



Capstone Converts \$700,000 of Surplus Inventory to Sales Without Discounting Following CSI Acquisition

Day-one integration model turns acquired inventory into full-margin sales; Company expects to report positive Adjusted EBITDA for the second quarter of 2026

NEW YORK--(BUSINESS WIRE)--July 14, 2026--Capstone Holding Corp. (NASDAQ: CAPS), a national, technology-enabled building products distribution platform, today announced that it has **converted \$700,000 of surplus inventory into sales, without discounting**, on one of its largest product lines, within six months of the acquisition of Canadian Stone Industries (CSI). The Company achieved the result by redeploying product to the markets where demand was strongest across its national platform.

Capstone integrates each acquisition from day one, unifying inventory management, purchasing, ordering, and demand planning on a single platform. That integration allows the Company to reduce excess inventory, avoid duplicate purchasing, improve working capital efficiency, and improve product availability for customers. Across its completed acquisitions, these synergies have supported margin expansion and Adjusted EBITDA growth.

The result builds on the Company's May consolidation of its Midwest distribution network, which generated \$500,000 in annualized cost savings and unlocked a separate \$700,000 of working capital. Building products companies that make frequent, material acquisitions have generated total shareholder returns of 9.6%, compared with 2.7% for inactive peers, according to Bain & Company's Global M&A Report.

“Every acquisition has made our platform stronger, not only by adding revenue but by creating lasting operational synergies,” said Matthew Lipman, Chief Executive Officer. “Converting surplus inventory into full-margin sales is our integration model working as designed: better working capital efficiency for the Company and better product availability for our customers. We expect to report positive Adjusted EBITDA for the second quarter of 2026, and we believe this advantage compounds as we continue to scale.”

Key Highlights

- **\$700,000 Inventory Conversion:** Converted \$700,000 of surplus inventory into sales on one of the Company's largest product lines, without discounting, within six months of the CSI acquisition.
- **Positive Adjusted EBITDA Expected for Q2 2026:** The Company expects to report positive Adjusted EBITDA for the second quarter of 2026, a financial milestone.
- **Working Capital and Customer Benefits:** Reduced excess inventory, avoided duplicate purchasing, improved working capital efficiency, and redeployed product to the markets where demand was strongest.
- **Repeatable Integration Model:** The result follows the Company's May consolidation of its Midwest distribution network and reflects the same day-one integration playbook applied across each completed acquisition.

For additional updates, visit Capstone's Investor Relations website at www.capstoneholdingcorp.com.

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 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 the Company's preliminary expectations regarding second quarter 2026 results, guidance regarding revenue and Adjusted EBITDA targets, M&A strategy, use of capital, and operating outlook. The Company's expectations regarding second quarter results are preliminary, remain subject to the completion of the Company's financial closing procedures, and have not been audited or reviewed by the Company's independent registered public accounting firm. 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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