



Capstone Executes \$2.0 Million Cost Rationalization; CEO Reduces Cash Salary to \$1.00 to Anchor Positive EBITDA Target

Immediate overhead reductions strengthen free cash flow, align management compensation with shareholder equity, and establish clear path to positive EBITDA beginning in Q2 2026.

January 21, 2026 — New York, NY — Capstone Holding Corp. (NASDAQ: CAPS), a national building products distribution platform, today announced **the execution of a cost rationalization program accelerating the Company’s transition to positive free cash flow and EBITDA.**

The initiatives remove approximately **\$2.0 million in annualized corporate overhead expenses**, effective immediately.

“2026 is the year we translate the \$70 million run-rate platform we’ve built into a durable profitability engine,” **said Matthew Lipman, Chief Executive Officer of Capstone.** “By reducing corporate overhead by \$2.0 million, we are immediately positioning the Company for sustainable, cash-generative growth. We have a clear line of sight to a positive EBITDA run-rate.”

Financial Impact

<u>Metric</u>	<u>Impact</u>	<u>Timing</u>
Annualized OpEx Savings	\$2.0 Million	Immediate
OpEx Reduction (Cash)	~\$1.7 Million	FY 2026
CEO Cash Compensation	\$1.00 (Annual)	Effective Immediately
EBITDA Target	Positive Run-Rate	Q2 2026

Key Highlights:

- **\$2.0 Million Annualized Savings:** The Company has eliminated non-core investor relations and consulting expenditures. This results in an immediate ~\$1.7M reduction in operating expenses (OpEx), directly accretive to the bottom line.
- **Executive Compensation Restructuring:** Chief Executive Officer Matthew Lipman has voluntarily reduced his annual base cash salary to \$1.00 for the next year, aligning executive remuneration directly with common shareholder equity appreciation.
- **Significant Positive EBITDA Targeted for Q2 2026:** Management targets these cost reductions to establish a positive Corporate EBITDA run-rate beginning in **Q2 2026**, independent of revenue growth, materially strengthening Capstone’s financial profile against macroeconomic volatility.

“Going forward, our focus is asset efficiency,” Mr. Lipman continued. “We are directing our resources toward the proprietary Instone Inventory Portal, which allows us to optimize supply chains across our 38-state footprint with greater margin efficiency than traditional analog distribution models. **These decisions ensure that as we grow beyond the \$70 million mark, that growth flows to the bottom line rather than to overhead.**”

Financial Guidance & Strategic Outlook

The material impact of these cost reductions will begin to show in the first quarter and become clear in the quarter ending June 30, 2026.

By the first week of February, the Company expects to release an earnings power presentation outlining a range of EBITDA expectations under various macroeconomic assumptions.

About Capstone Holding Corp.

Capstone Holding Corp. (NASDAQ: CAPS) is a national, technology-enabled building products distribution platform optimizing supply chains across 38 U.S. states and Canada. Through its Instone operating platform and inventory portal, the Company aggregates and delivers proprietary stone veneer, hardscape materials, and modular masonry systems. Capstone’s model combines digital infrastructure, owned-inventory logistics, and disciplined acquisitions to drive scalable margin expansion and operating leverage across its growing 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.