



Capstone Reports Q2 2025 Results: Gross Margin Up to 24.4%; First Acquisition Nears Close

NEW YORK, NY / ACCESS Newswire / August 15, 2025 / – Capstone Holding Corp. (NASDAQ: CAPS) today announced its second quarter 2025 financial results and strategic highlights, including **substantial gross margin expansion** and that it has executed an agreement today that it expects to close in the next 10 days for its **first acquisition**. The acquisition of a Carolina Based Stone Company will **be immediately accretive** and extend the company's reach into the high-growth **Southeast market** and expand Instone's distribution platform.

Q2 2025 results reflect continued execution on the Company's strategy of organic growth, margin expansion, and earnings-accretive acquisitions. The team is focused on delivering on our target of a \$100M revenue run-rate by year-end 2025 or Q1 2026.

- **First Acquisition Nears Close:** The acquisition agreement for a Carolina Based Stone Company has been executed and is expected to close in the next 10 days. It will be **immediately accretive** to both revenue and EBITDA. This strategic transaction strengthens Capstone's market presence in North Carolina — a gateway to the **high-growth Southeast region** — and adds premium brands with strong margin expansion potential to the Company's portfolio.
- **Strong Margin Growth:** Gross margins expanded from 21.4% to 24.4% year-over-year, reflecting both increased sales of owned brands and disciplined cost management. This 310 basis-point margin expansion highlights Capstone's ability to drive profitability. SG&A remains on track at approximately \$8.5 million annualized, supporting the Company's EBITDA growth objectives.
- **Active, Favorable Pipeline:** Multiple additional acquisition targets are under review at attractive 4–6× EBITDA valuations, with 20–45% of each deal's consideration in non-cash consideration. At least one more acquisition is projected to close by year-end 2025, further supporting Capstone's growth pipeline.
- **Flexible Capital Ready:** Capstone has secured an Equity Line of Credit (ELOC) and a convertible note, ensuring acquisition funding is available without reliance on high-interest debt or immediate equity dilution. This funding flexibility positions the Company to pursue earnings-accretive acquisitions that enhance both revenue growth and EBITDA performance.
- **Instone Positioned for Second-Half Upside:** Q3 order volume is expected to rebound as market conditions normalize. Projected late-2025 interest rate cuts could give demand an extra lift. Product rollouts and new territory expansion continue to build momentum.

“It was an exciting quarter for Capstone. We’re advancing our acquisition of a Carolina Based Stone Company — a transaction that will be immediately accretive to revenue and EBITDA — and will expand our footprint into one of the fastest-growing markets in the country,” said **Matthew Lipman, Chief Executive Officer**. “We also grew gross margin to 24.4% from 21.4% a year ago, reflecting increased sales of our owned brands and disciplined cost control. Altogether, we’re executing on both pillars of our strategy: expanding through high-quality, earnings-accretive acquisitions and strengthening profitability.”

Access to Full Materials

Capstone has posted an investor presentation and audio commentary discussing Q1 2025 and its strategic outlook. These materials are available in the Investor Relations section of www.capstoneholdingcorp.com.

About Capstone Holding Corp.

Capstone Holding Corp. (NASDAQ: CAPS) is a diversified platform of building products businesses focused on distribution, brand ownership, and acquisition. Through its Instone subsidiary, Capstone serves 31 U.S. states, offering proprietary stone veneer, hardscape materials, and modular masonry systems. The company’s strategy combines disciplined M&A, operational efficiency, and a growing portfolio of owned brands to build a scalable and durable platform.

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Forward-Looking Statements

This press release contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements relate to future events and performance, including guidance regarding revenue and EBITDA targets, M&A strategy, use of capital, and operating outlook. Actual results may differ materially from those projected due to a range of factors, including but not limited to acquisition timing, macroeconomic conditions, and execution risks. Please review the Company's filings with the SEC for a full discussion of risk factors. Capstone undertakes no obligation to revise forward-looking statements except as required by law.