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## **CAPSTONE THERAPEUTICS CORP. ANNOUNCES TRANSACTION WITH DIAMOND PRODUCTS HOLDINGS, LLC**

**Alsip, IL – April 6, 2021 – Capstone Therapeutics Corp. (OTCQB: CAPS) (“the Company”)**

### **Capstone Subsidiary Issues Debt to Acquire Equity Interest in Operating Company**

On March 31, 2021, the Company, through its relationship with Brookstone Partners (New York), executed definitive documents and acquired a minority interest in a consumer products company, Diamond Products, LLC (“Diamond”), a sexual wellness holding company. The transaction is based on the following structure:

--Brookstone Acquisition Partners XXI Corporation (“Brookstone XXI”) contributed its approximately 95% equity interest in Diamond, which represents approximately 62% equity ownership on a fully-diluted basis, to Diamond Products Holdings, LLC (“DPH”);

--The Company formed Capstone Beta LLC (“Beta”) as a wholly-owned subsidiary, and Beta purchased a portion of Brookstone XXI’s interest in DPH;

--Beta issued a promissory note to Brookstone XXI in the original principal amount of \$8.0 million, which bears interest at 1% per annum and has a 3-year term, and secured its obligations thereunder by pledging Beta’s interests in DPH; and

--As additional credit support, the Company issued a limited payment guaranty to Brookstone XXI in the amount of 10% of the principal amount of Beta’s promissory note.

Beta’s obligations under its promissory note will be serviced by distributions from DPH which, in turn, will largely reflect the contractually-allowable distributions received by DPH from Diamond. It is anticipated that substantially all of the distributions that DPH receives will be applied in the following manner: 99% of the first \$8.35 million to Beta; 90% of the next \$4.0 million to Beta; and 20% of all future amounts to Beta.

As this transaction involves the Company’s majority stockholder, it is related-party in nature. The board appointed a special committee of independent directors to negotiate, perform due diligence and close this investment. The special committee relied on an independent valuation of Diamond as well as outside legal advisors to assist in structuring and maintaining its fiduciary independence for the transaction.

An independent director, John M. Holliman, will serve as manager of Beta. Mr. Holliman will join Company board members, Michael Toporek and Matthew Lipman, as managers of DPH.

### **About Diamond Products, LLC (Pipedream Products)**

4853-0680-4708.3

Diamond Products, LLC is a holding company which owns Pipedream Products, one of the largest designers, manufacturers and distributors of proprietary romance products in the United States. Diamond's product portfolio includes adult toys, lingerie, games, lotions and creams that are sold globally in over 80 countries through 5,000 retailers as well as e-commerce websites. Diamond is a privately-held company based in Chatsworth, CA.

### **About Capstone Therapeutics**

Capstone Therapeutics was a biotechnology company committed to developing novel therapeutic peptides aimed at helping patients with under-served medical conditions. The drug development business has been discontinued. The Company's primary business activity going forward will be the operations of TotalStone, LLC, a construction materials company, and managing its equity interest in Diamond Products, LLC through its ownership of Capstone Beta, LLC, a member of Diamond Products Holdings, LLC.

Capstone's corporate headquarters are located in Alsip, Illinois. For more information, please visit the Company's website: [www.capstonethx.com](http://www.capstonethx.com).

Please see the Company's Annual Report filed with the OTCQB Markets for further information.

*Statements in this press release or otherwise attributable to Capstone regarding our business that are not historical facts are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from predicted results. These risks include the factors discussed in our Annual Report for the fiscal year ended December 31, 2019, and other documents we filed with the U.S. Securities and Exchange Commission or OTCQB Markets.*