has not recorded a receivable as of September 30, 2026.

California Air Resources Board Notice of Violation

In August 2026, California Air Resources Board ("CARB") issued a Notice of Violation ("NOV") to the Company alleging violations of California's Distributed Generation Certification Regulation, Cal. Code Regs. tit. 17, §§ 94200–94214, involving 27 distributed generation units sold or leased for use in California. The NOV states that civil penalties may be assessed at up to $12,940 per day, per violation, but does not specify an aggregate penalty amount. The Company is seeking resolution with CARB. At this stage of the proceeding, the Company is unable to determine the number of units, if any, that will ultimately be determined to constitute violations or the number of days for which any penalties may be assessed. Accordingly, the Company cannot reasonably estimate the amount or range of any potential loss. No liability has been recorded as of September 30, 2026.

13. Temporary Equity

Overview

As of September 30, 2026, the Company's temporary equity consists of the Redeemable Series A Convertible Preferred Stock issued on March 31, 2026, in connection with the March 2026 PIPE (as defined in Note 15). The Operating Subsidiary's Series A Redeemable Preferred Units, which had been classified as temporary equity in prior periods, were fully redeemed on March 31, 2026, as described below.

Part I — Redeemable Preferred Units (Extinguished March 31, 2026)

In connection with the Company's emergence from Chapter 11 bankruptcy on December 7, 2023, the Operating Subsidiary issued 10,449,863 Series A Redeemable Preferred Units (the "Preferred Units") to CDSS, an entity controlled by Goldman Sachs, representing a 37.5% equity interest in the Operating Subsidiary. The Preferred Units were classified as a redeemable noncontrolling interest within temporary equity, initially measured at fair value of $13.9 million and subsequently remeasured under the hypothetical liquidation at book value ("HLBV") method. On March 31, 2026, the Operating Subsidiary redeemed all outstanding Preferred Units for $83.5 million, funded with a portion of the net proceeds from the March 2026 PIPE, following which the Operating Subsidiary became a wholly owned subsidiary of the Company. The terms and redemption of the Preferred Units are described further in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026 (see also Note 12).

During the six months ended September 30, 2025, the Preferred Units were outstanding, and a portion of the Operating Subsidiary's net income (loss) was allocated to them under the HLBV method, as reflected in net income (loss) attributable to redeemable noncontrolling interests. The Preferred Units were not outstanding as of September 30, 2026 nor March 31, 2026.

Part II — Redeemable Series A Convertible Preferred Stock

Issuance

On March 31, 2026, in connection with the March 2026 PIPE, the Company issued 80,000 shares of Redeemable Series A Convertible Preferred Stock (the "Series A Preferred Stock") to funds managed by Monarch Alternative Capital LP ("Monarch") at an initial stated value of $1,000 per share, for an aggregate purchase price of $80.0 million. As redemption of the Series A Preferred Stock is not solely within the Company's control, it is classified as temporary equity in accordance with ASC 480. Holders of the Series A Preferred Stock vote together with common stockholders on an as-converted basis, hold separate class voting rights over certain significant corporate actions, and have the right to designate directors to the Company's Board of Directors (the "Board"), subject to certain ownership thresholds. The Series A Preferred Stock is convertible at the holder's option into common stock and had an initial conversion price of $5.00 per share, subject to customary anti-dilution adjustments.

Dividends

The Series A Preferred Stock accrues a cumulative PIK dividend at an initial rate of 5.00% per annum on the original issue price, as increased by prior PIK dividends, compounding annually. The dividend rate was subject to increase by 200 basis points if the Company's common stock was not listed on a U.S. national securities exchange within 18 months of the closing date, and by additional amounts thereafter. In addition, beginning on the fourth anniversary of the March 31, 2026 closing date, the dividend rate for each quarterly measurement period increases by 200 basis points if certain minimum financial metrics are not satisfied as of the applicable measurement date, or by 100 basis points if such metrics are satisfied, in each case subject to a maximum dividend rate of 13.0% per annum. The Series A Preferred Stock also

participates in any dividends or distributions paid on the common stock on an as-converted basis. The Company's July 8, 2026 Nasdaq listing renders the 18-month listing step-up inapplicable.

The following table presents the activity in the Redeemable Series A Convertible Preferred Stock since issuance (in thousands):

	Six Months Ended September 30, 2026
Balance, beginning of the period	$ 73,936
Issuance of Redeemable Series A Preferred Stock, net of issuance costs	—
PIK dividend accrual	1,984
Balance, end of the period	$ 75,920

Conversion

The Series A Preferred Stock is initially recorded at its allocated purchase price, net of $6.0 million of issuance costs, with cumulative PIK dividends recorded as an increase to the carrying amount. As of September 30, 2026, the Series A Preferred Stock is not currently redeemable or probable of redemption and, therefore, is not subject to remeasurement to its redemption value. Following the listing of the Company's common stock on Nasdaq, the Company has the right to require conversion of all (but not less than all) outstanding Series A Preferred Stock into common stock at the then-applicable conversion price if the volume-weighted average trading price of the common stock equals or exceeds $15.00 for at least 20 out of 30 consecutive trading days, subject to certain conditions including an effective resale registration statement, minimum average daily trading volume, and a float held by non-affiliates of no less than $425 million.

Redemption

The Series A Preferred Stock is redeemable at the option of the holder upon certain breaches by the Company, subject to available funds and the restrictions of the Exit Note Purchase Agreement. Because redemption is contingent upon events not solely within the Company's control, the Series A Preferred Stock is classified as temporary equity rather than permanent equity.

Governance Rights

So long as Monarch holds at least 20% of the Company's common stock on an as-converted basis, it has the right to designate two independent directors to the Company's Board. Monarch retains the right to designate one director while holding at least 10% on an as-converted basis, and board observer rights at 5% ownership. Monarch also holds broad consent rights over major corporate actions while a substantial portion of the Series A Preferred Stock remains outstanding, as well as certain participation rights in any of the Company's future issuances.

Registration Rights

In connection with the issuance of the Series A Preferred Stock, the Company entered into a registration rights agreement pursuant to which the Company agreed to file a resale registration statement with the SEC registering the resale of the shares of common stock underlying the Series A Preferred Stock. The resale registration statement was filed with the SEC on April 28, 2026.

14. Stock Compensation

The following table summarizes stock-based compensation expense by line item in the unaudited Condensed Consolidated Statements of Operations (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Cost of goods sold	$ 26	$ 6	$ 50	$ 37
Research and development	19	4	37	34
Selling, general and administrative	355	101	678	389
Stock-based compensation expense	$ 400	$ 111	$ 765	$ 460

2023 Equity Incentive Plans

The Company's stock-based compensation is provided under the Capstone Energy+, Inc. 2023 Equity Incentive Plan, as amended (the "2023 Plan"), the terms of which are described in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026. On April 21, 2026, the Board approved Amendment No. 2 to the 2023 Plan, increasing the maximum number of shares authorized for issuance from 4,000,000 to 7,000,000 shares. As of September 30, 2026, a maximum of 7,000,000 shares were authorized for issuance under the 2023 Plan, of which approximately 4,670,391 shares remained available for future grant.

Non-Voting Common Stock

In connection with the Company's emergence from bankruptcy, a class of non-voting common stock was issued to certain key employees and directors as an incentive following the restructuring. The non-voting common stock is fully vested and ranks equally with the common stock in all respects, including as to dividends and distributions and upon liquidation, and each share automatically converts into one share of common stock upon transfer, subject to certain restrictions. In March 2026, 175,355 shares of non-voting common stock held by certain former directors and officers were converted into shares of common stock. As of September 30, 2026 and March 31, 2026, 333,120 shares of non-voting common stock were outstanding. Additional terms of the non-voting common stock are described in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026.

Restricted Stock Awards

During the six months ended September 30, 2026, the Company began granting restricted stock awards ("RSAs") under the 2023 Plan. RSAs are shares of common stock that are issued and outstanding upon grant but remain subject to forfeiture until vesting, and generally vest over 3 years. The grant-date fair value of RSAs is determined based on the closing price of the Company's common stock on the date of grant and is recognized as compensation expense on a straight-line basis over the requisite service period. The 2023 Plan also authorizes the grant of restricted stock units ("RSUs") and performance-based restricted stock units ("PRSUs").

The following table summarizes RSA activity for the six months ended September 30, 2026:

Restricted Stock Awards	Shares	Weighted Average Grant Date Fair Value
Non-vested restricted stock awards outstanding at April 1, 2026	—	$ —
Granted	408,624	8.02
Vested	—	—
Cancelled or forfeited	4,500	10.03
Non-vested restricted stock awards outstanding at September 30, 2026	404,124	$ 8.00

Restricted Stock Units and Performance Restricted Stock Units

The following table summarizes RSU activity:

Restricted Stock Units	Shares	Weighted Average Grant Date Fair Value
Non-vested restricted stock units outstanding at April 1, 2026 (as adjusted)	873,626	$ 1.47
Granted	32,142	5.60
Vested and issued	219,655	1.30
Cancelled or forfeited	5,989	0.87
Non-vested restricted stock units outstanding at September 30, 2026	680,124	$ 1.72

Correction of Prior-Period Share Activity

The beginning non-vested RSU balance includes a 25,000 RSU adjustment related to an immaterial prior-period reporting discrepancy. The previously reported March 31, 2026 balance was understated due to a system-generated forfeiture classification that was subsequently determined to be incorrect. The Company concluded the matter was not material to previously issued financial statements.

The previously reported vested RSU activity for the three months ended June 30, 2026 was revised for an immaterial prior-period reporting discrepancy. The amount was understated due to the duplicate impact of shares withheld for taxes. The Company concluded the matter was not material to previously issued financial statements. The revision had no impact on the Company's previously reported net loss or net loss per share.

The following table summarizes PRSU activity:

Performance Restricted Stock Units	Shares	Weighted Average Grant Date Fair Value
Non-vested restricted stock units outstanding at April 1, 2026	103,981	$ 0.80
Granted	106,876	9.36
Vested and issued	—	—
Forfeited/cancelled	—	—
Non-vested restricted stock units outstanding at September 30, 2026	210,857	$ 5.14

15. Common Stock Issuance and Private Investment in Public Equity ("PIPE") Financing Transaction

During the fiscal year ended March 31, 2026, the Company completed two PIPE financing transactions, each of which is described in the Company's Annual Report on Form 10-K for that fiscal year. No new PIPE financing transactions were entered into during the six months ended September 30, 2026. A summary of each transaction and related instruments outstanding as of September 30, 2026 follows.

November 2025 PIPE Financing Transaction

On November 24, 2025, the Company entered into a Securities Purchase Agreement with certain accredited investors (the "November 2025 PIPE") pursuant to which it issued and sold (i) 3,980,000 shares of common stock at $2.00 per share and (ii) pre-funded warrants to purchase 3,520,000 shares of common stock, with an exercise price of $0.001 per share. The transaction closed on November 25, 2025, generating gross proceeds of approximately $15.0 million before offering costs. Net proceeds were used in part to repay the Exit New Money Notes maturing December 7, 2025 (see Note 11 – Debt), with the remainder used for working capital and general corporate purposes.

March 2026 Common Stock Issuance and PIPE Financing Transaction

In connection with the issuance of the Series A Preferred Stock on March 31, 2026 (see Note 13 – Temporary Equity), the Company issued 3,333,334 shares of common stock to Monarch at a purchase price of $4.50 per share for aggregate gross proceeds of $15.0 million.

On March 31, 2026, the Company also issued 3,588,889 shares of common stock at $4.50 per share, as well as pre-funded warrants at a price of $4.499 to purchase up to 300,000 shares of common stock, for aggregate gross proceeds of approximately $17.5 million (the "March 2026 PIPE"). The shares were offered in a private placement under the Securities Act of 1933, as amended (the "Securities Act"). Total offering costs of approximately $8.5 million, consisting primarily of a placement agent cash fee of 5.5% of gross proceeds and reimbursement of expenses, were allocated among the Series A Preferred Stock, common stock, and pre-funded warrants on a relative fair value basis (approximately $6.0 million, $2.4 million, and $0.1 million, respectively). Offering costs allocated to the Series A Preferred Stock were recorded as a direct reduction of its carrying amount within temporary equity; those allocated to the common stock and pre-funded warrants were recorded as a reduction of additional paid-in capital. A portion of the net proceeds, together with the proceeds from the Series A Preferred Stock issuance, was used to fund the $83.5 million redemption of the Operating Subsidiary's Preferred Units (see Note 13 – Temporary Equity and Note 12 – Commitments and Contingencies), with the remainder used for working capital and growth initiatives.

Pre-Funded Warrants

The pre-funded warrants issued in both PIPE financings have substantially similar terms. Each pre-funded warrant is exercisable at any time following issuance until exercised in full, subject to beneficial ownership limitations restricting exercise if the holder would beneficially own more than 4.99% of the Company's outstanding common stock (or, at the holder's election upon 61 days' prior notice, up to 9.99%). The pre-funded warrants are exercisable into a fixed number of shares at a fixed exercise price and contain no cash settlement features outside the Company's control. Accordingly, both

series of pre-funded warrants are classified as equity in accordance with ASC 480 and ASC 815, with proceeds allocated to additional paid-in capital.

On May 8, 2026, an investor exercised 1,719,840 pre-funded warrants issued in the November 2025 PIPE on a cashless basis. During the six months ended September 30, 2026, holders also exercised 299,972 pre-funded warrants issued in the March 2026 PIPE financing. As of September 30, 2026, 1,800,188 pre-funded warrants remained outstanding, consisting of 1,800,160 pre-funded warrants from the November 2025 PIPE financing and 28 pre-funded warrants from the March 2026 PIPE financing.

The following table summarizes pre-funded warrant activity for the six months ended September 30, 2026:

	November 2025 PIPE	March 2026 PIPE	Total
Warrants outstanding at April 1, 2026	3,520,000	300,000	3,820,000
Warrants issued	—	—	—
Warrants exercised	(1,719,840)	(299,972)	(2,019,812)
Warrants outstanding at September 30, 2026	1,800,160	28	1,800,188

Registration Rights

In connection with each transaction, the Company entered into a Registration Rights Agreement requiring it to file a resale registration statement covering the shares issued and the shares underlying the pre-funded warrants. Neither agreement imposes cash penalties for failure to meet filing or effectiveness deadlines; accordingly, no liability has been recorded in connection with these obligations. The registration statement related to the November 2025 PIPE was filed with the SEC on December 23, 2025. The registration statement related to the March 2026 PIPE was filed with the SEC on April 28, 2026.

16. Employee Benefit Plans

The Company maintains a defined contribution 401(k) profit-sharing plan (the "Plan") in which all employees are eligible to participate. Employees may contribute up to the lesser of 90% of their eligible compensation or the applicable Internal Revenue Service annual contribution limits. Employee contributions are fully vested at all times.

The Plan provides for both Company matching contributions and discretionary contributions, with discretionary contributions determined by the Board. The Company makes matching contributions at a rate of 50% of each employee's contributions, up to 6% of eligible compensation, a matching formula that has been in place since February 2019. Company matching contributions vest at a rate of 25% per year over four years, measured from each employee's hire date.

The Company recorded matching contribution expense of approximately $0.4 million for the three months ended September 30, 2026 and approximately $0.1 million for the three months ended September 30, 2025. The Company recorded matching contribution expense of approximately $0.5 million for the six months ended September 30, 2026 and $0.2 million for the six months ended September 30, 2025.

17. Net Income (Loss) Per Common Share

The Company has common stock and non-voting common stock outstanding. As both classes carry identical economic rights, earnings per share is presented on a combined basis. Basic income (loss) per share is computed using the weighted average number of combined common and non-voting common shares and pre-funded warrants outstanding during the period.

Diluted income (loss) per share includes potentially dilutive instruments, including restricted stock units, restricted stock awards, and shares issuable upon conversion of the Series A Convertible Preferred Stock, when their inclusion would be dilutive. For periods in which the Company reports a net loss available to common stockholders, all potentially dilutive instruments are excluded from the diluted share count as their inclusion would reduce the loss per share.

For the three and six months ended September 30, 2025, the accretion of the Operating Subsidiary's Preferred Units to their maximum redemption value is reflected as a reduction in net income (or increase in net loss) available to common and non-voting common stockholders in the computation of basic and diluted earnings per share, consistent with the two-class method requirements under ASC 260. The Preferred Units were fully redeemed on March 31, 2026 and, accordingly, no such accretion is reflected for the six months ended September 30, 2026. For the six months ended

September 30, 2026, net income (loss) available to common and non-voting common stockholders reflects a reduction for cumulative paid-in-kind dividends accrued on the Series A Convertible Preferred Stock. Refer to Note 13 – Temporary Equity for additional information regarding the Preferred Units and the Series A Convertible Preferred Stock.

The following table presents the computation of basic and diluted net income (loss) per share for the three and six months ended September 30, 2026 and 2025 (in thousands, except per share amounts):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Consolidated net income (loss)	$ (4,047)	$ 834	$ (4,010)	$ 136
Less: Accretion to dividends of Preferred Units	—	(18,183)	—	(18,183)
Less: PIK dividends on Series A Convertible Preferred Stock	(998)	—	(1,984)	—
Net loss available to holders of common stock and non-voting common stock	$ (5,045)	$ (17,349)	$ (5,994)	$ (18,047)
Denominator:				
Weighted average shares outstanding of common stock and non-voting common stock	34,414	19,412	34,389	19,390
Pre-funded warrants and other equivalents (1)				
Weighted average shares outstanding - diluted	34,414	19,412	34,389	19,390
Net loss per share of common stock and non-voting common stock—basic and diluted	$ (0.15)	$ (0.89)	$ (0.17)	$ (0.93)

(1) For the three and six months ended September 30, 2026 and 2025, all potentially dilutive instruments were excluded from the diluted share count as their inclusion would be anti-dilutive given the net loss available to common stockholders in each period.

The following table summarizes the potentially dilutive securities excluded from the diluted share calculation for each period presented:

	September 30,	
	2026	2025
Restricted stock units	680,124	1,092,600
Performance restricted stock units	34,660	34,660
Restricted stock awards	404,124	—
Series A Redeemable Preferred Stock	16,396,712	—
Total potentially dilutive securities excluded	17,515,620	1,127,260

18. Segment Information

Segment Structure

The Company operates as a single reportable segment encompassing the development, manufacture, sale, and rental of turbine energy systems and their related parts and services. This determination is consistent with how the Company's Chief Executive Officer (the "CODM") evaluates performance and allocates resources on a consolidated basis.

The CODM assesses segment performance using consolidated net income (loss) on a GAAP basis, consistent with the basis of presentation in these financial statements. This measure is compared against prior periods and forecasted results to support operational decision-making, cost management, and business expansion initiatives. The CODM does not evaluate the segment using asset or liability information, and there are no intersegment sales or transfers within the consolidated entity.

Segment Profit or Loss and Reconciliation to Consolidated Statements of Operations

The following table presents reported segment revenue, gross profit, significant segment expenses regularly provided to the CODM, and a reconciliation to consolidated net income (loss) (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Revenue, net:	$ 22,424	$ 28,385	$ 47,347	$ 56,256
Less:				
Cost of goods sold	17,423	19,423	33,586	39,730
Gross profit	5,001	8,962	13,761	16,526
Less:				
Research and development	1,126	809	2,347	1,624
Selling, general & administrative expenses	6,550	5,361	12,813	11,177
Non-recurring expenses (1)	751	1,433	1,060	2,538
Other (income) expense items (2)	621	525	1,551	1,051
Consolidated net income (loss)	$ (4,047)	$ 834	$ (4,010)	$ 136

(1) Non-recurring expenses include costs such as restructuring, financing, shareholder litigation, non-recurring legal, restatement, merger and acquisition activity, and SEC investigation.
(2) Other segment items included in segment (income) expense include other income (expense), interest expense, interest income and income tax expense.

19. Supplemental Balance Sheet Information

Prepaid Expenses and Other Assets

As of September 30, 2026, the Company had $1.9 million of royalty-related assets remaining recorded within the "Prepaid expenses and other current assets" and "Other assets" line items on the accompanying Condensed Consolidated Balance Sheets. The assets are being amortized over a 15-year period through September 2033 using an effective royalty rate.

A 15-year amortization period is the minimum expected life cycle of the current generation of products. The effective royalty rate is calculated as the prepaid royalty settlement divided by total projected turbine system units over the 15-year amortization period. On a quarterly basis, the Company performs a re-forecast of turbine system unit shipments to determine if an adjustment to the effective royalty rate is necessary and accordingly whether an impairment exists. The Company determined an impairment did not exist as of September 30, 2026, or March 31, 2026.

The current and long-term portions of prepaid royalties and prepaid and other assets were as follows (in thousands):

	September 30, 2026	March 31, 2026
Other royalty-related current assets	$ 150	$ 150
Other royalty-related noncurrent assets	1,786	1,878
Total royalty-related assets	$ 1,936	$ 2,028
Prepaid insurance current asset	435	167
Prepaid insurance noncurrent asset	234	298
Total prepaid insurance	$ 669	$ 465
Deposits current asset	217	187
Deposits noncurrent asset	810	456
Total deposits	$ 1,027	$ 643
Prepaid vendor inventory	1,011	1,534
Prepaid taxes	734	965
Other current assets	567	544
Lease receivable, current	388	377
Lease receivable, noncurrent	1,779	1,868
Total Prepaid expenses, other current assets and other assets	$ 8,111	$ 8,424

Accrued Expenses

Accrued Expenses consisted of the following (in thousands):

	September 30, 2026	March 31, 2026
Accrued salaries and employee benefits	$ 1,611	$ 2,037
Accrued bonus	1,090	1,850
Accrued professional fees	602	1,415
Inventory - related accruals	72	72
Accrued interest	460	438
Service claims and utilities	145	213
Sales tax payable	134	568
Other accrued expenses	153	436
Total accrued expenses	$ 4,267	$ 7,029

20. Subsequent Events

Refinancing of Exit Notes.

On November 16, 2026, the Company entered into the 2026 Note Purchase Agreement with Monarch, a related party, which provides for the issuance of $25 million aggregate principal amount of senior secured notes maturing three years from the Closing Date. The Company used the net proceeds to repay in full the Exit Notes, which were scheduled to mature on December 7, 2026. See Note 11 – Debt and Note 12 – Commitments and Contingencies – Related Party Transactions.

The Company evaluated subsequent events through the date of issuance of these financial statements and determined that, other than as described above, no events occurred that require recognition or disclosure.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and notes thereto included in this Form 10-Q and the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for our fiscal year ended March 31, 2026 ("Fiscal 2026") and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2026. All dollar amounts in this Management's Discussion and Analysis of Financial Condition and Results of Operations are approximate.

All references in this Quarterly Report on Form 10-Q to "the Company," "we," "us," "our," or "Capstone" are to Capstone Energy+, Inc. and its consolidated subsidiaries as of September 30, 2026, and March 31, 2026, and for the three and six months ended September 30, 2026 and 2025.

Special Note Regarding Forward-Looking Statements

This Form 10-Q contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act and the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). All statements other than statements of historical facts are forward-looking statements. These include statements that are based on current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "strives," "potential," "predict," "may," "will," "might," "could," "intend," "assumes" and variations of such words and similar expressions are intended to identify forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are subject to risks, uncertainties, and assumptions that are difficult to predict, including, among others:

- our ability to execute on our evolving business model and strategy, including our ability to diversify and expand into the market for artificial intelligence ("AI") solutions and data centers;

- our limited experience with respect to new markets we are entering, including the market for data centers;
- the significant risks related to our substantial indebtedness and our long-term liquidity requirements;
- risks related to our history of net losses and ability to raise additional capital and fund future operating requirements and expansion opportunities into the AI market;
- our ability to retain key personnel; and
- other risks and uncertainties discussed in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for Fiscal 2026.

Furthermore, new risks may emerge in the future and it is not possible for us to predict all risks, nor can we assess the impact of all factors on the business or the extent to which any factor, or combination of factors, may cause actual results, performance or achievement to differ materially from those contained in any forward-looking statements. Forward-looking statements speak only as of the date of this Form 10-Q. Except as expressly required under federal securities laws and the rules and regulations of the Securities and Exchange Commission (the "SEC"), we do not have any obligation, and do not undertake, to update any forward-looking statements to reflect events or circumstances arising after the date of this Form 10-Q, whether as a result of new information or future events or otherwise. Readers should not place undue reliance on the forward-looking statements included in this Form 10-Q or that may be made elsewhere from time to time by us, or on our behalf. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

Overview

We believe demand for resilient, on-site power generation is accelerating, driven in large part by the energy needs of AI infrastructure and data centers. Our turbine-based energy solutions are designed to help commercial, industrial, and utility customers meet this demand while balancing resiliency, affordability, and sustainability which are the "Energy Trilemma" facing the market today.

Our offerings include stationary distributed power generation systems and distribution networks, including cogeneration applications such as combined heat and power ("CHP"), integrated combined heat and power ("ICHP"), and combined cooling, heat and power ("CCHP"), as well as solutions for renewable energy, natural resources, and critical power supply applications, including data centers, station power, and ports.

We remain a market leader in turbine energy systems based on the number of turbines sold annually and our total installed base. While power purchased from the electric utility grid is generally less costly than power produced by distributed generation technologies operating in simple-cycle mode, utilities may also impose interconnection costs and other fees. When waste heat recovery is incorporated through CHP or CCHP configurations, the overall economic benefits of turbine systems improve significantly. In addition, our turbines provide highly efficient, low-emission, and resilient power generation, producing thermal energy with a lower carbon footprint. These benefits may be enhanced when fuel costs are favorable, when grid interconnection is costly or impractical, such as in remote locations or where new grid services are required, where reliability and power quality are critical, including data center, station power, and port operations, or in situations where peak shaving may be economically advantageous due to highly variable electricity prices.

Our turbines are inverter-based technologies that can be integrated with other distributed energy resources to form microgrids, also referred to as distribution networks, within a defined geographic area, providing power to one or more facilities. Because turbines are capable of operating on multiple fuel sources and delivering reliable on-site power, we believe they support customer objectives related to resiliency, sustainability, and affordability across data center, station power, and port applications. We also believe our products and services provide greater operational flexibility compared to certain alternative technologies, such as reciprocating engines. We continue to evaluate energy conversion technologies at the lower end of the distributed power spectrum.

We serve customers across energy efficiency, natural resources, renewable energy, critical power, microgrid power, data centers, station power, and port applications. The microgrid market is driven by electrification demand and the need for resilient, on-site power solutions. The renewable energy market is fueled by landfill gas, biodiesel and biogas from sources such as food processing, agricultural waste and livestock manure. Product sales in the oil and gas and other natural resources markets are driven by our turbines' reliability, emissions profile and ease of installation. Data center, station power, and port customers require highly reliable, low-emission, and scalable power solutions to support continuous operations, grid constraints, and critical infrastructure requirements.

Given the continued volatility of the oil and gas market, our business strategy is to continue diversification across the microgrid energy efficiency, critical power, including data centers, station power, and ports, and renewable energy markets.

As part of our diversification strategy, we have begun to utilize our microgrid solutions in a reference design package for AI and Data Center infrastructure. On October 21, 2025, we released a press release announcing that we have developed a new 800-volt direct-current ("VDC") turbine to support NVIDIA's new AI Infrastructure requirements. We plan to provide power and cooling solutions as an engineered "behind-the-meter" equipment package for the next generation of AI factories. This initiative is in the early stages of commercialization, and there can be no assurance regarding market adoption, customer demand, or revenue generation. Refer to Risk Factors in Part II, Item 1A of this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended March 31, 2026 for further discussion of the risks and uncertainties associated with this emerging market opportunity.

We continue to focus on product development informed by customer requirements, increasing brand awareness, and expanding distribution channels through a diversified network of strategic partners. We prioritize products and solutions designed to support repeatable revenue opportunities and larger transaction sizes, rather than discrete projects for niche markets. We also closely monitor operating expenses and seek to improve manufacturing efficiency, reduce direct material costs, and increase average selling prices. Key factors that we believe influence operating performance include average selling prices, direct material costs, order flow, cash utilization, and growth in the EaaS business.

We believe that effective execution in each of these key areas will be necessary to leverage our promising technology and early market leadership into achieving positive cash flow with growing market presence and improving financial performance.

We currently occupy warehouse and office space in Costa Mesa, California and office space and a production facility in Van Nuys, California with a production capacity of approximately 2,000 units per year, depending on product mix.

During the three months ended September 30, 2026, we had a net loss of $4.0 million, paid-in-kind dividends accrued on the Series A Convertible Preferred Stock of $1.0 million, basic and diluted net loss per share of $0.15, compared to net income of $0.8 million, accretion of dividends of Preferred Units of $18.2 million, and basic and diluted net loss per share of $0.89 during the three months ended September 30, 2025. The $4.8 million decline in net income was primarily due to a $4.0 million decrease in gross profit, resulting from lower rental revenue and higher services claims compared to the prior year, $0.8 million of higher total operating expenses and a $0.5 million decrease in other income, partially offset by improved margin mix from higher-margin turbine system sales, a $0.2 million increase in interest income and a $0.3 million decrease in interest expense as compared to the three months ended September 30, 2025.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our Condensed Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these Condensed Consolidated Financial Statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, and expenses and related disclosures of contingent liabilities. On an ongoing basis, we evaluate our estimates, including but not limited to those related to credit losses, inventories, warranty obligations, and stock-based compensation. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We consider an accounting estimate to be critical if: (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

Item 7 of our Annual Report on Form 10-K for the fiscal year ended March 31, 2026 describes the significant accounting estimates used in the preparation of our Condensed Consolidated Financial Statements.

Results of Operations

Three Months Ended September 30, 2026 and 2025

Revenue. The following table summarizes our revenue by geographic markets (in millions):

	Three Months Ended September 30,	
	2026	2025
United States and Canada	$ 15.5	$ 21.6
Europe	1.1	3.9
Latin America	4.4	1.6
Asia and Australia	1.3	1.2
Middle East and Africa	0.1	0.1
Total Revenue	$ 22.4	$ 28.4

Revenue for the three months ended September 30, 2026 decreased $6.0 million to $22.4 million, from $28.4 million for the three months ended September 30, 2025. The decreases in the United States, Canada, and Europe were due to fewer turbine deliveries for projects in those regions and lower rental utilization during the three months ended September 30, 2026. The increases in Latin America, Asia and Australia were driven by higher demand for turbine product and parts, including higher product sales via our international distributors to customers in Chile and Mexico.

The following table summarizes our revenue by category (revenue amount in millions):

	Three Months Ended September 30,					
	2026			2025		
	Revenue	Megawatts	Units	Revenue	Megawatts	Units
Turbine Product	$ 11.7	7.8	17	$ 16.0	11.1	27
Accessories	0.2			0.1		
Total Product and Accessories	11.9			16.1		
Parts and services	8.7			7.9		
Rentals	1.8			4.4		
Total Revenue	$ 22.4			$ 28.4		

Revenue from turbine products and accessories is inherently variable from period to period, as it is driven by the timing of large customer orders, project milestones, and shipment schedules. For the three months ended September 30, 2026 revenue decreased $4.2 million, or 26%, to $11.9 million from $16.1 million for the three months ended September 30, 2025, driven primarily by this order-timing variability. Average revenue per unit shipped was approximately $0.7 million during the three months ended September 30, 2026 and approximately $0.6 million during the three months ended September 30, 2025. Revenue per unit is driven by the mix of turbine configurations sold.

Parts and services revenue was $8.7 million for the three months ended September 30, 2026, improved from $7.9 million for the three months ended September 30, 2025, driven by continued growth in our customer base from our territory direct sales.

Rentals revenue for the three months ended September 30, 2026 decreased $2.6 million, or 59%, to $1.8 million from $4.4 million for the three months ended September 30, 2025. The decrease was mainly driven by lower rental utilization due to uncertainty around oil prices from geopolitical events in the Middle East.

Sales to MT Cogeneration, DTC Soluciones SA de CV (“DTC”), Horizon Power Systems (“Horizon”) and E-Finity Distributed Generation (“E-Finity”) accounted for approximately 19%, 17%, 17% and 11% of total revenue for the three months ended September 30, 2026, respectively.

Gross Profit. Gross profit was $5.0 million, or 22% of revenue, for the three months ended September 30, 2026, compared to a gross profit of $9.0 million, or 32% of revenue, for the three months ended September 30, 2025. The decrease was primarily attributable to lower rental revenue and lower parts and services margin, driven by higher service costs resulting from the timing of Service Contract order-claim accruals. These decreases were partially offset by improved gross profit from product and accessories sales and DSS revenue.

The following table summarizes our gross profit (in millions except percentages):

	Three Months Ended September 30,	
	2026	2025
Gross Profit		
Product and accessories	$ 2.0	$ 2.0
As a percentage of product and accessories revenue	17 %	12 %
Parts and services	$ 2.4	$ 4.7
As a percentage of parts and services revenue	28 %	60 %
Rentals	$ 0.6	$ 2.3
As a percentage of rentals revenue	32 %	52 %
Total gross profit	$ 5.0	$ 9.0
As a percentage of total revenue	22 %	32 %

Product and accessories gross margin improved to 17% during the three months ended September 30, 2026, from a gross margin of 12% during the three months ended September 30, 2025, primarily due to the continued impact of cost reduction programs. Parts and services gross margin decreased to 28% during the three months ended September 30, 2026, compared to 60% during the three months ended September 30, 2025, primarily as a result of higher claims under our Service Contracts and increases in shipments of higher-cost parts for warranty claims. Rental gross margin decreased to 32% for the three months ended September 30, 2026, compared to 52% for the three months ended September 30, 2025, due to lower rental utilization.

Research and Development ("R&D") Expenses. R&D expenses were $1.1 million and $0.8 million during the three months ended September 30, 2026 and 2025, respectively, and were 5% and 3% of revenue for the three months ended September 30, 2026, and 2025, respectively. Higher spend during the three months ended September 30, 2026, was driven by R&D programs for new product development and product enhancements supporting future growth and expansion into new markets.

Selling, General, and Administrative ("SG&A") Expenses. SG&A expenses were $7.3 million and $6.8 million during the three months ended September 30, 2026 and 2025, respectively, and were 33% and 24% of revenue for the three months ended September 30, 2026, and 2025, respectively. Higher SG&A expenses relative to the prior year were driven by increases in headcount to support our territory direct and major growth market sales efforts, NASDAQ initial listing fees, marketing, and consulting and legal fees, partially offset by declines in rent and maintenance costs.

Other Income (expense), net. Other income (expense) was an income of $0.01 million for the three months ended September 30, 2026, compared to income of $0.5 million during the three months ended September 30, 2025. This $0.5 million unfavorable change was primarily attributable to the absence of service income from the Reorganized PrivateCo Services Agreement, which was terminated in connection with the March 2026 PIPE transaction (see Note 15).

Interest Income. Interest income was $0.2 million for the three months ended September 30, 2026, $0.1 million higher than during the three months ended September 30, 2025, driven by higher money market rates and our higher cash balance during the three months ended September 30, 2026 relative to the prior year. Interest income is mainly derived from our money market investment and interest on our sales-type leases.

Interest Expense. Interest expense was $0.9 million and $1.1 million for the three months ended September 30, 2026 and 2025, respectively. Interest expense is mainly attributable to our notes payable.

Six Months Ended September 30, 2026 and 2025

Revenue. The following table summarizes our revenue by geographic markets (in millions):

	Six Months Ended September 30,	
	2026	2025
United States and Canada	$ 33.1	$ 44.7
Europe	2.8	5.9
Latin America	8.3	3.3
Asia and Australia	2.7	2.2
Middle East and Africa	0.4	0.2
Total Revenue	$ 47.3	$ 56.3

Revenue for the six months ended September 30, 2026 decreased $9.0 million to $47.3 million, from $56.3 million for the six months ended September 30, 2025. The decreases in the United States and Canada, and Europe markets were due to fewer turbine deliveries for projects in those regions and lower rental utilization during the six months ended September 30, 2026. The increases in Latin America and Asia and Australia markets were driven by higher demand for turbine product and parts, including higher product sales via our international distributors to customers in Chile and Mexico.

The following table summarizes our revenue by category (revenue amount in millions):

	Six Months Ended September 30,					
	2026			2025		
	Revenue	Megawatts	Units	Revenue	Megawatts	Units
Turbine Product	$ 24.4	19.0	43	$ 31.4	19.6	59
Accessories	0.4			0.4		
Total Product and Accessories	24.8			31.8		
Parts and Services	18.4			15.9		
Rentals	4.1			8.6		
Total Revenue	$ 47.3			$ 56.3		

Revenue from turbine products and accessories is inherently variable from period to period, as it is driven by the timing of large customer orders, project milestones, and shipment schedules. For the six months ended September 30, 2026 revenue decreased $7.0 million, or 22%, to $24.8 million from $31.8 million for the six months ended September 30, 2025, driven primarily by this order-timing variability. Average revenue per unit shipped was approximately $0.6 million during the six months ended September 30, 2026 and approximately $0.5 million during the six months ended September 30, 2025. Revenue per unit is driven by the mix of turbine configurations sold.

Parts and services revenue was $18.4 million for the six months ended September 30, 2026, improved from $15.9 million for the six months ended September 30, 2025, driven by continued growth in our customer base.

Rentals revenue for six months ended September 30, 2026 decreased $4.5 million, or 52%, to $4.1 million from $8.6 million for the six months ended September 30, 2025. The decrease was mainly driven by lower rental utilization due to uncertainty around oil prices from geopolitical events in the Middle East.

Sales to Horizon Power Systems, E-Finity and DTC accounted for approximately 29%, 12% and 12% of total revenue for the six months ended September 30, 2026, respectively.

Gross Profit. Gross profit was $13.8 million, or 29% of revenue, for the six months ended September 30, 2026, compared to a gross profit of $16.5 million, or 29% of revenue, for the six months ended September 30, 2025. Lower Parts and services gross profit resulted from higher service costs associated with Service Contract claims and warranty-related activity. Lower rentals gross profit was due to decreased rental fleet utilization and the June 2026 fleet reduction. These decreases were partially offset by improved product margins, and distributor services revenue.

The following table summarizes our gross profit (in millions except percentages):

	Six Months Ended September 30,	
	2026	2025
Gross Profit		
Product and accessories	$ 6.3	$ 3.2
As a percentage of product and accessories revenue	25 %	10 %
Parts and services	$ 6.2	$ 8.8
As a percentage of parts and services revenue	34 %	56 %
Rentals	$ 1.3	$ 4.5
As a percentage of rentals revenue	32 %	52 %
Total gross profit	$ 13.8	$ 16.5
As a percentage of total revenue	29 %	29 %

Product and accessories gross margin improved to 25% during the six months ended September 30, 2026, from a gross margin of 10% during the six months ended September 30, 2025, primarily due to the sale of previously rented units, a more favorable product mix, and the continued impact of cost reduction programs. Parts and services gross margin decreased to 34% during the six months ended September 30, 2026, compared to 56% during the six months ended September 30, 2025, primarily as a result of higher claims under our Service Contracts, increases in shipments of higher-cost parts for warranty claims, and the impact of claim accrual timing. Rental gross margin decreased to 32% for the six months ended September 30, 2026, compared to 52% for the six months ended September 30, 2025, due to lower rental utilization and the reduction in the rental fleet.

Research and Development ("R&D") Expenses. R&D expenses were $2.3 million and $1.6 million during the six months ended September 30, 2026 and 2025, respectively, and were 5% and 3% of revenue for the six months ended September 30, 2026, and 2025, respectively. Higher spend during the six months ended September 30, 2026, was driven by R&D programs for new product development and product enhancements supporting future growth and expansion into new markets.

Selling, General, and Administrative ("SG&A") Expenses. SG&A expenses were $13.9 million and $13.7 million during the six months ended September 30, 2026 and 2025, respectively, and were 29% and 24% of revenue for the six months ended September 30, 2026, and 2025, respectively. Higher SG&A expenses relative to the prior year were driven by new hires to support our territory direct and major growth market sales efforts, NASDAQ initial listing fees, and higher consulting, marketing, intangibles, and legal fees, partially offset by decreases in bad debt, rent, maintenance cost, and lower non-recurring legal and accounting costs related to the acquisition of Cal Microturbine in the prior year period.

Other Income (expense), net. Other income (expense) was an expense of $0.2 million for the six months ended September 30, 2026, compared to income of $1.0 million during the six months ended September 30, 2025. This $1.2 million unfavorable change was primarily attributable to the absence of service income from the Reorganized PrivateCo Services Agreement, which was terminated in connection with the March 2026 PIPE transaction (see Note 15), and a settlement recorded in the current-year period related to a matter with a third-party vendor.

Interest Income. Interest income was $0.4 million for the six months ended September 30, 2026, $0.3 million higher than during the six months ended September 30, 2025, driven by higher money market rates and our higher cash balance during the six months ended September 30, 2026 relative to the prior year. Interest income is mainly derived from our money market investment and interest on our sales-type leases.

Interest Expense. Interest expense was $1.7 million and $2.1 million for the six months ended September 30, 2026 and 2025, respectively. Interest expense is mainly attributable to our notes payable.

Liquidity and Capital Resources

Cash Flows

Our cash requirements depend on many factors, including the execution of our business strategy and plan. Our cash and restricted cash balance decreased $4.4 million during the six months ended September 30, 2026, compared to a decrease in cash and restricted cash balance of $1.0 million during the six months ended September 30, 2025. The decrease

in the current period was primarily driven by investing activities, including purchases of property and equipment and payments of deferred acquisition costs related to the Cal Microturbine acquisition. Operating activities used approximately $0.9 million and financing activities used $0.9 million, consisting primarily of finance lease payments and treasury stock activity.

Operating Activities. Net cash used in operating activities was $0.9 million for the six months ended September 30, 2026, compared to $1.0 million for the six months ended September 30, 2025. Our net loss of $4.0 million for the six months ended September 30, 2026 included $7.9 million of charges that did not require a cash outlay during the period, including $3.5 million related to rental assets sold during the first quarter, $2.2 million of depreciation and amortization, $1.0 million of non-cash lease expense and $0.8 million of stock-based compensation. The net use of cash for the period was driven primarily by payments to suppliers, which exceeded new purchases on credit and reduced accounts payable by $4.6 million. We also paid $2.9 million more in accrued obligations, including Fiscal 2026 bonuses, than we accrued during the period, and used $1.1 million of cash for net inventory purchases, including long-lead-time materials to support future orders. These uses were partially offset by customer advance payments received in excess of revenue recognized of $1.3 million, collections from customers in excess of billings of $1.6 million, and $1.4 million of service contract claim costs recognized but not yet paid at period end.

During the six months ended September 30, 2025, net cash used by operating activities was $1.0 million, consisting of a net income for the period of $0.1 million and changes in operating assets and liabilities of $7.0 million, partially offset by non-cash adjustments, primarily depreciation and amortization, non-cash lease expense, stock based compensation, paid-in-kind interest expense, provision for credit losses and inventory write-down totaling $5.9 million.

The following is a summary of the significant sources (uses) of cash from operating activities (in millions):

	Six Months Ended September 30,	
	2026	2025
Net income (loss)	$ (4.0)	$ 0.1
Non-cash operating activities (1)	7.9	5.9
Changes in operating assets and liabilities:		
Accounts receivable	1.6	(9.3)
Inventories	(1.1)	—
Lease receivable	0.1	0.3
Accounts payable	(4.6)	5.4
Accrued expenses	(1.8)	(0.3)
Operating lease liability, net	(0.6)	(1.6)
Prepaid expenses, other current assets and other assets	0.2	—
Deposits	3.2	—
Factory protection plan liability	1.4	0.8
Other changes in operating assets and liabilities	(3.2)	(2.3)
Net cash used in operating activities	$ (0.9)	$ (1.0)

(1) Represents $3.5 million related to rental assets sold during the first quarter, depreciation and amortization, non-cash lease expenses, stock-based compensation expense, and inventory, warranty and credit loss provisions.

Investing Activities. Net cash used in investing activities was $2.7 million during the six months ended September 30, 2026 and was primarily due to payments of deferred acquisition costs, and higher spend on fixed assets to support operations and future business growth. Net cash provided by investing activities was $1.0 million during the six months ended September 30, 2025, and was primarily due to cash acquired in the Cal Microturbine business combinations, partially offset by capital expenditures.

Financing Activities. Net cash used in financing activities was $0.9 million and $1.0 million during the six months ended September 30, 2026 and 2025, respectively. Cash used in financing activities during the six months ended September 30, 2026 was driven by repayment of finance lease obligations of $0.7 million, and $0.2 million related to treasury stock transactions. Net cash used in the six months ended September 30, 2025 reflects the repayment of finance lease obligations of $0.8 million, and $0.2 million related to treasury stock transactions.

Debt. As of September 30, 2026, $25.3 million of Exit Notes were outstanding and scheduled to mature on December 7, 2026. On November 16, 2026, we entered into an agreement with Monarch, a related party, to refinance the

Exit Notes through the issuance of $25.0 million of senior secured notes maturing three years from closing. We used the net proceeds, together with cash on hand, to repay the Exit Notes in full.

The new notes bear interest at Term SOFR (2.00% floor) plus 6.00% for the first two years and 7.50% thereafter, payable in cash. The new notes require us to maintain minimum trailing four-quarter consolidated adjusted EBITDA of $7.9 million and minimum average monthly liquidity of $4.0 million.

Refer to Note 11 – Debt and Note 20 – Subsequent Events in the Notes to unaudited Condensed Consolidated Financial Statements for additional information.

Lease Commitments. Refer to Note 10 – Leases in the Notes to unaudited Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for information related to our leases.

New Accounting Pronouncements. Refer to Note 2 – Basis of Presentation and Significant Accounting Policies – Impact of Recently Issued Accounting Standards in the Notes to unaudited Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for information regarding new accounting standards.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a "smaller reporting company," as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure the information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

In connection with the preparation of this Form 10-Q for the three months ended September 30, 2026, an evaluation was performed under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in and pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our CEO and CFO have concluded that, as of September 30, 2026, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent limitations of Internal Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 12 – Commitments and Contingencies – Legal Proceedings, in the Notes to unaudited Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for information regarding legal proceedings in which we are involved. The Company is from time to time a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. The outcome of litigation is inherently uncertain. If one or more legal matters

were to be resolved against the Company in a reporting period for amounts in excess of management's expectations, the Company's financial condition and operating results for that reporting period could be materially adversely affected.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in the "Risk Factors" section contained in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026, together with the cautionary statement under the caption "Special Note Regarding Forward-Looking Statements" included elsewhere in this Quarterly Report on Form 10-Q. The risks described are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. Except as set forth below, there have been no material changes to our risk factors since the Annual Report on Form 10-K for the fiscal year ended March 31, 2026.

We operate in a highly regulated business environment, and changes in regulation could impose significant costs on us or make our products less economical, thereby affecting demand for our turbines.

Our products are subject to federal, state, local, and foreign laws and regulations, governing, among other things, emissions and occupational health and safety. Regulatory agencies may impose special requirements for the implementation and operation of our products or that may significantly affect or even eliminate some of our target markets. We may incur material costs or liabilities in complying with government regulations. For example, in August 2026, CARB issued an NOV to us alleging violations of California's Distributed Generation Certification Regulation. The NOV states that civil penalties may be assessed at up to $12,940 per day, per violation, but does not specify an aggregate penalty amount. While the amount of any liability resulting from the NOV cannot be determined at this time, such liability could be significant.

In addition, potentially significant expenditures could be required in order to comply with evolving environmental and health and safety laws, regulations, requirements, and approvals that may be adopted or imposed in the future. We can provide no assurances that we will be able to obtain any such approvals in a timely manner, or at all. Non-compliance with applicable regulations could have a material adverse effect on our operating results. Furthermore, our potential utility customers must comply with numerous laws and regulations. The deregulation of the utility industry may also create challenges for our marketing efforts. For example, as part of electric utility deregulation, federal, state, and local governmental authorities may impose transitional charges or exit fees, which would make it less economical for some potential customers to switch to our products.

Concerns regarding climate change may lead to additional international, national, regional and local legislative and regulatory responses. Various stakeholders, including legislators and regulators, shareholders, and non-governmental organizations, are continuing to look for ways to reduce greenhouse gas emissions. Increased input costs, such as fuel, utility, transportation, and compliance-related costs, could increase our operating costs.

There are uncertainties and risks related to the profitability, safety and regulatory environment of AI that could adversely affect our business and operations.

In order to position ourselves to take advantage of growth opportunities, we have made, and may continue to make, investments, strategic acquisitions, mergers, partnerships, joint ventures and alliances related to AI-infrastructure and data centers that involve significant risks and uncertainties. We only recently began to pursue initiatives in AI related technologies and have not made any sales to AI infrastructure clients. Some of our competitors, including competitors that have significantly greater resources, have already successfully generated revenues from AI business lines. AI technologies and their uses are currently evolving rapidly. If we fail to successfully integrate our products in AI infrastructure or develop new products in response to changes in technology or industry standards or fail to bring product enhancements or new product developments to market quickly enough, our products could rapidly become less competitive or obsolete for use in the development of AI infrastructure. Thus, the future profitability of any AI-related investments is highly uncertain and such investments may adversely affect our business and operations.

Data centers are increasingly scrutinized by federal, state, and local authorities, and have been subject to environmental activists and negative public perception, due to concerns regarding energy consumption, land use, carbon emissions, water usage, environmental impacts, data-sovereignty considerations and national-security-related issues. Regulators may impose new permitting requirements, energy-efficiency standards, carbon-reduction mandates, sustainability reporting rules, or operational restrictions specific to data centers, AI infrastructure, or high-density compute environments. For example, on July 14, 2026, New York State Governor Kathy Hochul signed an executive order barring the construction of new hyperscale data centers using 50 megawatts or more of power for up to one year in the state of

New York. On July 1, 2026, Texas Governor Greg Abbott called for blocking new data center development in rural parts of the state. Further, on November 3, 2026, Gina Hinojosa was elected Governor of Texas. During her campaign, Governor-elect Hinojosa repeatedly called for an immediate statewide moratorium on data center development. She stated that she would halt approvals until the Texas legislature passes legislation that, among other things, gives communities a greater voice in data center siting, protects household utility rates, addresses water usage and ends tax incentives for data centers. We cannot predict whether, when or to what extent any such moratorium, legislation or other restrictions will be enacted or implemented, or how long they would remain in effect. Even without a statewide moratorium, the Texas legislative session beginning in 2027 could bring stricter rules on who pays for grid infrastructure, water use and data center tax incentives.

If we continue to invest in utilizing our products for the development of AI data centers and other AI infrastructure, then any such regulatory developments may significantly impact our business and operations in ways that are difficult to predict. New regulations targeting data centers, at the federal level or by state and local governments, could increase our capital expenditures, delay development and implementation timelines, limit expansion opportunities, or require costly modifications to existing technology. Any such restrictions or new policy initiatives could also limit our opportunities to utilize our systems in AI infrastructure and restrict our ability to expand into the AI market, which may adversely affect our business or limit the economic viability of our strategic diversification initiatives. Given the evolving nature of digital asset and data-center regulation, and the difficulty of predicting the outcomes of ongoing or future governmental actions, we cannot assure you that future regulatory or legislative developments will not have a material adverse effect on our business, prospects, financial condition, or operations. Even in the absence of new regulations or legislation, increased public scrutiny or negative publicity regarding the development and environmental impact of data centers could harm our reputation, which may adversely affect our business, financial condition and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Unregistered Sales of Equity Securities. On May 8, 2026, an investor exercised 1,719,840 pre-funded warrants issued in the November 2025 PIPE on a cashless basis. In addition, during the six months ended September 30, 2026, holders exercised 299,972 pre-funded warrants issued in the March 2026 PIPE. In the aggregate, 2,019,812 pre-funded warrants were exercised on a cashless basis, resulting in the issuance of 2,019,812 shares of common stock. The shares were issued in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act, as the shares were exchanged by the Company exclusively with an existing security holder and no commission or other remuneration was paid or given directly or indirectly for soliciting the exchange. The Company received no proceeds from the cashless exercise. See Note 15 to the unaudited Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

(c) Issuer Purchases of Equity Securities. The following table sets forth information regarding shares of common stock acquired by the Company during the three months ended September 30, 2026. All of the shares shown were withheld from employees to satisfy tax withholding obligations upon the vesting of restricted stock units under the 2023 Plan. The Company does not have a publicly announced share repurchase plan or program.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
July 1, 2026 to July 31, 2026	—	—	—	—
August 1, 2026 to August 31, 2026	—	—	—	—
September 1, 2026 to September 30, 2026	26,469	$5.41	—	—
Total	26,469	$5.41	—	—

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the quarter ended September 30, 2026, none of our directors or officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities to satisfy the affirmative defense conditions of "Rule 10b5-1 trading arrangement" or any "non-Rule 10b5-1 trading arrangement."

Item 6. Exhibits

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of Capstone Green Energy Holdings, Inc. (a)
3.2	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation (b)
3.3	Amended and Restated Bylaws of Capstone Energy+, Inc. (b)
3.4	Certificate of Designation of Series A Convertible Preferred Stock of Capstone Green Energy Holdings, Inc. (c)
19.1*	Insider Trading Policy Amended and Restated as of November 3, 2026
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document
101.SCH*	XBRL Schema Document
101.CAL*	XBRL Calculation Linkbase Document
101.LAB*	XBRL Label Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document
101.DEF*	XBRL Definition Linkbase Document
104*	The cover page from Capstone Energy+, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, formatted in Inline XBRL and contained in Exhibit 101

* Filed herewith
** Furnished herewith

(a) Incorporated by reference to the Company's Current Report on Form 8-K12G3 filed on December 11, 2023 (File No. 001-15957).
(b) Incorporated by reference to the Company's Current Report on Form 8-K filed on April 29, 2026 (File No. 001-15957).
(c) Incorporated by reference to the Company's Current Report on Form 8-K filed on April 1, 2026 (File No. 001-15957).

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SIGNATURES

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 thereunto duly authorized.

CAPSTONE ENERGY+, INC.

By: /s/ JOHN P. MILLER

John P. Miller

Interim Chief Financial Officer

(Duly Authorized Officer and Interim Principal Financial Officer)

Date: November 16, 2026

Exhibit 19.1

CAPSTONE ENERGY+, INC. (“CAPSTONE”)

INSIDER TRADING POLICY

Amended and Restated as of November 3, 2026

Background:

This Policy applies to directors, officers and employees (including consultants) (“Representatives”) of Capstone and of each domestic and foreign subsidiary, partnership, venture or other business association that is controlled by Capstone directly or indirectly (together called the “Company”). This Policy continues to apply after your service with the Company ends until any MNPI you possess has become public or is no longer material.

This Policy is intended to ensure compliance by the Company and its Representatives with all securities laws and regulations in the US, in its states, and in other countries (“Securities Laws”).

For purposes of this Policy and applicable Securities Laws, you are responsible not only for your transactions but also for the transactions of your Family Members (as defined below) and any entities that you influence or control (such as any corporations, partnerships or trusts); you should treat those transactions as if they were your own.

What is the Purpose of this Policy and Securities Laws?

The principle underlying this Policy and Securities Laws is fairness in dealings with other people to maintain confidence in the public markets. This requires that those covered by this Policy not take personal advantage of material nonpublic financial or other information (“MNPI”) that could have an impact on the value of the publicly traded securities to the detriment of others who do not have that same information. MNPI could relate directly to the Company, or it might be information about another publicly traded company that you obtain by virtue of your position with the Company. To trade on any MNPI information, directly or indirectly, is illegal under Securities Laws and a violation of this Policy.

What Happens if this Policy or Securities Laws are Violated?

The Securities and Exchange Commission, the US agency that enforces US Federal Securities Laws to protect against market manipulation (“SEC”) is extremely effective at detecting insider trading and pursuing cases vigorously. Cases have been successfully prosecuted against trading by individuals and their Family Members while in possession of MNPI - including trades made through foreign accounts, trades made by third parties, trades made through a company that the individual controls, and trades made on just a small number of shares.

Legal penalties for violations of Securities Laws may include: (1) imprisonment for up to 20 years; (2) criminal fines of up to $5 million; (3) civil penalties of up to 3 times the profits gained, or losses avoided; (4) prejudgment interest; and (5) private party damages.

In addition, violating this Policy could result in discipline, including termination of your employment for cause – regardless of whether the Policy violation results in a violation of Securities Laws.

How does this Policy Ensure Compliance with Securities Laws?

This Policy governs all transactions that may involve the purchase or sale of publicly traded securities, including Company securities by you, your Family Members and the Company itself.

Your contract with the Company obligates you to maintain any information you might receive while working for the Company as confidential and not use it for any reason other than the business reason for which you received it. You have ethical and legal obligations not to trade in Company securities (or the securities of another firm) while in possession of MNPI.

It is your obligation to understand and comply with this Policy. You must sign and return the Insider Trading Policy Compliance Statement attached as Attachment A when you first receive this Policy and whenever the General Counsel requests. You are strongly encouraged to raise any questions you might have regarding this Policy or your possession of MNPI with the Company's General Counsel prior to executing a trade in Company securities (or the securities of another firm).

What are the Definitions used in this Policy?

"Family Members" are those who reside with you, those who are otherwise subject to your influence, direction or control, such as children or parents, and entities and trusts that such individuals influence or control.

"Insider" is someone who receives MNPI under the expectation of confidentiality.

"MNPI" means information that is both material and nonpublic.

- "Material information" is any information that a reasonable investor would consider important in a decision to buy, sell or hold securities. The information may be positive or negative. Any information that could reasonably be expected to affect the price of the securities is considered material. The public, the media, and the courts may use hindsight in judging what is material.
    - Examples of material information might include financial results, changes to previously announced earnings guidance, significant changes in management, proposed major mergers, acquisitions or divestitures, changes in dividends, a significant financial liquidity problem, a potential restatement or change in auditors, and important business developments such as significant plant closings, major litigation, a government investigation or a significant cybersecurity incident.
- "Nonpublic information" means information that has not yet become publicly available.
    - Anyone possessing MNPI should refrain from trading in the Company's stock (or the securities of another firm) until the material information becomes public, and the market has had an opportunity to absorb and evaluate the information. Information is considered public after the close of trading on the second full trading day following its broad public release. Should you have questions, the

Company's General Counsel can provide guidance around specific public disclosures.

"Reporting Persons" are Capstone directors, Capstone officers designated as "executive officers" for SEC reporting purposes by the Board of Directors, and owners of 10% or more of Company securities.

"Securities" include stock (i.e., common or preferred), bonds, notes or debentures (including convertible debt securities), put and call options or other derivative securities, and other marketable securities of any company.

"Tipping" means passing MNPI onto individuals that do not have a confidential relationship with the Company or do not have a valid reason to be in possession of the information.

- Examples might include you making a recommendation to a friend based on your knowledge of MNPI, or your revealing to others that the Company is working on an acquisition or merger, that the Company had a great, or poor fiscal quarter, or that the Company is contemplating stock buy-back program.
- Tipping can result in the same penalties as illegal trading, even though you did not trade and you did not gain any benefit from the trade.

"Trading" includes:

- Open market purchase or sale of securities.
- Purchase or sale of securities through a broker.
- The exercise of stock options where all or a portion of the acquired stock is sold during the Blackout Period.
- Switching existing balances into or out of the Company stock fund in a savings plan, deferred compensation or deferred fee plan or other benefit plans.
- New cash investments in the dividend reinvestment plan.
- Gifts of stock.

For the avoidance of doubt, "trading" does not include:

- Tax withholding by the Company upon vesting of restricted stock to satisfy applicable tax withholding requirements if such tax withholding is required by the applicable restricted stock plan.
- Regular and matching contributions by the Company or employees of the Company which are used to purchase Company securities pursuant to the employees' advance instructions under an employee stock purchase plan adopted by the Company. However, any change in those advanced instructions – such as electing to participate in the plan, altering instruction regarding the level of withholding or purchase of Company securities under the plan, or making cash contributions to such plan (other than through periodic wage withholding) are not exempt and therefore must comply with this Policy.
- Transfers of stock to or from a trust.
- Transactions that comply with 10b5-1 pre-arranged written plans (discussed below) that have been pre-cleared by the Company's General Counsel.

What is the Policy?

This Policy prohibits the Company and all Representatives from trading on or tipping on MNPI or engaging in other prohibited transactions. It also requires the Company and certain Representatives to refrain from any trading of Company securities during Blackout Periods (discussed below), and to pre-clear any trades involving Company securities in advance with the Company's General Counsel.

No Trading On or Tipping Of MNPI

The Company and all Representatives:

1. May not trade, directly or indirectly through Family Members or other persons or entities, in Capstone securities unless they are sure that they do not possess MNPI.
2. May not disclose any MNPI to others who might use it to trade in the relevant securities or who might pass it along to others who might trade.
3. May not trade, directly or indirectly through Family Members or other persons or entities, in securities of any other firm (including, without limitation, a current or prospective Company customer, supplier, joint venture participant, partner, competitor, or party to a potential corporate development transaction) if they possess any MNPI about that firm, or any MNPI about the Company that could reasonably be expected to affect the price of that firm's securities, which they obtained as an insider, such as in the course of their employment with the Company.
    - Information that is not material to the Company may nevertheless be material to the other firm.

Other Prohibited Transactions

The Company and all Representatives are prohibited from:

1. Short sales of Capstone securities (a sale of securities which are not then owned) and derivative or speculative transactions in Capstone securities.
2. Directly or indirectly buying or selling puts, calls, other derivative securities of Capstone, exchange-traded options, or any other financial instruments that provide the economic equivalent of ownership of any of Capstone's securities or an opportunity, direct or indirect, to profit from any change in the value of Capstone's securities or engaging in any other hedging transaction with respect to Capstone's securities.
3. Using Capstone's securities as collateral in a margin account.
4. Pledging Capstone's securities as collateral for a loan; provided however that the Company may pledge its securities with the advanced approval of the Company's General Counsel and approval of its Board of Directors.

Blackout Periods

The Company and certain of its Representatives shall refrain from trading in Capstone's securities during Blackout Periods - which include Quarterly Blackout Periods and Special Blackout Periods.

1. The Company has established four quarterly blackout periods ("Quarterly Blackout Periods"). Each Quarterly Blackout Period begins on the sixteenth day of the last month of each fiscal quarter (March 16, June 16, September 16, and December 16) and ends after the market closes on the second full trading day following the Company's public release of its

quarterly or annual earnings for that fiscal period. Quarterly Blackout Periods apply, regardless of whether a reminder notice is sent.

Quarterly Blackout Periods apply to:

- Directors, officers and assistant officers of Capstone.
- Members of the Company's Leadership Team.
- All individuals reporting directly to the Company's Chief Financial Officer.
- Employees in the Controller's group who are involved in the preparation of financial statements (to be determined by the Controller).
- Employees with knowledge of financial performance forecasts.
- Investor relations and corporate communications professionals.
- Family Members and any entities that the individuals listed above influence or control.

2. In addition, the Company may, on a case-by-case basis, impose other blackout periods upon notice to the affected people due to a material, non-public business or financial development ("Special Blackout Periods").

Pre-Clearance Of Capstone Securities Transactions

In addition to adhering to the Blackout Periods, directors and officers of the Company and members of the Company's Leadership Team must obtain pre-clearance from the Company's General Counsel before engaging in (i) any transaction noted above as being prohibited during a Blackout Period, (ii) issuing standing instructions or limit orders, or (iii) making gifts in Capstone securities. Those individuals must also obtain pre-approval on behalf of their Family Members and any entities that the individuals listed above influence or control.

- With any request for pre-clearance, you should confirm with the General Counsel that you (i) have reviewed this Policy, and (ii) are not aware of any MNPI about the Company.
- If a proposed transaction (including standing instructions or limit orders) receives pre-clearance, the pre-cleared trade must be executed within five business days of receipt of pre-clearance, unless (i) an exception is granted, or (ii) you become aware of MNPI before the trade is executed - in which case the pre-clearance is void and the trade must not be completed.
- Transactions not executed within the time limit would be subject to pre-clearance . Standing instructions or limit orders not fulfilled within this period must be terminated.
- If a pre-clearance is denied, in addition to refraining from initiating any transaction in Capstone securities, you should refrain from disclosing the denial to others - as the denial of pre-clearance itself could constitute MNPI.

10b5-1 Plans

In addition, an affirmative defense from insider trading liability exists under SEC Rule 10b5-1. To be eligible to rely on this defense, you would need to enter into a qualifying "10b5-1 plan" for trading in Capstone securities.

Any 10b5-1 plan must be entered into at a time when you are not aware of MNPI, and it must be approved in advance by the Company's General Counsel at least five business days prior to your entry into the plan.

If the plan meets the requirements of Rule 10b5-1 and has been approved by the Company's General Counsel, then Capstone securities may be purchased or sold without regard to certain insider trading restrictions. The plan would specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. Once the plan is adopted, you cannot exercise any influence over the number of securities to be traded, the price at which they are to be traded or the date of the trade. You must act in good faith with respect to the plan throughout its duration.

In addition, the following conditions and restrictions apply to 10b5-1 plans:

- Cooling-Off Periods - You cannot trade under the plan until after the applicable cooling-off period has elapsed.
  - For directors and executive officers, the cooling-off period is the later of (i) 90 days after plan adoption or (ii) two business days following the filing of the Company's Form 10-Q or Form 10-K for the fiscal period in which the plan was adopted. In any event, the cooling-off period for directors and executive officers will not exceed 120 days.
  - For all other employees, the cooling-off period is 30 days after plan adoption.
- Required Certifications - At the time of plan adoption, you must certify in writing that:
  - You are not aware of material nonpublic information about the Company or its securities, and
  - You are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5.
- Plan Limitations -
  - No person (other than the Company) may rely on the affirmative defense for more than one single-trade plan during any 12-month period, except as permitted under Rule 10b5-1; and
  - No overlapping plans are permitted, except as specifically permitted under Rule 10b5-1.

You must get written approval from the Company's General Counsel for any modification to or termination of a 10b5-1 plan, and you will be subject to the same cooling-off periods and certification requirements as you are for the adoption of a new plan.

Special Rules

To ensure the Company's compliance with Securities Laws, any transaction it may want to engage in that involves Capstone securities must be first reviewed and approved by the General Counsel and then approved by the Company's Board of Directors (or its duly authorized committee).

In addition, the Company is required to disclose in its quarterly and annual reports certain information regarding Rule 10b5-1 and other trading arrangements adopted, modified, or

terminated by its directors or executive officers. To facilitate compliance with these disclosure obligations:

- The General Counsel or Corporate Secretary must maintain a log of all trading arrangements (including 10b5-1 plans) adopted, modified, or terminated by any director or executive officer, including the date of adoption, modification, or termination and the duration of any such arrangement.
- All directors or executive officers must promptly notify the General Counsel and Corporate Secretary in writing of any adoption, modification, or termination of a trading arrangement, whether or not such arrangement was pre-cleared under this Policy.
- Prior to filing each Form 10-Q and Form 10-K, the General Counsel or Corporate Secretary must confirm with each director and executive officer whether they have adopted, modified, or terminated any trading arrangement during the relevant period.

Other special reporting requirements apply to the purchase or sale of Company securities by directors and executive officers. The Corporate Secretary's office provides guidance on those requirements and will assist those directors and executive officers in preparing and filing the required reports. Notwithstanding, the responsibility for making timely and accurate reports remains with those directors and executive officers. Directors and executive officers must report each transaction in Capstone securities (including under a 10b5-1 plan) to the General Counsel on the day it occurs.

Policy Administration Responsibility

The General Counsel is responsible for the administration and interpretation of this Policy, including:

- Reviewing and approving or denying pre-clearance requests
- Monitoring compliance with Blackout Periods and trading restrictions
- Maintaining records of pre-clearance requests, approvals, and denials
- Maintaining records of trading arrangements subject to Item 408 disclosure requirements
- Designating persons subject to Blackout Periods and pre-clearance requirements
- Imposing Special Blackout Periods, as appropriate
- Investigating potential violations of this Policy and recommending disciplinary action to senior management or the Board of Directors

The General Counsel may delegate any administrative functions to the Corporate Secretary or other appropriate personnel.

ATTACHMENT A

CAPSTONE ENERGY+, INC.
(THE "COMPANY")

INSIDER TRADING POLICY COMPLIANCE STATEMENT

I have carefully reviewed the Company's Insider Trading Policy (the "Policy"), amended and restated as of November 2, 2026, and understand all of the Policy's provisions. I certify that, to the best of my knowledge, I have complied with the Policy since such date (or during my term of employment or service, if it commenced after such date) and that I will continue to adhere to the Policy in the future.

Without limiting the preceding paragraph, I understand that, if I am subject to the Policy's Blackout Periods or pre-clearance requirements, the General Counsel will be required, and will have the discretion, to exercise their judgment in determining whether to (a) approve particular transactions by me in Company securities or my establishment, modification or termination of any 10b5-1 plan or other arrangement for trading in Company securities and (b) subject me to any Special Blackout Period. I also recognize that the General Counsel will be required to analyze and assess any request I may make to establish, modify or terminate any 10b5-1 plan or to engage in a particular transaction in Company securities, based on verifiable information available to the General Counsel at the time of the request and in the context of the Company's intent to preserve its reputation for maintaining the highest legal, business and ethical standards, as well as the Company's obligation to comply with all laws and regulations pertaining to insider trading. I acknowledge and affirm that the General Counsel's determination with regard to any particular transaction, 10b5-1 plan or Special Blackout Period will be made solely on behalf of, and for the benefit of, the Company and further acknowledge and affirm the General Counsel's right to make that determination in the General Counsel's sole discretion. I hereby agree to be bound by, and to accept without objection, any determination of the General Counsel not to permit any 10b5-1 plan or particular transaction or to subject me to any Special Blackout Period.

I realize that failure to observe and comply with all of the provisions contained in the Policy may subject me to disciplinary action by the Company, including discharge. Any capitalized terms used but not defined herein have the meanings given to them in the Policy.

Acknowledged by:

Signature: _____ Date: _____

Print Name: _____

Title: _____

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Vince J. Canino, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Capstone Energy+, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2026

By: /s/ VINCE J. CANINO
Vince J. Canino
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, John P. Miller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Capstone Energy+, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2026

By: /s/ JOHN P. MILLER
John P. Miller
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Capstone Energy+, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Vince J. Canino, as Chief Executive Officer of the Company, and John P. Miller, as Interim Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ VINCE J. CANINO
Vince J. Canino
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ JOHN P. MILLER
John P. Miller
Interim Chief Financial Officer
(Principal Financial Officer)

Date: November 16, 2026