



## Capstone Outperforms Building Products Market as Organic Growth Accelerates

*Organic distribution revenue grew 7% in Q2 against a contracting building-products market; Capstone's capital-efficient platform supports growth without a proportionate increase in the cost base.*

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NEW YORK--([BUSINESS WIRE](#))--Capstone Holding Corp. (NASDAQ: CAPS), a national, technology-enabled building products distribution platform, today highlighted its ability to deliver organic growth despite weakness in the broader building products market. **Capstone's organic distribution revenue grew approximately 7 percent year over year in the second quarter, even as new-construction building-products spending declined an estimated 8.5 percent over the same period.**

Zonda, a leading provider of housing market data and research, found that building-products spending fell throughout the first half of 2026 amid high mortgage rates and persistent inflation. **Capstone outperformed the market in both quarters, maintaining organic revenue in the first quarter before accelerating growth in the second.** The results establish a track record of organic outperformance through challenging market conditions.

**"It is especially important to emphasize that the organic growth we are delivering does not require a proportionate increase in our cost base,"** said Matthew Lipman, Chief Executive Officer. "We can add products and brands across our existing customer base and distribution network, while expanding installation revenue through existing crews, infrastructure and operating overhead. **This is a capital-efficient growth model that will compound as the housing market normalizes.**"

### Key Highlights:

- **Organic Revenue Growth:** Capstone's organic distribution revenue grew approximately 7% year over year in the second quarter despite continued weakness in the building-products market.
- **End Market Outperformance:** Capstone outperformed the building-products market in both quarters of the first half, maintaining organic revenue in Q1 before accelerating growth in Q2.
- **Capital-Efficient Growth:** Capstone is growing through its existing customer base, distribution network and operating infrastructure, without a proportionate increase in its cost base.
- **Housing Market Upside:** A normalization in construction and remodeling activity will provide an additional tailwind to the organic growth Capstone is already generating.
- **Second-Half Momentum:** Current order volumes point to continued strong organic growth in the second half of 2026.

Capstone is now in its **peak selling period, and current order volumes point to continued strong organic growth.** The Company recently reaffirmed its full-year 2026 guidance of \$72.1 million in revenue, \$18.7 million in gross profit and approximately \$3.8 million in Stone Business Adjusted EBITDA.

For additional updates, visit Capstone's Investor Relations website at [www.capstoneholdingcorp.com](http://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 Stone Business Adjusted EBITDA, a non-GAAP financial measure that presents the results of the Company's operating subsidiaries and excludes Capstone standalone corporate costs. Stone Business 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. Stone Business Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. This press release also references organic distribution revenue, which is revenue of the legacy Instone operations excluding Carolina Stone, acquired August 22, 2025, and Fraser Canyon, acquired December 1, 2025. For the three months ended June 30, 2026, GAAP revenue was \$21.5 million, of which Carolina Stone contributed approximately \$3.2 million and Fraser Canyon approximately \$4.5 million. For the three months ended June 30, 2025, GAAP revenue was \$12.9 million, all from the legacy Instone operations.

The Company defines "Stone Business 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 Stone Business Adjusted EBITDA to Capstone consolidated comprehensive income (loss), the GAAP measure from which it is derived, for the three and six months ended June 30, 2026 and 2025 is included in the Company's second quarter 2026 investor presentation, available in the Investor Relations section of [www.capstoneholdingcorp.com](http://www.capstoneholdingcorp.com). That reconciliation identifies the items by which comprehensive income (loss) differs from net income (loss).

The Company has not provided a quantitative reconciliation of forward-looking Stone Business 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, gross profit and Stone Business Adjusted EBITDA, 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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