



Capstone Publishes Investor FAQ: 75% of Convertible Note Principal Retired, Approximately \$1.72 Million Remaining

FAQ reports approximately 21.75 million shares outstanding and gives direct answers on dilution, corporate requirements and the path to operating cash flow funding

NEW YORK--(BUSINESS WIRE)--August 26, 2026--Capstone Holding Corp. (NASDAQ: CAPS), a national, technology-enabled building products distribution platform, today published an investor FAQ answering the questions shareholders have asked most frequently about the Company's capital structure. The FAQ reports that **approximately 75% of the original convertible note principal has been retired**, with approximately **\$1.72 million remaining outstanding as of August 25, 2026**, and states the Company's current share count of approximately 21.75 million shares.

The FAQ responds to questions submitted by shareholders following the Company's August 17 invitation. It addresses the August reduction of the notes' conversion price, the remaining note balances and maturities, potential dilution, the current share count and restricted shares, the equity line, the reverse stock split authorization, the remediation of the material weakness, and how the Company expects to fund its corporate requirements over time through operating cash flow and traditional credit. The full document is available at [FAQ URL](#).

"We answered the questions shareholders asked, with current figures as of publication," said Matthew Lipman, Chief Executive Officer of Capstone. "Approximately 75% of the convertible note principal has been retired, our operating businesses funded their own obligations in the first half, and we are focused on retiring the remaining balance so the Company no longer depends on this financing structure."

In the second quarter, Capstone delivered **67% year-over-year revenue growth** and **92% gross profit growth**, with positive Stone Business Adjusted EBITDA, and reaffirmed its full-year guidance in its August 12 earnings release.

Non-GAAP Financial Measures

Stone Business Adjusted EBITDA is a non-GAAP financial measure. It 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, and it may not be comparable to similarly titled measures used by other companies. A reconciliation to net loss, the most directly comparable GAAP measure, together with the definition of the measure, is included in the Company's earnings release dated August 12, 2026.

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.

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, gross profit, and Stone Business Adjusted EBITDA, the retirement or refinancing of the Company's convertible notes, expected capital requirements, 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 June 30, 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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