



Capstone Positioned to Benefit as Small-Cap Stocks Lead Early 2026 Markets

Investor flows rotate toward small companies with improving earnings; Capstone advances toward EBITDA profitability and scale monetization

February 3, 2026 — New York, NY — Capstone Holding Corp. (NASDAQ: CAPS), a tech-enabled building products distribution platform, today highlighted early-2026 market conditions that reinforce Capstone’s execution strategy and **support continued progress toward sustainable earnings growth.**¹

In January, the Russell 2000 outperformed the S&P 500 for 14 consecutive trading sessions, **affirming analyst expectations of small-cap leadership in 2026.**² Investor flows are rotating toward small companies with improving margins, **putting Capstone in a position of strength as it transitions from platform expansion to monetizing scale.**

“We expect Capstone’s profitability trajectory to become easier for the market to assess as the year progresses,” **said Matthew Lipman, Chief Executive Officer of Capstone.** “Renewed investor interest in small caps is constructive for our strategy. Management is focused on execution, and we believe sustained financial performance will support a re-rating over time.”

Key Highlights:

- **Small-Cap Stocks Outperform:** Analysts expect a profit rebound in small-cap stocks, supported by interest rate cuts and improved policy certainty. Investor flows are expected to rotate from overvalued large-cap stocks to small caps in the new year, supporting continued outperformance of the Russell 2000.
- **Market Tailwinds Lift Capstone:** Capstone is at the nexus of a new demand cycle in building products, a more supportive rate and policy environment, and growing investor interest in small-cap stocks.
- **Profitable Growth Outlook:** Through operating leverage, organic growth, and a strategic focus on high-margin products and services, Capstone is making steady progress toward 10% EBITDA margins and durable, profitable growth.
- **Aligned, Value-Focused Ownership:** High insider ownership aligns leadership with shareholders. Leadership is deeply focused on disciplined capital allocation, earnings growth, and compounding long-term per-share value creation.

¹ https://www.wsj.com/livecoverage/stock-market-today-dow-sp-500-nasdaq-01-23-2026/card/small-caps-are-poised-to-break-their-winning-streak-roZWAgY8cjQXLubCXPw9?gaa_at=eafs&gaa_n=AWEtscqk4xKtK5SKldqNBjbOAdF9choKn6a1XKuxiK6od0-DkNgPi__lj_zf1LqidNY%3D&gaa_ts=697b80c4&gaa_sig=YAFVimpkiTs_vMZ5Tc49aCoMiKm1DT_N2ICLaKcC12UaD_SKhZM8jhPHUgDUCap7bUNEjMAfrQzQjaByomON8g%3D%3D

² <https://finance.yahoo.com/news/riskier-small-caps-seen-outperforming-103000131.html>

- **Proven Execution in Every Environment:** In 2025, Capstone scaled to \$70 million in pro forma revenue and delivered year-over-year gross margin improvement, amid rate and tariff uncertainty. These results demonstrate management’s ability to execute across market cycles.

A challenging inflation and interest-rate environment pressured small-cap earnings in recent years, but conditions began to improve in the second half of 2025. **Profit growth is expected across small-cap stocks in 2026**, with Bank of America’s Jill Carey Hall **predicting 17% earnings growth for small firms**, compared with 14% for large caps.³

Capstone’s profit trajectory is further supported by a forecasted demand cycle in building products. Zonda industry research projects **5.8% repair-and-remodeling growth in 2026 and 8.9% in 2027**, led by large exterior projects — Capstone’s specialty. Together, these macro and industry **tailwinds reinforce the Company’s focus on converting scale into profitable growth.**

“Capstone is on track to establish a positive corporate EBITDA run-rate beginning in the second quarter of 2026, independent of revenue growth,” **Lipman added.** “Against that backdrop, we see a clear set of tailwinds forming across our industry and public markets. We will continue to advance our strategy—focused on asset efficiency and margin expansion—with discipline and confidence.”

Financial Guidance & Strategic Outlook

The material impact of Capstone’s [recent cost reductions](#) will begin to show in the first quarter and become clear in the quarter ending June 30, 2026.

In Q1 2026, 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

Investor Relations

Capstone Holding Corp.

investors@capstoneholdingcorp.com

www.capstoneholdingcorp.com

³ <https://www.bloomberg.com/news/articles/2025-12-15/riskier-small-caps-seen-outperforming-in-2026-on-growth-outlook>

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.