CAPSTONE HOLDING

# CAPSTONE HOLDING CORP.

## PROFITABILITY INFLECTION.
## MARGIN EXPANSION.
## ACCELERATED GROWTH.

CAPS | Nasdaq
August 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.

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.

***Note: Full legal disclosure included in the Appendix***

# Q2 ‘26 Highlights: The Profitability Inflection

## REVENUE

**+67%**

**$12.9M → $21.5M YoY**

*Revenue growth accelerated as peak season began.*

## GROSS PROFIT

**+92%**

**$3.1M → $6.0M YoY**

*Gross profit again outpaced revenue growth; gross margin expands to 27.9%.*

## ADJ. EBITDA (STONE BUSINESS)

**+126%**

**$0.9M → $2.0M YoY**

*Capstone achieved positive Stone Business Adjusted EBITDA and delivered strong quarterly growth.*

## STONE BUSINESS ACHIEVES ADJUSTED EBITDA PROFITABILITY

*In Q1, we guided to a positive Stone Business Adjusted EBITDA run-rate in Q2 2026.* ***Q2 delivered $2.0 million of Adjusted EBITDA (9.4% margin) on record quarterly revenue, as seasonal demand and the fully integrated platform translated scale into profitability.*** *(Stone Business basis, non-GAAP; see appendix for reconciliation.)*

# Q2 Trajectory Supports Full-Year Guidance for Stone Business

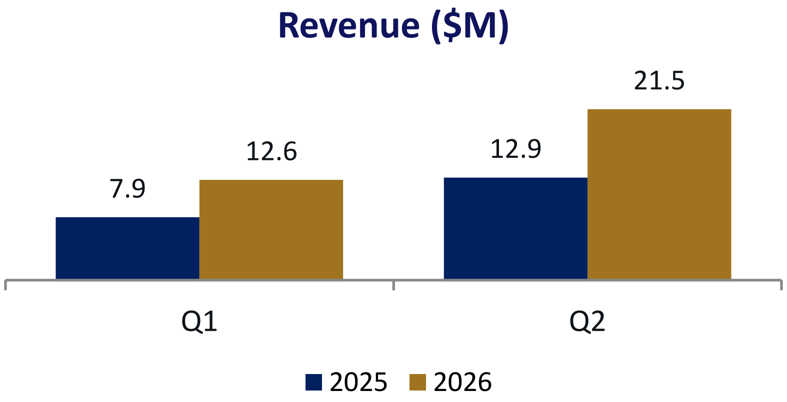
| Metric | Q2 2025 | Q2 2026 | YoY Growth | FY 2026 Guidance |
|---|---|---|---|---|
| **Revenue** | $12.9M | **$21.5M** | **+67%** | **$72.1M** |
| **Gross Profit** | $3.1M | **$6.0M** | **+92%** | **$18.7M** |
| **Gross Margin** | 24.4% | **27.9%** | **+357 bps** | **26.0%** |
| **Adj. EBITDA (Stone Business)** | $0.9M | **$2.0M** | **+126%** | **$3.8M** |
| ***Adj. EBITDA Margin (Stone Business)*** | *6.9%* | ***9.4%*** | - | ***5.2%*** |

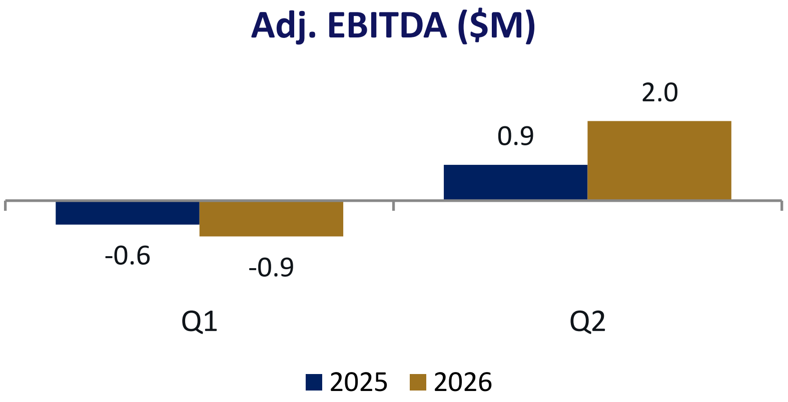
## Q2 STONE BUSINESS DELIVERS ON EXPECTATIONS

***Q2 results for Stone Business delivered on the positive Adjusted EBITDA run-rate Management outlined in the first quarter.*** *The Stone Business reported $2.0 million of Adjusted EBITDA (9.4% margin), 67% revenue growth, and gross margin of 27.9%, and reaffirms FY2026 guidance of $72.1 million in revenue, $18.7 million in gross profit, and $3.8 million in Adjusted EBITDA.*

# Quarterly Performance — 2025 vs. 2026

*Reported quarters, combined, $ in millions. 2026 includes Carolina Stone and CSI (Canada); prior-year quarters are pre-acquisition (Instone).*



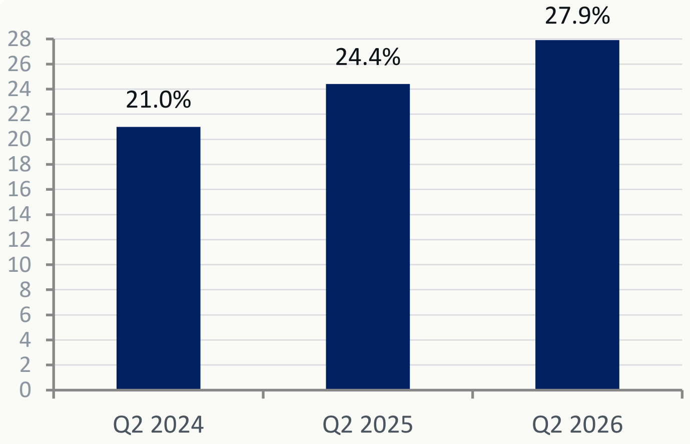

**DEMAND STRENGTHENED AS THE BUSINESS ENTERS ITS PEAK SEASON**

*Q1 reflected the coldest, wettest winter in more than five years.* ***Q2 demonstrated the underlying demand profile of the business:*** *revenue increased 67% to $21.5 million, gross margin expanded to 27.9%, and Adjusted EBITDA improved by $2.9 million sequentially.* ***The business is now in its peak selling season and expects continued growth in the quarters ahead.***

*YoY growth, same-period comparison. Q1 weather data per Q1 2026 presentation (NOAA / Environment Canada).*

# Structural Drivers of Margin Expansion

## GROSS MARGIN TRAJECTORY




## GROWTH LEVERS

### SCALE

Carolina Stone + CSI expanded our footprint, lifting operating leverage on a largely fixed cost base.

### PRODUCT MIX

Higher-margin owned brands, architectural stone, and installation are a growing share of revenue.

### SOURCING

Platform scale drives purchasing power and freight efficiency. The Alsip→Navarre consolidation adds ~$240K of savings in H2 (~$480K run-rate).

### AI EFFICIENCIES

AI operating system live since April 7: automating forecasting, procurement, routing, and inventory across supply chain and finance.

### BEST Q2 MARGIN IN YEARS

*Margin expansion continued through the seasonal ramp; Q2 gross margin of 27.9% is the strongest quarterly print in years and reinforces the full-year outlook.*

# Stone Business Second Quarter:

# 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)<br>*(GAAP)* | 2025<br>Q2 | 2026<br>Q2 |
| **Revenue** | **12,852** | **21,480** |
| COGS | 9,722 | 15,481 |
| **Gross Profit** | **3,130** | **5,999** |
| *Gross Profit %* | *24.4%* | *27.9%* |
| **SG&A(1)** | **2,237** | **3,985** |
| **Operating Income (Loss) / Adjusted EBITDA** | **893** | **2,014** |
| *Adjusted EBITDA %* | *6.9%* | *9.4%* |
| D&A | 114 | 163 |
| Interest expense (income) | 417 | 515 |
| Other expense (income)(2) | 54 | 273 |
| Taxes | - | 3 |
| **Adjusted Comprehensive Loss** | **308** | **1,060** |
| Management Fees | 100 | - |
| Instone Board Fees | 40 | 16 |
| **Comprehensive Loss (GAAP)** | **168** | **1,044** |

**Notes:**

(1) Excluded from SG&A in Q2 26 are one-time expenses: Alsip warehouse move ($97K), foreign currency translation adjustment ($66K), change in fair value of contingent consideration ($58K), realized foreign currency loss ($14K), consulting expenses related to acquisition ($7K), and other non-recurring costs ($29K). Excluded from SG&A in Q2 25 are sales consultant costs ($25K) and other non-recurring costs ($29K).

(2) Includes one-time expenses excluded from SG&A.



# Stone Business First Half:

# 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) *(GAAP)* | 2025 H1 | 2026 H1 |
|---|---|---|
| **Revenue** | **20,751** | **34,116** |
| COGS | 16,296 | 25,147 |
| **Gross Profit** | **4,455** | **8,969** |
| *Gross Profit %* | *21.5%* | *26.3%* |
| **SG&A(1)** | **4,154** | **7,885** |
| **Operating Income (Loss) / Adjusted EBITDA** | **301** | **1,084** |
| *Adjusted EBITDA %* | *1.5%* | *3.2%* |
| D&A | 230 | 324 |
| Interest expense (income) | 696 | 991 |
| Other expense (income)(2) | 65 | 320 |
| Taxes | - | 5 |
| **Adjusted Comprehensive Loss** | **(690)** | **(556)** |
| Management Fees | 260 | - |
| Instone Board Fees | 84 | 32 |
| **Comprehensive Loss (GAAP)** | **(1,034)** | **(588)** |

**Notes:**

(1) Excluded from SG&A in H1 26 are one-time expenses: Alsip warehouse move ($97K), fair value of contingent consideration ($58K), foreign currency translation adjustment ($53K), consulting expenses related to acquisition ($46K), non-recurring costs ($21K) for inventory appraisal, realized foreign currency loss ($14K), and other non-recurring costs ($30K). Excluded from SG&A in H1 25 are sales consultant costs ($25K), non-recurring costs ($11K) for purchase of printer port injector, and other non-recurring costs ($29K). Included in H1 25 is Instone management revenue ($150K).

(2) Includes one-time expenses excluded from SG&A.



# Capstone Standalone Second Quarter:
## Overview of Results

| (in USD 000) *(non-GAAP)* | 2025 Q2 | 2026 Q2 |
|---|---|---|
| **Revenue** | - | - |
| COGS | - | - |
| **Gross Profit** | - | - |
| **Variable:** | | |
| Investor Relations | 340 | 57 |
| Investor Relations - Nonrecurring[1] | 180 | - |
| Instone Fee - IPO Related Costs | - | - |
| **Relatively Fixed:** | | |
| Board Fees | 30 | 30 |
| Compensation | 131 | 63 |
| Financial Services[2] | 96 | 438 |
| Other | 67 | 83 |
| **SG&A** | **845** | **671** |
| **Operating Income (Loss) / Adjusted EBITDA** | **(845)** | **(671)** |
| Interest expense (income) | 23 | 1,446 |
| Stock Compensation Expense (RSA) | - | 399 |
| Other expense (income)[3] | - | 140 |
| **Capstone Standalone Comprehensive Loss[4]** | **(868)** | **(2,656)** |

**OPERATING EXPENSES DOWN**

**21%**

($845K) → ($671K) YoY — standalone Capstone overhead

**Standalone overhead fell to $671K from $845K as non-recurring IR and IPO costs rolled off.**
**The wider ($2,656K) loss reflects $1,446K interest and $399K stock comp.**

**Notes:**
(1) Investor relations expenses of $180K in Q2 25 were non-recurring.
(2) Includes audit and consulting expenses.
(3) Includes one-time expenses in Q2 26: acquisition expense ($136K), and consulting expense ($5K).
(4) In Q2 26 excludes unrealized gain on derivative $166K.

# Capstone Standalone First Half:
## Overview of Results

| (in USD 000) *(non-GAAP)* | 2025 H1 | 2026 H1 |
|---|---|---|
| **Revenue** | - | - |
| COGS | - | - |
| **Gross Profit** | **-** | **-** |
| **Variable:** | | |
| Investor Relations | 455 | 82 |
| Investor Relations - Nonrecurring[1] | 245 | - |
| Instone Fee - IPO Related Costs | 150 | - |
| **Relatively Fixed:** | | |
| Board Fees | 64 | 60 |
| Compensation | 220 | 147 |
| Financial Services[2] | 181 | 511 |
| Other | 94 | 129 |
| **SG&A** | **1,409** | **929** |
| **Operating Income (Loss) / Adjusted EBITDA** | **(1,409)** | **(929)** |
| Interest expense (income) | 45 | 1,862 |
| Stock Compensation Expense (RSA) | - | 399 |
| Other expense (income)[3] | (60) | 212 |
| **Capstone Standalone Comprehensive Loss[4]** | **(1,394)** | **(3,402)** |

**OPERATING EXPENSES DOWN**

**34%**

($1,409K) → ($929K) YoY — standalone Capstone overhead

**H1 standalone overhead fell to $929K from $1,409K as non-recurring IR and IPO costs rolled off.**
**The wider ($3,402K) loss reflects $1,862K interest and $399K stock comp.**

**Notes:**
(1) Investor relations expenses of $245K in H1 25 were non-recurring.
(2) Includes audit and consulting expenses.
(3) Includes one-time expenses in H1 26: acquisition expense ($136K), CSI legal reimbursement ($62K), valuation of Fraser Canyon Holdings (10K), and consulting expense ($5K). In H1 25 includes Capstone management fee income ($60K).
(4) In H1 26 excludes unrealized gain on derivative $642K.



# Strategy: Two Growth Platforms

*Drive organic, capital-efficient revenue growth while expanding margins through operating leverage.*

## GROW DISTRIBUTION

**Expand distribution revenue by adding products and brands across existing customers and markets.**

Deepen Eldorado in key markets; add wall panels, domestic thin veneer and owned brands for mix; build demand-creation sales into builders, developers and hospitality.

## GROW INSTALLATION

**Expand installation revenue by leveraging existing crews, infrastructure and operating overhead.**

Prove the unit in Wilmington, widen from stone to full-material install, then replicate: Southeast next and the Northeast now (Navarre).

## CAPITAL-EFFICIENT ORGANIC GROWTH

*Management's objective is to grow annual revenue from approximately $72 million toward $100 million while expanding EBITDA margins from approximately 5% toward 10%, funded primarily through operating cash flow. As the balance sheet continues to strengthen, disciplined M&A is expected to resume in 2027. Distribution and installation are designed to reinforce one another.*

# Capstone’s Strategic Priorities in 2026

## NEW PRODUCTS

Eldorado sold in 17 states ten weeks after launch. Willki Stone and Nature’s Edge broaden the line. BrikClad up ~5x.

## GEOGRAPHIC EXPANSION

Location #9 opens August 17 — distribution and installation together; five customers signed. Mid-Atlantic added; West follows in 2027.

## OPERATING EFFICIENCY

Consolidation of Alsip, IL into Navarre, OH - ~$480k run-rate savings. Deeper product breadth absorbs freight.

## AI TRANSFORMATION

AI operating system live since April — supply chain, finance, routing, inventory.

# New Products — Richer Mix, Richer Margin

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**ELDORADO STONE**

**81**

*Dealers across 17 states, ten weeks after launch.*

Sold through the network we already run.

**Q2 2026 LAUNCH**

**Nature's Edge**

A lower-cost thin veneer, built for the volume end of the market.

**WILLKI STONE**

**May Launch in Canada**

Initial two projects delivered strong outcomes and received excellent feedback.

**BRIKCLAD — CANADA**

**Up ~5x YTD**

$571K YTD vs $116K last year.

**FINANCIAL IMPACT**

New product growth and a higher mix of owned brands are key drivers of the **+300bps gross margin expansion embedded in the FY2026 plan (23.0% → 26.0%).**

# Geographic Expansion — Southeast Goes Live

## PLATFORM FOOTPRINT

**9**

Locations in August — 38 states and Canada.

Wilmington & Myrtle Beach — our first greenfield, opening August 17.

### OPENING ON TRACK

Lease signed; doors open August 17.

### OPERATIONALLY READY

Inventory, equipment, people, systems — in place.

### EARLY DEMAND

Five customers signed before opening.

### SCALABLE MODEL

Greenfield on central systems — distribution and installation together.

### FINANCIAL IMPACT

More customer density on the same fixed cost base. Wilmington & Myrtle Beach is the template for future expansion.

9 locations at 3/31/26; 8 after the April Alsip→Navarre consolidation; 9 when Wilmington opens August 17.

# Capstone FY2026 Guidance Reaffirmed

**2026**
**First full year of all three subsidiaries**

- Revenue steps from $46.9M to $72.1M, **up 54%**
- Annual 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** |
| *GP%* | *23.0%* | *26.0%* |
| Operating expenses | 9,804 | 14,989 |
| **Adj.EBITDA** | **987** | **3,757** |
| *Adj.EBITDA%* | *2.1%* | *5.2%* |

## THE BRIDGE TO $3.8M

H1 generated $1.1 million of Stone Business Adjusted EBITDA, with Q2 contributing $2.0 million. As the business enters its peak selling season, supported by the August opening of the ninth location and approximately $240K of expected H2 cost savings, **Management reaffirms FY2026 guidance.**


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THE COMPOUNDING
HAS BEGUN.
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# Appendix

# Reconciliation of Non-GAAP Results

| (in USD 000) | 2025 Q2 | 2026 Q2 | 2025 H1 | 2026 H1 |
|---|---|---|---|---|
| Capstone Consolidated Comprehensive Income (Loss)[1] | (700) | (1,446) | (2,428) | (3,348) |
| Reconciliation to Stone Business Comprehensive Loss | | | | |
| **Remove Capstone Expenses** | | | | |
| Interest Expense | 23 | 1,446 | 45 | 1,862 |
| Total SG&A Expenses | 845 | 671 | 1,409 | 929 |
| Other expense (income) | - | 140 | (60) | 212 |
| Stock Compensation Expense (RSA) | - | 399 | - | 399 |
| Unrealized gain on derivative | - | (166) | - | (642) |
| **Stone Business Comprehensive Loss** | **168** | **1,044** | **(1,034)** | **(588)** |
| Instone Adjustments | | | | |
| Capstone Management Fees | - | - | 60 | - |
| Brookstone Management Fees | 100 | - | 200 | - |
| Instone Board Fees | 40 | 16 | 84 | 32 |
| **Adjusted Stone Business Comprehensive Loss** | **308** | **1,060** | **(690)** | **(556)** |
| Taxes | - | 3 | - | 5 |
| Interest Expense | 417 | 515 | 696 | 991 |
| Other expense (income) | 54 | 273 | 65 | 320 |
| **Adjusted Stone Busines Operating Income (loss)** | **779** | **1,851** | **71** | **760** |
| Depreciation & Amortization | 114 | 163 | 230 | 324 |
| **Adjusted Stone Business EBITDA (loss)** | **893** | **2,014** | **301** | **1,084** |

**Notes:**
(1) Comprehensive loss excludes ($705K) Class B units preferred return. It includes foreign currency translation adjustment.

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.

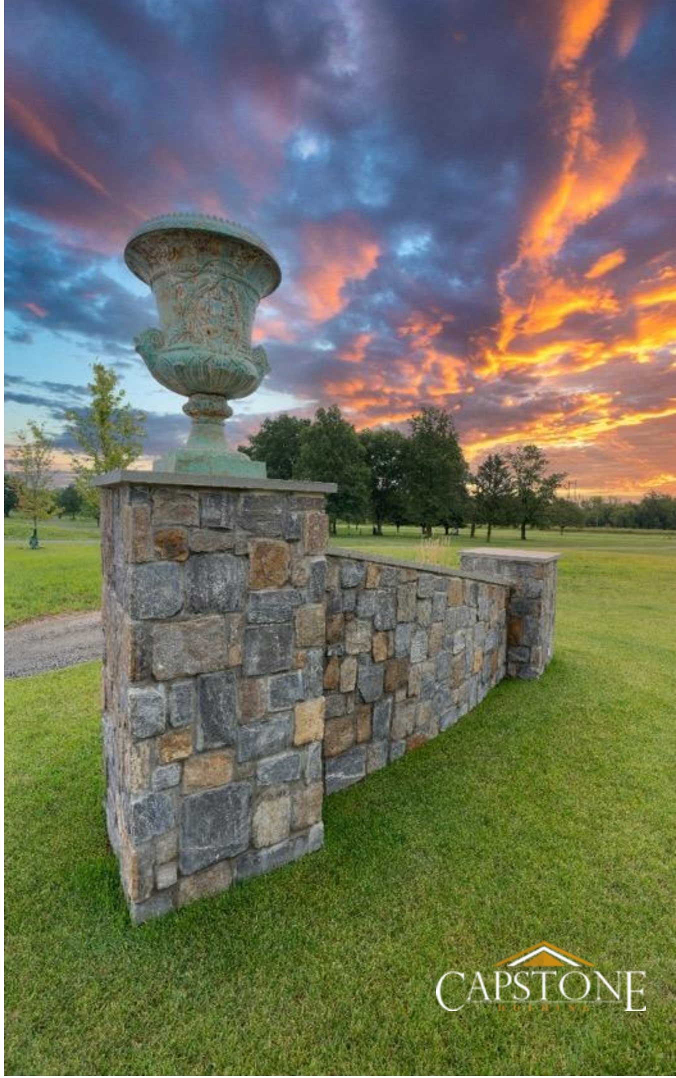
# Financial Measures – Non-GAAP

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 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 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 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.

Capstone has not provided a quantitative reconciliation of forward-looking Adjusted EBITDA 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.



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