



Capstone Secures \$3.25 Million to Advance \$15M Accretive Acquisition; Accelerates Progress Toward \$100M Revenue Run-Rate

Follow-on draw affirms investor support for Capstone's growth strategy and reflects the company's disciplined approach to financing accretive acquisitions.

October 27, 2025 — New York, NY — Capstone Holding Corp. (NASDAQ: CAPS), a national building products distribution platform, today announced a \$3.25 million draw from its existing convertible note facility. This new tranche of capital will **support the company's recently signed letter of intent ("LOI") to acquire a multi-location stone distributor with approximately \$15 million in annual revenue. The transaction is expected to be immediately accretive to revenue and EBITDA.**

This financing underscores **strong ongoing investor support and confidence in the company's growth strategy.** It also accelerates Capstone's momentum as the company advances toward its **\$100 million revenue run-rate target for 2026.**

Key Highlights:

- **Funding:** \$3.25 million cash draw under Capstone's existing \$10 million convertible note facility.
- **Terms:** Quarterly cash amortization beginning after 90 days; \$1.10 fixed conversion price.
- **Flexible Capital:** Strengthens Capstone's ability to move decisively on high-quality, accretive acquisitions while preserving balance-sheet strength and flexibility.
- **Disciplined Financing:** Demonstrates Capstone's commitment to prudent, structured capital deployment focused on long-term value creation.
- **Investor Partnership:** Reinforces deep institutional investor confidence in Capstone's M&A strategy and growth trajectory.
- **Acquisition Momentum:** Advances execution of the recently announced LOI to acquire an approximately \$15 million multi-location stone distributor.

"Our investors continue to validate Capstone's disciplined M&A strategy, growth trajectory, and proven track record of execution," said **Matthew Lipman, CEO of Capstone Holding Corp.** "This funding allows us to move quickly when the right opportunity arises while preserving our flexibility and balance-sheet strength."

Capstone's disciplined approach to accessing capital has enabled **four revenue- and EBITDA-accretive acquisitions to date, while driving record revenue and gross margin expansion this year.** As the company continues to pursue acquisitions at attractive valuations, it has also reaffirmed its goal of reaching a \$100 million run-rate revenue target in Q1 2026.

Key terms of the facility include an original issue discount of 8.34%, an interest rate of 7.0% per annum, and a maturity date of July 29, 2026. Subsequent draws are subject to mutual consent. Maintaining a negotiated set of documents under the convertible note facility allows Capstone to efficiently adjust transaction economics as needed. Full details will be available in the company's 8-K filing related to this transaction.

Joseph Gunnar & Co., LLC acted as the exclusive placement agent for this offering.

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.

Investor Contact

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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.

Source: Capstone Holding Corp.