



Capstone Expands D.R. Horton Relationship to 19 Communities and Wins All of a Leading National Homebuilder's Regional Stone Work

Awards drive order volume to its strongest level in two years; new relationship covers 100% of the builder's stone installation work in the region.

NEW YORK--(BUSINESS WIRE)--Capstone Holding Corp. (NASDAQ: CAPS), a tech-enabled building products distribution platform, today announced a series of commercial wins through its Carolina Stone subsidiary, including the **expansion of its D.R. Horton relationship to 19 communities in Raleigh** and a new **leading national homebuilder relationship in Charlotte**, for which Capstone won **all of the builder's regional stone installation work**. The Company also secured a ~\$1 million multifamily project in the Charlotte metropolitan area. The awards have driven order volume to its strongest level in two years.

Revenue from the new awards is expected to begin in the fourth quarter of 2026 and continue through subsequent quarters, adding revenue visibility and opportunities for scope expansion. **The Company expects the awards to strengthen its pipeline and support continued gross margin expansion as it progresses toward its FY2026 financial targets.**

"These wins reflect what we are seeing across the platform: order volume is the strongest it has been in at least two years, and Capstone's organic growth is poised to accelerate," said Matthew Lipman, Chief Executive Officer. "Winning all of a leading homebuilder's regional stone installation work, and deepening our relationship with D.R. Horton, positions us to deliver positive Adjusted EBITDA in the second quarter and to keep expanding gross profit and margins."

The awards build on a first quarter in which **revenue grew 60% year-over-year to \$12.6 million, gross profit increased 124% to \$3.0 million, and gross margin expanded 670 basis points to 23.5%**—the highest first-quarter gross margin in four years.

Key Highlights

- **D.R. Horton Expansion to 19 Communities:** Capstone added 19 D.R. Horton communities in the Raleigh market, deepening its volume with one of the nation's largest homebuilders.
- **New Leading National Homebuilder—All Regional Stone Work:** Capstone secured a new U.S. homebuilder relationship in the Charlotte market and won all of the builder's regional stone installation work, creating a recurring volume base and a path to additional community penetration.
- **~\$1 Million Charlotte Multifamily Project:** Capstone secured a 12-building multifamily development in the Charlotte metropolitan area, with revenue expected to begin in the fourth quarter of 2026 and continue through 2027.

- **Order Volume at a Two-Year High:** The combined awards have driven Capstone’s order volume to its strongest level in two years, building momentum across the commercial pipeline.
- **Margin Expansion Underway:** First-quarter gross margin expanded 670 basis points to 23.5%, the highest first-quarter margin in four years. The Company continues to target 26.0% gross margin in FY2026 and expects positive Adjusted EBITDA in the second quarter.
- **Platform-Wide Sales Momentum:** The awards build on Capstone’s broader commercial expansion, including its [recently awarded Eldorado Stone distribution](#), which targets approximately \$5 million in incremental annualized revenue by the third quarter of 2027.

“Our first-quarter results gave shareholders the clearest signal yet that Capstone’s growth strategy is working,” Lipman added. “As weather conditions normalize and our commercial pipeline strengthens, the quarters ahead are when the full impact of our margin expansion should become evident.”

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.

Non-GAAP Financial Measures

This press release references Adjusted EBITDA, a non-GAAP financial measure. Adjusted EBITDA is not a measure of financial performance under GAAP and should not be considered an alternative to net income (loss) or any other performance measure derived in accordance with GAAP. Adjusted EBITDA may not be comparable to similarly titled measures used by other companies.

The Company defines “Adjusted EBITDA” as earnings (loss) before interest expense, 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.

A reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP measure, for the three months ended March 31, 2026 and 2025 is included in the Company’s first quarter 2026 investor presentation, available in the Investor Relations section of www.capstoneholdingcorp.com.

The Company has not provided a quantitative reconciliation of forward-looking Adjusted EBITDA guidance to forward-looking GAAP net income (loss) because the individual reconciling items — including interest expense, income taxes, depreciation and amortization, share-based compensation, change in fair value of contingent consideration, loss on extinguishment of debt,

and transaction costs — cannot be predicted with reasonable certainty without unreasonable effort. The unavailable reconciling items could have a significant impact on the Company's GAAP results.

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 Adjusted 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 the Company's liquidity and access to capital; its ability to comply with, or obtain waivers of, financial covenants; the refinancing or repayment of indebtedness as it matures; conditions that may raise substantial doubt about the Company's ability to continue as a going concern; acquisition timing and integration; macroeconomic conditions; and other execution risks. Please review the Company's filings with the SEC, including the Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, for a full discussion of these and other risk factors. Capstone undertakes no obligation to revise forward-looking statements except as required by law.

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