



In Building Products, Scale Pays. Capstone Has the Strategy to Reach It

In building products, size matters. Companies with scale gain real competitive advantages, including pricing power, operational leverage, and geographic reach. Most businesses, though, are too small and fragmented to capture those benefits. They're left with thin margins and slow growth.

Capstone Holding Corp. is bucking that trend. Its strategy is built to unlock the full value of scale. Already one of the industry's most active acquirers, Capstone's steady run of integrations is showing clear results in revenue accretion and stronger margins.

Here's a look at what Capstone has achieved so far — and where it's headed next.

A Proven M&A Playbook

Capstone's strategy is built on a repeatable, data-driven M&A playbook that's already delivering results. Through its Instone business, the company has completed a series of acquisitions, including HHT's stone business, Heller's Stone, Northeast Masonry, and most recently, Carolina Stone. Today, Capstone has a dense distribution network that spans 31 states.

Each acquisition has expanded Capstone's geographic reach and strengthened its control over key supply chains, lowering costs and improving service for customers.

"Our model is simple," said Matt Lipman, CEO of Capstone Holding. "We're finding strategic assets, plugging them into a more efficient distribution backbone, and growing our margins through economies of scale and owned brands."

These moves have accelerated Capstone's progress toward a \$100 million run-rate revenue target — a major milestone in this industry. And it's not just top-line growth: the company also reported 24.4% gross margin expansion in its Q2 results.

Unlocking EBITDA Growth with Owned Brands

A core part of Capstone's growth strategy is its focus on owned and controlled brands. More than half of the company's sales now come from its own lines, including Toro Stone and Pangaea. These products deliver stronger margins and greater control over pricing, quality, and availability.

Take Toro Stone, for instance, developed in partnership with a manufacturer in Mexico. Toro combines cost advantages with design innovation to compete directly with premium natural stone alternatives. This brand-led strategy not only expands margins but also builds a defensible moat as Capstone's portfolio continues to scale.

Operational Efficiency as a Growth Driver

Beyond M&A and brand control, Capstone continues to drive performance through operational efficiency. Its distribution network is built to streamline inventory management, shorten lead times, and reduce logistics costs.

One example: Instone's customer portal, which lets dealers place orders, track shipments, and manage payments in one place. It simplifies the customer experience — and just as importantly, helps Capstone maintain lean working capital.

These examples highlight how Capstone's acquisition engine is anchored in integration discipline and margin-focused execution, ensuring the company's growth remains durable and value-accretive.

Built to Go the Distance

This week, Capstone announced it has signed a non-binding LOI to acquire a multi-location stone distributor with approximately \$15 million in annual revenue. It's yet another accelerator toward its \$100 million run-rate target. If completed, the deal is expected to be immediately accretive to both revenue and EBITDA.

As always, Capstone is approaching growth with the same discipline that's defined its platform to date. The company is now better positioned than ever to capture the advantages that come with scale — and to stand among the few large operators in this expanding industry.

For investors looking for exposure to a sector where scale drives outsized returns, Capstone presents a compelling opportunity.