



CAPSTONE HOLDING CORP.

**BUILT TO DELIVER.
POSITIONED TO ACQUIRE.
READY TO SCALE.**

CAPS | Nasdaq
April 2026

Preamble Disclosure & Disclaimer

The following content is completely qualified by the legal disclosures included in the Appendix.

Our goal is to share with you some of our strategic thinking and financial analysis we are using to guide the growth of our business.

The content is in line with our principles of being accountable and transparent with shareholders.

We operate in a hyper dynamic economic environment. That's a fancy way of saying things change quickly. What we are telling you here is based on our estimates and assumptions which are our best guess. We reserve the right to revise our point of view based on new information and changes in the business environment.

Despite an uncertain, dynamic environment, we must plan and make operating and investment decisions. This presentation lays some of that out for your review.

Note: Full legal disclosure included in the Appendix



Agenda

- 📅 **2025 Recap Execution & Growth**
- 🎯 **Capstone Goals for 2026**
 - Key Focus Areas
 - FY 2026 Budget
 - Outlook & Plans
- 📈 **Financial Performance & Reporting**



2025 - Transformational Year At a Glance

March 2025
Nasdaq Uplist

August 2025
Carolina Stone
Acquisition

December 2025
Canadian Stone (CSI)
Acquisition

In 2025, Capstone expanded from a single-subsubsidiary, 4-location distributor to a 9-location platform spanning 38 U.S. states and Canada.

**3 Operating
Subsidiaries**

**1,000+ Active
Customers**

**~ \$68M
Pro Forma
Revenue**



2025 Baseline Expectations and Reality

Factor	Expectation	Year End Outcome
 ● Interest rates	~100 bps of cuts earlier in the year; meaningful demand recovery by mid-year	Below Expectations: Only ~50 bps delivered; cuts came later than forecast, demand recovery pushed to 2026
 ● Tariffs & Trade Policy	Stable import environment; no major policy disruption to building materials	Unforecasted Headwind: Tariff uncertainty drove customer hesitation and project delays across the year
 ● Construction Demand	Organic revenue growth across product lines; improving market tone	Partial – Regional Split: Demand delayed, not cancelled. Southeast outperformed; Northeast & Midwest lagged

2025 Key Operating Accomplishments



Metric	Detail	Key Takeaway
2 Subsidiaries Added	<ul style="list-style-type: none">▶ Carolina Stone acquired Aug 2025▶ CSI acquired Dec 2025	SE entry + Canada market leader NA footprint filling out
+4.5% Revenue YoY	<ul style="list-style-type: none">▶ Growth driven by acquisitions▶ Carolina: 4mo impact (slower season)▶ CSI: 1mo impact (off season)	Acquisition-led growth Organic upside ahead as cycle improves Especially in the South
12.8% Gross Profit Growth	<ul style="list-style-type: none">▶ Sourcing improvement▶ Stronger product mix	Structural gains Not just volume leverage
21.3% → 23% Gross Margin	<ul style="list-style-type: none">▶ Margin expands 170 bps YoY▶ Owned brand mix rising	+170 bps expansion Margin expansion driven by mix, not just volume

2025 M&A Execution

Two Deals. On Time. On Multiple.

Carolina Stone · Aug 2025

~\$11M Revenue

4.7–5.2× EBITDA

- ▶ Southeast entry: Triangle & Charlotte metros
- ▶ Higher-margin install & value-added services

Canadian Stone (CSI) · Dec 2025

~\$15M Revenue

Book Value Purchase

- ▶ Canada market leader — fills out NA footprint
- ▶ Single point of entry for U.S.–Canada coverage



Rapid Integration Playbook

Day 1 ERP deployment at CSI — full visibility from close



Active M&A Pipeline

150+ targets in pipeline; SE & PNW prioritized

New Geographic Profile

4 new locations → 9. Coast to Coast.



38 U.S. States + Canada

From regional operator → North American platform



Carolina Stone – 2 locations

- ▶ Southeast entry: Triangle & Charlotte metros
- ▶ Adds install & value-added services
- ▶ New regional hub for further SE expansion



Canadian Stone Industries (CSI) – 3 locations

- ▶ Canadian market leader — coast to coast
- ▶ California expansion adds West Coast presence
- ▶ Single point of entry for U.S.–Canada coverage

9 locations · 38 U.S. states + Canada · Coast-to-coast coverage

From regional operator → North American building products platform

Operational Wins

Platform built. Playbook proven.



Win	Detail	Impact / Status
● Rapid Integration	Day 1 ERP deployment at CSI; full operational visibility from close	What peers take 60 days is done instantly; repeatable for future acquisitions
● Brand Portfolio	Six premium brands; national + regional coverage; dealer pull-through	Market access across price points; cross-sell driving revenue uplift
● Margin Expansion	21.3% → 23% gross margin YTD; COVID-era inventory fully cleared	Owned-brand mix shift structural, not cyclical; durable margin gains
● M&A Pipeline	150+ targets identified; SE + PNW prioritized; deals at 4–6× EBITDA	Disciplined deployment; SG&A fixed costs held at run-rate
● AI Initiative	External consultants engaged; logistics, inventory, finance, ops focus	AI-powered pricing engine in development; rollout targeted H2 2026

Executing with discipline — positioned to scale in 2026



Capstone Goals for 2026

OUTLOOK & PLANS

2026 “Year of Execution”: Key Focus Areas



New Products

Targeting high-growth segments



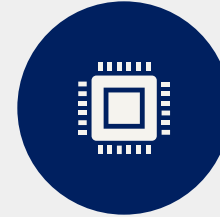
New Geography

Entering PNW and SE markets



Facilities

Consolidating into efficient hubs



AI Transformation

AI transformation in full swing across departments

Clear path to \$100M+ revenue · Margin expansion · Scalable platform · Multiple growth levers

2026 Outlook: How We Enter 2026

Positioned for Scalable Growth

- **Strategic Initiatives Underway:** Executing across operations, new product launches, and geographic expansion
- **Stronger Platform:** Entering 2026 with greater scale, broader geographic reach, and improved platform integration
- **\$100M+ Revenue Path:** Run-rate supported by owned-brand growth, logistics efficiency, and cost discipline
- **Upside Capture:** Platform positioned to capture upside as end-market conditions improve



The Platform Is Built. Now It Pays Off.

FY 2026 Budget



2026

First full year of all three subsidiaries

- Revenue steps from \$46.9M to \$72.1M, **up 54%**
- Gross profit nearly doubles to \$18.7M; margin **expands 300 bps to 26.0%**
- **Adj.EBITDA margin** more than doubles— **from 2.1% to 5.2%** — as integration synergies reach the bottom line

Combined Stone Business

	2025	2026
Net Revenue	46,881	72,072
COGS	36,090	53,326
Gross Profit	10,791	18,746
<i>GP%</i>	<i>23.0%</i>	<i>26.0%</i>
Operating expenses	9,804	14,989
Adj.EBITDA	987	3,757
<i>Adj.EBITDA%</i>	<i>2.1%</i>	<i>5.2%</i>

Greater product breadth and new geography drive results.

2026 Strategic Priorities: New Products

Expand the Brand Lineup — broadest natural & manufactured stone portfolio in North America

New Brand Launches

- **Eldorado Stone** — April 2026 launch
- **Nature's Edge** — Q2 2026 launch
- Direct-to-installer sales channel
- Higher-margin owned brand positioning

CSI Product Pipeline

- **FlexBrick** — thin-brick alternative for interiors
- **Aura Stone** — premium manufactured line
- **Nature's Edge Canada** — cross-border launch
- Leveraging CSI manufacturing for U.S. distribution

Broadest natural & manufactured stone lineup in North America

2 new product lines launching in H1 2026 —request from a team member expanding owned brand revenue mix

2026 Strategic Priorities: New Geography

Expand the Footprint — coast-to-coast coverage by end of 2026

Pacific Northwest Expansion

- NorCal & Pacific Northwest market buildout
- Local sales & operations teams
- Distribution hub establishment
- West Coast coverage gap closure

Southeast Sales Expansion

- Carolina Stone as SE regional hub
- Regional sales force expansion
- White-space mapping for new opportunities
- 10+ locations targeted by year-end

Coast to coast coverage by end of 2026 — 10+ locations targeted

PNW & SE are highest-priority expansion corridors for 2026

2026 Strategic Priorities: Facilities

Optimize & Consolidate — \$480K annual savings identified

The Move: Alsip → Navarre

- Consolidating Alsip, IL facility into Navarre, OH
- Eliminating duplicate overhead & admin costs
- Optimizing freight routes & logistics network
- Improving fixed-cost absorption across volume
- Centralizing inventory management at single hub

Expected Impact

\$480K annual savings

- Rent & overhead elimination — immediate P&L impact
- Freight cost reduction through route optimization
- Better fixed-cost absorption at higher throughput
- Scalable platform for future volume growth

One Midwest facility. One team. One platform.

Consolidation eliminates complexity and positions Navarre as the operational hub for the Midwest region.

2026 Strategic Priorities: AI Transformation



AI Platform Build-Out — Re-creating the company from the ground up, as if it were AI native

Team & Infrastructure

- Dedicated AI team with new hires
- External consultants engaged
- Data architecture & integration layer
- Initial launches in progress

Automation Targets

- **Purchasing** — AI-driven procurement optimization
- **Inventory** — demand forecasting & stock management
- **Routing** — logistics & delivery optimization
- **Finance & Lead Gen** — automation & pipeline

Early Adoption advantage — AI as operating leverage in building products. Not a buzzword.

Targeting measurable cost reduction and margin improvement across 5 operational areas by end of 2026.

2026 Outlook: Planning Assumptions

Key Macro Assumptions

- **Execution-Driven:** Planning assumptions do not rely on a broad macro recovery; growth initiatives remain primarily execution-driven
- **Interest Rates:** Rate environment expected to become more supportive than in 2025
- **Canada Outlook:** Near-term soft conditions; improvement expected in H2
- **Housing & R&R Demand:** Expected to improve gradually rather than rebound sharply
- **Housing Undersupply:** Continued supply deficit supports longer-term sector demand



Capstone: Acquisition Strategy & Pipeline Overview



Pipeline Scale

150+ identified targets; valuations remain attractive at 4–6× EBITDA with realistic seller expectations



Active Engagement

Pipeline active across regional distributors and niche product specialists — relationships being nurtured



Near-Term Focus

Demonstrating earnings power of the integrated platform; transaction timing evaluated as results mature through 2026



Deal Discipline

Every future deal must be accretive, disciplined, and compound per-share value

150+ Targets · 4-6x EBITDA Valuations · Disciplined, Accretive Growth

Acquisition Strategy

FOCUS ON THREE-PRONGED ACQUISITION STRATEGY

Tuck-In Acquisitions | Sister Companies | Platform Acquisitions



Capstone is capitalizing on a favorable deal environment



Attractive Valuations

4-6x EBITDA multiple



Flexible Consideration

20-45% non-cash
structure



Execution Confidence

Pricing and structure in
line with expectations



Performance of **Stone** **Business** FY 2025

Stone Business FY 2025

Overview of Results

Stone Business includes Instone, Carolina Stone as of August 22nd, 2025 and Canadian Stone Industries as of December 1st, 2025

Combined Stone Business Results

(in USD 000) (non-GAAP)	FY 2024	FY 2025
Revenue	44,876	46,881
COGS	35,306	36,090
Gross Profit	9,570	10,791
Gross Profit %	21.3%	23.0%
SG&A⁽¹⁾	8,445	9,804
Operating Income (Loss) / Adjusted EBITDA	1,124	987
Adjusted EBITDA %	2.5%	2.1%
D&A	517	600
Interest expense (income)	1,410	1,561
Other expense (income) ⁽²⁾	68	381
Taxes	-	(48)
Adjusted Net Income⁽³⁾	(871)	(1,507)
Management Fees	640	460
Instone Board Fees	189	163
Stone Business Net Income (non-GAAP)	(1,700)	(2,130)
Class B units preferred return	-	705
Comprehensive Loss	(1,700)	(2,835)

- Note:
- (1) Excluded from SG&A are one-time expenses in FY25: acquisition ERP implementation costs (\$91K), other acquisition related costs (\$94K), legal amendment (\$74K), other non-recurring costs (\$111K) and impairment of goodwill (\$6,200K). Included in SG&A in FY25 is Instone management revenue (\$150K). SG&A in FY24 excludes other non-recurring costs (\$58K).
- (2) Includes one-time costs excluded from SG&A in FY25 and FY24 and a one-time loss on asset disposal (11K).
- (3) Adjusted Net Income excludes (i) management fees and Totalstone (Instone) Board fees



Capstone Corporate Costs



Relatively Fixed:

- FTE, Corporate Acquisition Costs, Legal & Insurance, Board Fees, Other Public Company / Financing Costs.
-



Variable:

- Investor Relations, IR/PR, Marketing. Costs can be adjusted as required.
 - Investor relations expenses of \$1,103K in FY25 are expected to be nonrecurring.
 - Acquisition related expense of \$1,018K in FY25.
-



When valuing the business or asset:

- Corporate Overhead, Capstone and Brookstone management fees and board fees are non-essential to Instone's operations and are excluded when valuing Capstone's core assets, Instone and Carolina Stone.



Capstone Standalone FY 2025

Overview of Results

(in USD 000) (non-GAAP)	FY 2024	FY 2025
Revenue	-	-
COGS	-	-
Gross Profit	-	-
Variable:		
Investor Relations	42	502
Investor Relations - Nonrecurring ⁽¹⁾	-	1,103
Instone Fee - IPO Related Costs	-	150
Financial Services - Nonrecurring ⁽²⁾	201	-
Relatively Fixed:		
Board Fees	144	124
Compensation	112	451
Financial Services	52	570
Other	52	323
SG&A	604	3,223
Operating Income (Loss) / Adjusted EBITDA	(604)	(3,223)
Interest expense (income)	73	2,325
Other expense (income) ⁽³⁾	(240)	958
Capstone Standalone Net Income⁽⁴⁾	(438)	(6,506)

Note:

(1) Investor relations expenses of \$1,103K in FY25 were nonrecurring.

(2) Financial services expenses of \$201K in FY24 were nonrecurring.

(3) Includes one-time expenses in FY25: legal M&A (\$518K), M&A broker and insurance (\$225K), and other acquisition costs (\$275K) and includes Capstone management fee income (\$60K). FY24 includes Capstone management fee income (\$240K)

(4) FY25 excludes increase of deferred tax asset valuation (\$7,224K) and unrealized gain on derivative (\$829K). FY24 excludes deferred tax asset valuation (\$442K).



2026: Positioned For Scalable Growth

Integration Complete. Growth Accelerating.



Rate relief fuels housing and renovation demand.



Integration complete, owned brands scaling, new added.



Platform built. Playbook proven. Built to compound.



Margin expansion from sourcing, logistics, mix.



Platform ready for sustained growth and cash generation.

**Capstone enters 2026
Stronger, Leaner, and
Ready to Scale.**

Key Principals Of Capstone

Our Foundation for Delivering Long-Term Value



TRANSPARENCY

Clear View Into
Performance Builds Trust



ACCOUNTABILITY

Enables Performance
Management And Ownership



ADAPTABILITY

Expect to Update Range Every
Quarter As Year Moves Forward



Appendix

Reconciliation of Non-GAAP Results

(in USD \$000)	FY 2024	FY 2025
Capstone Consolidated Net Income (loss)	(2,579)	(21,936)
<u>Reconciliation to Stone Business Net Income (loss)</u>		
Remove Capstone Expenses		
Deferred tax assets	442	7,224
Interest Expense	73	2,325
Total SG&A Expenses	604	3,223
Other expense (income)	(240)	958
Unrealized gain on derivative	-	(829)
Remove Instone Goodwill impairment		
Impairment of goodwill	-	6,200
Stone Business Net Income (loss)	(1,700)	(2,835)
<u>Instone Adjustments</u>		
Capstone Management Fees	240	60
Brookstone Management Fees	400	400
Instone Board Fees	189	163
Class B units preferred return	-	705
Adjusted Stone Business Net Income (loss)	(871)	(1,507)
Taxes	-	(48)
Interest Expense	1,410	1,561
Other expense (income)	68	381
Adjusted Stone Business Operating Income (loss)	608	387
Depreciation & Amortization	517	600
Adjusted Stone Business EBITDA (loss)	1,124	987

In addition to figures prepared in accordance with GAAP, Capstone from time to time presents alternative non-GAAP performance measures, e.g., EBITDA, adjusted EBITDA, adjusted net profit/loss, adjusted earnings per share, free cash flow. These measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. Alternative performance measures are not subject to GAAP or any other generally accepted accounting principle. Other companies may define these terms in different ways.

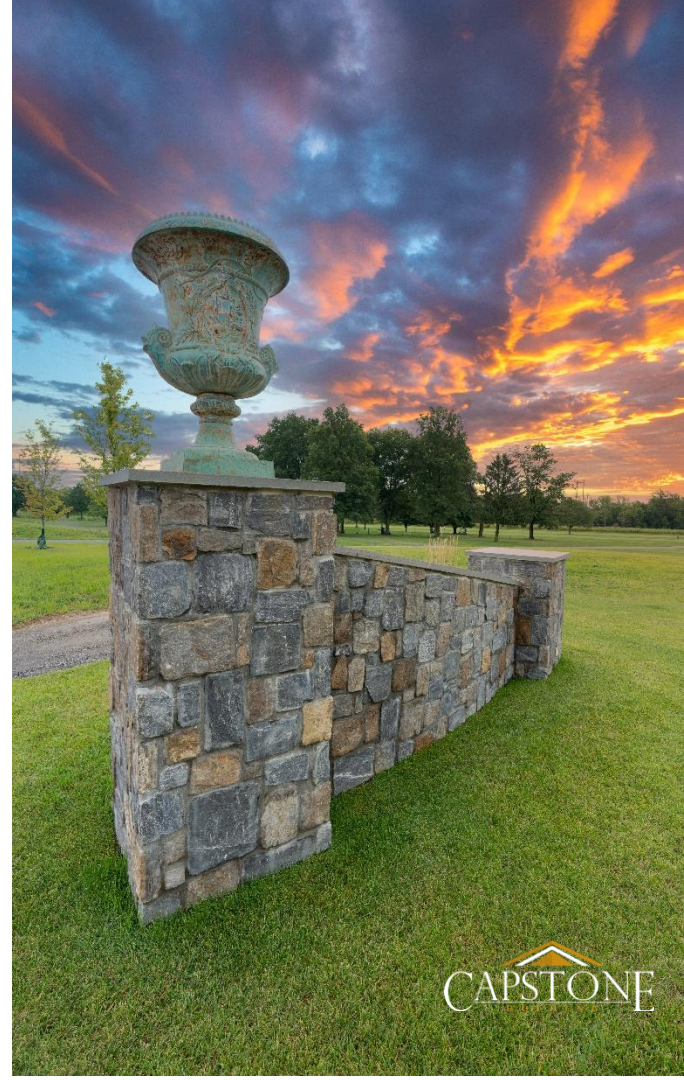


Financial Measures - Non-GAAP

Capstone uses non-GAAP Adjusted EBITDA as a supplemental measure of our performance that is not required by, or presented in accordance with, accounting principles generally accepted in the United States (GAAP). A non-GAAP financial measure is a numerical measure of a company's financial performance that excludes or includes amounts so as to be different from the most directly comparable measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows of a company.

Adjusted Stone Business EBITDA is not a measure of financial performance under GAAP and should not be considered as an alternative to net income (loss), operating income (loss), or any other performance measure derived in accordance with GAAP, or as an alternative to cash flow from operating activities or a measure of our liquidity. Capstone urges investors to review the reconciliation of non-GAAP Adjusted EBITDA to the comparable GAAP Net Income (Loss), which is included in this presentation, and not to rely on any single financial measure to evaluate Capstone's financial performance.

We believe that Adjusted Stone Business EBITDA is a useful performance measure and is used by us to facilitate a comparison of our operating performance on a consistent basis from period-to-period and to provide for a more complete understanding of factors and trends affecting our business than measures under GAAP can provide alone. We define "Adjusted Stone Business EBITDA" as earnings (loss) before interest expense, any income taxes, depreciation and amortization expense, management fees incurred by Instone payable to Capstone and Brookstone, Instone board fees, share-based compensation, change in fair value of contingent consideration, loss on extinguishment of debt and transaction costs.



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Contd...

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