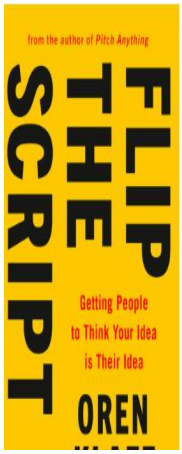
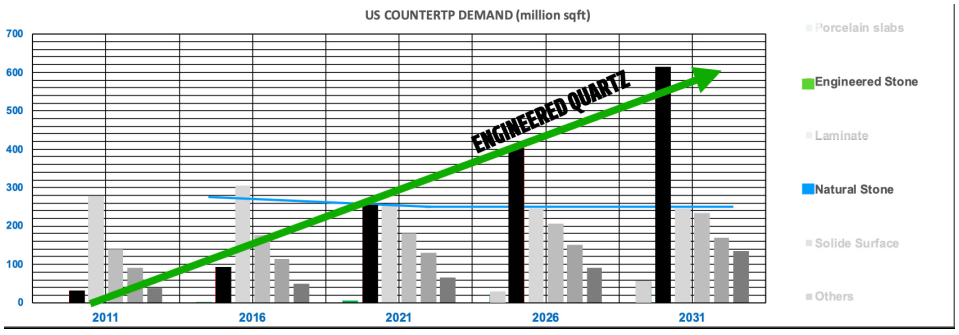
Investment Summary

OK STONE ENGINEERING, INC

OK Stone Engineering is a Dallas, Tx Company using significant advances in Italian manufacturing technology to achieve up to $140M annual revenue from the $18+ billion US market for engineered quartz — a growth market projected to be as much as $30B by 2026. The Company seeks to be a NASDAQ listed firm FY2026.





We want to help emerging entrepreneurs understand the why and how of business acquisition and investing.

Build Wealth INVESTMENTS

By leveraging the commercial assets of BRETON S.p.A., a 1,000 person, $400M technology partner, OK Stone Engineering, Inc was formed to capitalize on rapidly changing supply and demand dynamics in the expanding US market for Engineered Quartz surfaces and countertops

The opportunity to invest in OK Stone Engineering, a precision manufacturing firm targeting high-revenue growth and 34%+ annualized returns for investors with a potential exit in 2026.

The Company is currently operating in Dallas, TX with $22M of projected ebitda for full-year '26 and is currently placing up to $15M of new capital in the form of equity to target a public offering in Q1 of 2026.

	Forecast	*Forecast*	*Forecast*	*Forecast*
(in $ USD)	**2026**	**2027**	**2028**	**2029**
Revenue	**46,289,880**	**77,149,800**	**108,009,720**	**138,869,639**
EBITDA	**22,335,654**	**29,241,348**	**45,209,638**	**61,022,927**

By entering the market with a large commercial and technology partner from Italy, Breton S.p.A., the Company is offering the US market a technological breakthrough: precision manufacturing of engineered quartz slabs made without using any silica, instead using a raw material from US sources and Breton's Biolenic proprietary compound.

- Introducing High Resolution Surface Modeling Technology to US market.
- This technology delivers the appearance and aesthetic of natural stone.
- Strong market demand: distributors currently negotiating purchase orders with Company worth $5-10M+
- Competitive advantage over US manufacturers who rely on significant raw material imports and face risks from changing regulations around the use of silica in engineered stone and associated dangers.

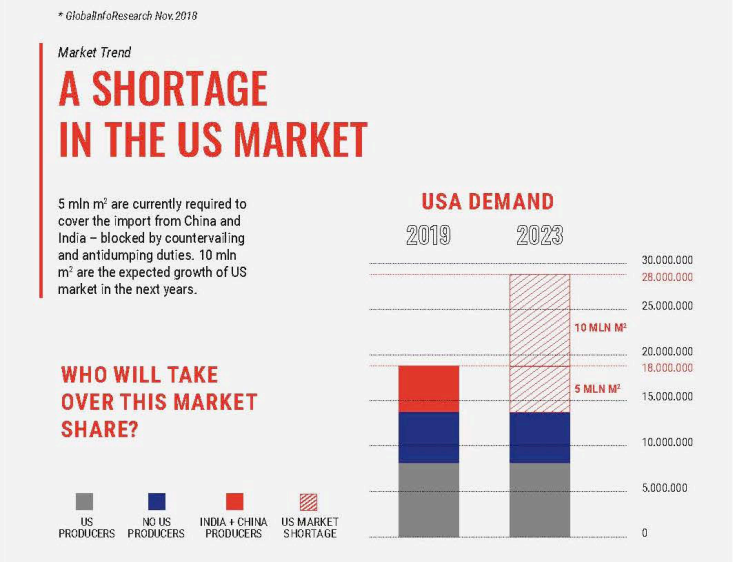
OK Stone's Technology Development Center in Bassano, Italy is located at Breton HQ.

KEY ANALYSIS

HIGH GROWTH: The annual demand for Engineered Quartz Stone in the U.S. is over 255 million sqft which current domestic producers cannot meet. This gap is currently filled by foreign products, often of inferior quality and under scrutiny for a disease condition known as

OK Stone Engineering, Inc.

The Company is a Dallas-based firm specializing in the manufacture of engineered quartz slabs, primarily used for countertops and aesthetic wall cladding in homes. The Company' s mission is to deliver high-quality quartz slabs by leveraging the latest transformative technology from its joint venture partner, Breton, pictured above, is an international leader in engineered stone production plants with over 92%+ global market share.



STAGE OF COMPANY: COMMERCIALIZATION

REVENUE TARGET: $46M FY2026

EBITDA TARGET: 35 - 40% @ $22M FY2026

DISCLOSURE STATEMENT

Investment Overview Disclosure Statement

This report provides an investment analysis of OK Stone Engineering, Inc. ("OK Stone" or the "Company"). The information contained herein has been compiled from multiple sources, including the Company' s Private Placement Memorandum (PPM), direct conversations with the Company' s management, industry reports such as the Freedonia report, feedback from customers, and discussions with independent distributors. This disclosure outlines the sources, scope, and limitations of the information presented in this report.

Sources of Information

Private Placement Memorandum (PPM): This report extensively references OK Stone' s PPM to ensure alignment with the Company' s disclosed strategies, plans, and financial projections.

Management Discussions: Insights have been drawn from conversations with OK Stone' s management team to supplement and clarify the information available in the PPM.

Industry Reports: Analysis of industry reports, including those from Freedonia, has been conducted to provide context regarding OK Stone' s market potential and competitive landscape.

Customer Feedback: Input from OK Stone' s customers has been considered to evaluate market reception, product satisfaction, and overall business relationships.

Independent Distributors: Unaffiliated distributors have been consulted to offer an unbiased perspective on OK Stone' s market presence and distribution effectiveness.

Scope and Limitations

The analysis presented in this report is based on information available at the time of review and is subject to the following limitations:

- **Non-Exhaustive Review:** This report provides a snapshot based on currently available information. Future developments may not be reflected in this analysis.
- **Reliance on Disclosed Information:** The accuracy of Company-provided data has been assumed, with efforts made to verify through third-party sources where possible.
- **Market Conditions:** Conclusions are influenced by current market conditions, which are subject to change and may affect the Company' s performance.
- **Forward-Looking Statements:** Projections and expectations are based on assumptions as of the review date. Actual results may differ materially from those anticipated.

DISCLOSURE STATEMENT

Regulatory and Legal Considerations

THE SECURITIES REFERENCED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THEY ARE OFFERED PURSUANT TO SECTION 4(a)(2) OF THE SECURITIES ACT AND RULE 506(C) OF REGULATION D. THESE SECURITIES MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED, OR OTHERWISE DISPOSED OF IN THE UNITED STATES OR TO "U.S. PERSONS" (AS DEFINED IN REGULATION S) EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE LAWS.

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OWNERSHIP OF SECURITIES INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS ARE ADVISED TO CONDUCT THEIR OWN DUE DILIGENCE AND CONSULT WITH THEIR LEGAL, TAX, AND INVESTMENT ADVISORS BEFORE MAKING ANY INVESTMENT DECISIONS.

THE COMPANY HAS MADE EFFORTS TO PROVIDE ACCURATE INFORMATION AND WILL ANSWER QUESTIONS FROM POTENTIAL INVESTORS TO THE EXTENT POSSIBLE WITHOUT UNREASONABLE EFFORT OR EXPENSE.

NO REPRESENTATION OR WARRANTY IS MADE REGARDING THE ECONOMIC RETURN ON INVESTMENT. THIS REPORT DOES NOT CONSTITUTE LEGAL, TAX, OR INVESTMENT ADVICE, AND PROSPECTIVE INVESTORS SHOULD RELY ON THEIR OWN PROFESSIONAL ADVISORS.

FORWARD-LOOKING STATEMENTS

THIS REPORT CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF U.S. FEDERAL SECURITIES LAWS. THESE STATEMENTS REFLECT THE COMPANY' S OR MANAGEMENT' S EXPECTATIONS, BELIEFS, AND INTENTIONS REGARDING THE FUTURE. FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY TERMS SUCH AS "ANTICIPATE," "EXPECT," "INTEND," "PLAN," "BELIEVE," AND SIMILAR EXPRESSIONS. THESE STATEMENTS ARE SUBJECT TO RISKS, UNCERTAINTIES, AND ASSUMPTIONS, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE ANTICIPATED.
THE FORWARD-LOOKING STATEMENTS ARE MADE AS OF THE DATE OF THIS REPORT. THE REVIEWERS, THE MANAGEMENT OF THE COMPANY, AND THE COMPANY UNDERTAKE NO OBLIGATION TO UPDATE OR REVISE THESE STATEMENTS BASED ON NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE.

ANALYSIS: OK STONE HAS BEEN INVESTING IN TECHNOLOGY AND INFRASTRUCTURE TO INTRODUCE GENERATION 4 MANUFACTURING TECHNOLOGIES TO THE US MARKET, REPLACING AGING TECHNOLOGIES AND MANUFACTURING TECHNIQUES.

Technological Advantage

OK Stone plans to fill large gaps of supply in the US market being the first in the U.S. to implement Breton's new transformative Generation 4 manufacturing technologies. These advancements will enable the Company to produce quartz slabs that are of higher aesthetic quality and significantly safer to handle than those currently available to the market, .

$46.2M Projected Revenue in 2026, $77M in 2027, from Potential Demand in Distribution Channel: The company's forward-looking 24-month projections are based on assessed market demand and the outlook of our industry experienced management.

Projected gross margins of nearly 55%, with projected EBITDA margins of approx. 35%: Engineered Quartz Stone Slabs are a highly profitable product in a rapidly growing industry. Management is forecasting up to $22M in EBITDA on $46.2M in Forecasted 2026 revenue, and is projected to achieve $61M in stabilized EBITDA by 2029

(in $ USD)	*Forecast* **2026**	*Forecast* **2027**	*Forecast* **2028**	*Forecast* **2029**
Revenue	**46,289,880**	**77,149,800**	**108,009,720**	**138,869,639**
Cost of Goods Sold	17,319,357	34,638,714	47,464,450	60,505,186
Gross Profit	**28,970,523**	**42,511,085**	**60,545,270**	**78,364,454**
Operating expenses	6,634,868	13,269,737	15,335,632	17,341,527
EBITDA	**22,335,654**	**29,241,348**	**45,209,638**	**61,022,927**

Corporate Milestones

Since the formation of OK Stone, Management' s focus has been related to securing key intellectual property, management team, site selection, and capital markets-related activity.
Operational highlights include:

- Series A3 will complete approximately $30M of capital investment
- 165,000 sqft Dallas facility at 2701-2801 Shiloh Road USA
- Partnership with Breton, S.p.A.; secured IP rights for Gen4 Breton technologies
- OK Stone Technology Center opened at Breton S.p.A. in Italy
- Recruited Management Team with greater than $200M annual revenue industry experience
- Completed Engineering specifications for power, water and air permitting
- Completed Financial modeling necessary for US factory and expansion
- Completed Site Selection necessary for expanded facility
- Completed Multi-year market demand study and market cultivation
- 2024 June secured first purchase orders, aproximately $10M in first order flow
- Team size 32+ including full time, p/t and advisors
- OK Stone has reached a milestone in securing customer purchase orders by finalizing design patterns for customers and providing customary sub-brand naming conventions such as Cromatico, Pittoresco, and Impresso
- Revenue plan approximately 18months ahead of schedule

ANALYSIS: IN THE U.S. RETAIL BUYERS WANT BETTER PRICES, FASTER DELIVERY AND UNIQUE AESTHETIC EFFECTS WITH THE APPEARANCE OF STONE.

OK Stone Corporate Milestones

Site Selection Process Complete: Led by Ron Max and Stream Realty, OK Stone visited nine (9) sites in the Dallas/Ft Worth Metro Area

Breton IP Agreement: In addition to the already disclosed technologies – BioQuartz, Chromia, and Kreos-Plus – Breton, S.p.A. has agreed to license OK Stone Engineering with additional and proprietary new advanced manufacturing technology, that will be unique to the OK Stone facility.

Executed $28,000,000 Purchase Order for Manufacturing Equipment from Breton: Management has signed additional purchase orders for up to $100M in manufacturing equipment to be used by OK Stone Engineering.

2024 Enhancement to revenue forecast: Early delivery of equipment projected Q3 may provide for order booking of up to $30M revenue in 2025. Because the new ground up site build will not be finished within this time frame, Management has leased an already existing 164,000 sq/ft site to install up to four (4) manufacturing stations needed to the fulfillment of potential revenue in 2025. Although the Company is dependent on the delivery of equipment and overall global supply chain, they are targeting revenue over a year ahead of proforma, based on current estimates.

Key Management: Operations and Finance

The formation of OK Stone Engineering' s management team represents a strategic collaboration between Breton S.p.A. and Oren Klaff' s capital markets firm, aimed at establishing the first standalone Generation 4 engineered stone facility in the United States. By leveraging its extensive global network, Breton has curated a team of highly skilled professionals with proven track records in the industry, recruited by OK Stone.

Core Technical Team: Recruited from Breton' s international network, this group of mid-career, highly-energized technical experts previously achieved remarkable success in a similar venture. They successfully scaled a plant from inception to approximately $100 million in revenue within three years, maintaining an impressive EBITDA margin, equating to approximately $2 million in monthly income, according to management interviews.

U.S. Market Expertise: To ensure seamless integration with the American market, the team includes a key executive who spearheaded the construction and operation of the largest Breton plant by size and production volume in the United States, David Baran.

This team combines technical expertise with deep U.S. market knowledge, positioning OK Stone Engineering to implement Breton' s advanced Generation 4 technology and scale operations in the American market.

David Baran - CEO
A Global Operations Executive with over 30 years in manufacturing who built the largest Breton plant by size and production volume in the United States. He has built a reputation as a trusted advisor based on his expertise in manufacturing operations, production, engineering, supply chain, sourcing, and environmental regulations. He has a strong foundation in delivering improved financial & quality results with rigorous attention to KPIs and Lean/Six Sigma disciplines. Given the opportunity outlined in our projections, he has the background to deliver on the revenue plan.

Kenan Erdem- Production Engineering & CTO
With 20 years in the Engineered Stone Sector, this leader has the relevant skills, experience, and reputation to build the OK STONE of the future. He has been involved in feasibility studies, construction and the installation phases, oversight of procurement, R&D, production, QC, marketing, brand communications, domestic sales, exports, financial affairs. He has overseen hundreds of millions in P&L responsibilities and is a critical piece of revenue generation.

Mehmet Alaylioglu - CMO, Marketing and Sales
An experienced Sales & Marketing Executive with over 15 years in the Engineered Stone Industry. He brings a proven track record of establishing strong customer relations, generating profitable sales, maintaining healthy cash flow, and creating brand awareness which is all foundational to achieving projected milestones. He has built a strong reputation across the industry as demonstrated by the recommendation coming directly from Breton as an important addition to this management team.

Ron Max: Operations, Real Estate and Construction
Ronald Max is a highly seasoned C-level executive with over 35 years of experience in operations and finance. He has served in executive positions with both private and public companies and has been involved in over $4 billion of real estate transactions. Ronald has extensive expertise in complicated ownership structures such as sale-leaseback financing, ground lease bifurcations, and real estate securities offerings. In addition, Ronald has experience in creating operating budgets, financial management, and industrial real estate development for highly scaled enterprises.

PROFORMA
and Projection Discussion

PRO FORMA P&L ($ in USD as Stated)	actual 2026	forecast 2027	forecast 2028	forecast 2029
Revenue	**46,289,880**	**77,149,800**	**108,009,720**	**138,869,639**
Cost of Goods Sold	17,319,357	34,638,714	47,464,450	60,505,186
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EBITDA	**22,335,654**	**29,241,348**	**45,209,638**	**61,022,927**
D&A	6,015,000	12,030,000	12,030,000	12,030,000
EBIT	**16,320,654**	**17,211,348**	**33,179,638**	**48,992,927**
Interest expense	11,172,200	10,427,387	9,682,573	8,937,760
Taxes	241,175	1,424,632	4,934,384	8,411,585
Net Income	**4,907,279**	**5,359,330**	**18,562,681**	**31,643,582**
Gross margin	*62.6%*	*55.1%*	*56.1%*	*56.4%*
EBITDA Margin	*48.3%*	*37.9%*	*41.9%*	*43.9%*
Net income margin	*10.6%*	*6.9%*	*17.2%*	*22.8%*
Project Utilization	*70.0%*	*90.0%*	*100.0%*	*100.0%*

DISCUSSION

The Company projects significant year-over-year revenue growth, from $46.2M in 2026 to $138.8M in 2029, representing a compound annual growth rate (CAGR) of approximately 44%.

Improving Net Income: Net income is expected to grow substantially from $4.9M in 2026 to $31.6M in 2029, with margins expanding from 10.6% to 22.8%.

Project Utilization: The company expects to reach full capacity utilization by 2028, starting from 70% in 2026.

Operating Leverage: As revenues increase, the company appears to benefit from operating leverage, with operating expenses growing at a slower rate than revenue.

Consistent D&A: Depreciation and Amortization (D&A) remains constant at $12.03M from 2027 onwards, suggesting stable capital expenditure after initial investments.

Tax Rate Increase: The effective tax rate seems to increase over the years, potentially due to higher profitability and utilization of tax loss carry-forwards in earlier years

USE OF FUNDS

Projected based on discussion with Management

Overview. The Company is currently placing $15M of equity provide working capital for securing additional equipment necessary for production, to secure raw materials, and fund basic capital expenditures to strengthen their technology and operational platform.

USE OF FUNDS BY INVESTMENT AREA	PROJECTED 2024–2025	
Equipment	**$7.0M**	Complete installation of Chromia Line Breton equipment
Raw Materials	**$3.0M**	Acquisition of raw materials to support customer orders
Engineering & Labor	**$2.0M**	Scale engineering and labor for production
Balance Sheet	**$1.5M**	Improvements to technology and office improvements
Legal, Architect, Advisory	**$1.5M**	Company is preparing audits and legal for a potential public offering

DISCUSSION. In addition to the outlined uses of funds, the company is concurrently conducting a final engineering review for a fully scaled BRETONSTONE, Bioquartz and Kreos plant in the Dallas-metro. This facility represents a significant expansion of the company's production capabilities and technological edge beyond the Shiloh (Garland, Tx) plant. The plant's unique requirements, including the need for 70-foot drops in the manufacturing process, necessitate a custom-built structure rather than an acquired or leased space. This bespoke construction approach ensures optimal layout and functionality for the specialized Bioquartz and Kreos production lines. While not directly funded by the current equity raise, this fully scaled production facility is a critical step in the company's long-term strategic plan, cementing its position as a leader in advanced engineered stone manufacturing. The purpose-built facility will allow for seamless integration of the company's cutting-edge technologies and processes, further enhancing production efficiency and product quality.

INVESTMENT RATIONALE:
SILICOSIS AND REGULATORY DRIVERS

INVESTMENT SUMMARY
OK STONE ENGINEERING, INC

Quartz countertops have become a staple of many a high-end kitchen, but the path to getting them there is paved with risk.

Quartz is also called engineered stone because it is made by binding crushed natural quartz with adhesive resin to create a flat surface. But the material contains high amounts of silica, an oxide which, when inhaled, can cause a lung condition known as silicosis. The disease can be deadly and has been particularly affecting construction workers who regularly cut and saw the material.

DISCUSSION TOPICS ON SILICOSIS ARE QUOTED DIRECTLY FROM THE FOLLOWING NEWS SOURCES AND OTHER READILY AVAILABLE MATERIAL FROM THE CENTERS FROM DISEASE CONTROL AND LABOR DEPARTMENT.

https://www.lawsuit-information-center.com/silicosis-lawsuit-silica-exposure-attorneys.html

https://theweek.com/health/engineered-stone-silicosis-lung-quartz

https://www.theconstructionindex.co.uk/news/view/kitchen-company-petitions-for-quartz-worktop-ban

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INVESTMENT RATIONALE:
SILICOSIS AND REGULATORY DRIVERS

INVESTMENT SUMMARY
OK STONE ENGINEERING, INC

The qualms with quartz

Engineered stone is a popular choice for kitchen and bathroom countertops all over the world. But a 2023 study published in the journal JAMA Internal Medicine found that workers exposed to dust from the stone, like those who install it, are in danger of developing silicosis. Engineered stone is “everywhere and people have no idea,” Dr. Jane Fazio, a pulmonary specialist at UCLA and an author of the study, said to the Los Angeles Times. “[Consumers] have a right to know that the countertop that might be the cheapest one may really be costing folks’ lives.”

Engineered stone exposes those handling it to the mineral silica, found in several types of rock and soil. Silica particles can end up in the air and be inhaled, which is what may cause silicosis, a type of pulmonary fibrosis. “When silica dust enters the lungs, it causes inflammation which over time leads to the development of scar tissue that makes breathing difficult,” said the American Lung Association.

INVESTMENT RATIONALE:
SILICOSIS AND REGULATORY DRIVERS

"Complications from silicosis can include tuberculosis, lung cancer, chronic bronchitis, autoimmune disorders and kidney disease." The condition has no cure but can be prevented by reducing exposure to silica dust. Approximately 2.3 million U.S. workers are exposed to silica in the workplace with the large majority being construction workers. While silica is present in several types of natural stone, engineered stone has a higher and more dangerous concentration.

Australia recently became the first country to fully ban engineered stone.

Stone Countertop Workers Are at Risk for Silicosis

Anyone who is regularly exposed to airborne silica dust particles over a long time period is at risk of developing silicosis. Silica is a natural mineral that is found in sand and in most types of rocks, including sandstone, granite, quartz, and marble.

Silicosis is a severe lung disease caused by inhaling airborne particles of silica or silica dust over a long period. Recently, Australia banned engineered quartz having silica content, causing supply chain disruption in the market.

When silica dust is inhaled, it enters the lungs and causes inflammation of the tissue surrounding the air sacs in the lungs (alveoli). It is anticipated that the US Market carries risk for similar bans to the sale of Engineered Quartz.

Silica is only toxic when it is in very small, airborne dust particles known as respirable crystalline silica or "silica dust." This type of airborne silica dust is created from cutting, grinding, or surfacing materials containing silica, such as granite, marble, quartz, and other materials.

Anyone who was involved in the cutting, sanding, shaping, or surfacing of stone countertops for a long time period is at an extremely high risk of developing silicosis. The same is true for anyone who worked with engineered stone products, which actually contain even higher levels of silica than natural stone. Cutting or surfacing granite, marble or engineered stone for use as countertops is exactly the type activity that results in chronic silica dust inhalation. Sandblasters seem to be a particularly high risk.

Scientists at the National Institute for Occupational Safety and Health conducted a study analyzing the dust generated from cutting Corian with a circular saw. They collected air samples using filters and direct-reading instruments in an automated laboratory testing setup. The study that approximately 31.8% of the airborne dust from cutting Corian is respirable.

In 2019, the CDC released a report on silicosis, noting a significant spike in occupational silicosis rates. The report and subsequent studies have attributed the increase in silicosis to the increased popularity of stone and engineered stone countertops over the last few decades.

The potential settlement amounts of a silicosis lawsuit vary significantly depending on the severity of the plaintiff's silicosis and other related health conditions. Cases in which the plaintiff only has silicosis have a lower settlement payout compared to cases where the silicosis developed into lung cancer or other health complications.

Latest Silicosis Legal News

June 25, 2024: New Silicosis Lawsuit

A worker has filed a lawsuit in the Orange County Superior Court, alleging that he developed silicosis due to exposure to crystalline silica while cutting quartz countertops.

The defendants include prominent companies such as Alpha Tile & Stone Inc., Caesarstone Ltd., Home Depot USA Inc., and IKEA North America Services LLC. The lawsuit seeks compensatory and punitive damages, citing negligence, product liability for failure to warn, product liability for design defect, fraudulent concealment, and breach of implied warranties.serious and fatal health effects.

May 26, 2024 – OSHA Standards

California OSHA has renewed its emergency temporary standard (ETS) for crystalline silica exposure in "engineered stone fabrication shops" amid escalating concerns over worker safety.

The ETS, originally adopted in December, was unanimously renewed for six months on May 16, with new exemptions for outdoor work at quarries and the fabrication of natural stone monuments. Cal/OSHA is also developing a permanent worker-safety standard set to take effect in January, replacing the ETS.

This action follows the reported cases of silicosis among workers, with 140 cases in recent years, including 14 deaths and 18 lung transplants, all linked to silica exposure in engineered stone fabrication shops. Silicosis is described as an incurable, progressive disease causing serious and fatal health effects. The feds are also paying attention. OSHA has beefed up its enforcement of rules governing respirable crystalline silica to protect workers in this sector, prioritizing inspections of high-exposure worksites. This federal initiative aligns with California' s renewed focus on addressing the health crisis caused by silica exposure in the engineered stone industry.

March 3, 2024: New Legislation Proposed

California lawmakers introduced multiple bills aimed at strengthening safety standards concerning indoor and outdoor heat exposure and crystalline silica exposure in engineered stone fabrication businesses. AB 3043 seeks to reduce worker exposure to crystalline silica, particularly targeting the San Fernando Valley, where 60% of reported silicosis cases in the state occur. The bill mandates Cal/OSHA to track and address non-compliant fabrication shops, enforce a licensing requirement, ban dry cutting, and provide comprehensive worker education and training.

January 3, 2024: California Takes Action

The California Occupational Safety and Health Standards Board adopted an emergency temporary standard to address rising instances of occupational silicosis among engineered stone fabricating industry employees. The standard requires employers to implement additional precautions, such as using wet methods for cutting stones and providing proper personal protective equipment. The emergency regulation comes after public comments and recommendations from various stakeholders. The new rules apply broadly to California workers exposed to respirable crystalline silica. They impose obligations like continued monitoring of high-exposure tasks and prohibit certain work practices. Employers must also enhance training, provide respiratory protection, and report cases related to silica exposure promptly.

January 6, 2023 – A new study found that artificial countertop materials, such as solid surface composites and engineered stone, can pose significant health risks to workers who handle them. During fabrication, they emit airborne dust particles. Engineered stone contains particularly high levels of crystalline silica, which has been linked to cases of silicosis and pulmonary fibrosis among workers.

$750,000 Verdict (Mississippi): A 70-year-old male alleged that he suffered silicosis from prolonged exposure to silica dust which entered through his personal respiration equipment. He sued the manufacturer of the respirators alleging that it failed to properly manufacture and design its products, failed to ensure that silica dust would not enter the mask, and that it failed to ensure that its products were safe for their intended use and purpose. The defendant denied liability and contended that the plaintiff failed to properly wear the mask.

$1,500,000 Verdict (Virginia): A 43-year-old male railroad contractor suffered silicosis when he worked on the tracks and inhaled silica dust for a period of approximately 16 years during his employment with the defendant (Norfolk Southern Railway Co.). The plaintiff contended that the defendant failed to provide a safe workplace for its employees, failed to supply protective gear for its track workers to prevent the development of lung disease, failed to warn workers of excessive exposure to silica dust, and violated federal law.

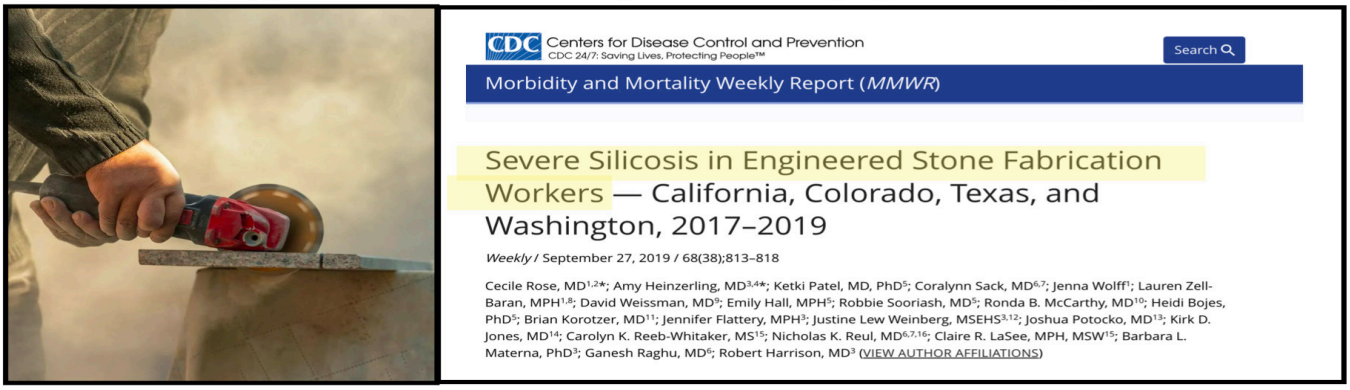
$5,000,000 Verdict (Mississippi): A 56-year-old male alleged that he suffered silicosis that developed into lung cancer from the inhalation of chemicals after working as a construction worker for many years during which he wore a respirator that was manufactured by the

defendant (American Optical). The lawsuit alleged that the respirators were defective. The defendant denied liability and contended that the plaintiff used the product improperly, that his employer failed to provide adequate training and instruction for the safe use of the respirator, and that the product was not defectively designed or manufactured.

$7,600,000 Verdict (Mississippi): The plaintiff worked as a sandblaster and alleged that he suffered chemical inhalation that resulted in silicosis and fibrosis when he utilized silica-laden sand and paper masks that were manufactured by the defendants over the period of approximately 30 years. The plaintiff contended that the defendants failed to properly manufacture the products, failed to ensure that prolonged exposure to the products were safe for humans, and failed to warn of the known risks associated with the utilization of the products. The defendants denied liability and contended that the plaintiff assumed the risk of injury.

$7,500,000 Verdict (Texas): A 66-year-old male sandblaster died of respiratory failure, after suffering from emphysema and silicosis, when he was exposed to silica for ten years while working with sand produced by the defendant, US Silica Company. The plaintiff contended that the defendant failed to warn the user of possible dangers associated with using its sand and that the defendant negligently marketed and sold its product. The defendant denied liability and contended that the health hazards associated with its product were known in the industry and that the responsibility of informing the plaintiff was placed solely upon the plaintiff' s employer.

THE CDC IS WARNING THE ENGINEERED STONE INDUSTRY:



OK STONE: A COMPANY WORKING TO MOVE BEYOND SILICA DUST

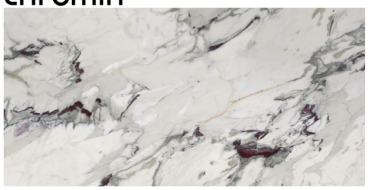
INVESTMENT SUMMARY
OK STONE ENGINEERING, INC

THESE ARE THE THREE DISRUPTIVE GENERATION 4 TECHNOLOGIES LETTING OK STONE TARGET A $1 BILLION COMPANY VALUATION

bioquartz

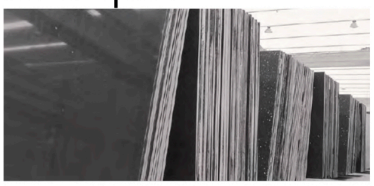
+ Eliminates the type of silicosis in the CDC warnings

chromia



+ Rapid printing of high-value aesthetic effects
+ High margin product
+ Opens up new markets above existing demand
+ Long term competitive advantage

kreos-plus



+ Extremely thin 7mm finished product
+ Uses Bioquartz

Stone Backgrounder: For centuries, natural stone has been a cornerstone of architectural masterpieces and at the center of beauty and prestige in family homes, and has maintained its prestigious status over time. Despite its enduring appeal, the use of natural stone today faces significant challenges. Extensive quarrying has led to resource shortages and stricter environmental regulations. Additionally, natural stone' s inherent imperfections make it difficult to source large, uniform batches. It also sometimes falls short in meeting the innovative aesthetic and functional demands of modern architecture.

To address these issues, there is a growing need for new stone surface materials that align with contemporary tastes and lifestyles. These materials must offer innovative aesthetics, advanced technical properties, and be customizable for individual projects. They should be resistant to acids, scratches, and slips, ensuring safety, environmental sustainability, and adaptability to modern construction techniques.

Today' s architectural and building industries increasingly turn to OK Stone and the BRETONSTONE® technologies for composite stone, which meets these contemporary demands while providing durability and aesthetic appeal.

BIOQUARTZ TECHNOLOGY: ANALYSIS AND DISCUSSION

Breton brings sustainability into the Engineered Stone universe through **BioQuartz®**:

the first ever industrial quartz produced through a pyrolytic transformation of common siliceous and feldspar natural sands or residues of slab manufacturing processes.

Breton Bioquartz® is **free from crystalline silica**

Addressing Silica Dust Concerns in Quartz Fabrication

Breathing in fine crystalline-silica dust during the dry fabrication of quartz slabs has been a significant concern in the surfacing industry. Breton has responded to this issue with an innovative solution: Breton Bioquartz®.

Introduction to Breton Bioquartz®

Breton Bioquartz® is an industrial quartz produced through the pyrolytic transformation of siliceous and feldspar natural sands, as well as residues from the slab manufacturing process. This groundbreaking material is the first industrial quartz free of crystalline silica, achieved through a special technological process of pyrolytic fusion of common minerals.

Benefits and Applications

The use of Bioquartz® allows for the production and distribution of 100% silica-free quartz slabs. These slabs are considered to be safe for operators by Breton during both the manufacturing process and the transformation into finished products. Additionally, the process supports a circular economy by utilizing sludges and residual mixtures from the BretonStone Quartz Slabs plant as raw materials for Bioquartz® production.

Technical and Aesthetic Qualities

Bioquartz® slabs retain the same technical and aesthetic characteristics as natural quartz slabs and are equally easy to process. This material represents a sustainable solution that reduces production costs and supports circular business models. Furthermore, Bioquartz® can be produced in Super White and semi-transparent colors, with the innovative Super-White Bioquartz® being a unique Breton patent, made available to OK Stone.

BIOQUARTZ TECHNOLOGY

INVESTMENT SUMMARY
OK STONE ENGINEERING, INC

Breton Bioquartz® offers numerous advantages, ensuring a safer and more efficient production process in the Engineered Stone industry. First and foremost, it provides a safe working environment for operators, based on statement by Breton, effectively eliminating the factors that create risk for silicosis.

Moreover, the Bioquartz® manufacturing process presents a zero/low waste solution by utilizing all production rejects from the BretonStone® Quartz Slabs plant, such as sludges and residual mixtures, as raw materials. This circular approach not only boosts efficiency but also reduces production costs, contributing to sustainable manufacturing practices.

The supply chain for Bioquartz® is optimized through the use of locally available sand deposits, which ensures faster procurement of raw materials and reduces logistics costs. This miles-zero approach enhances lead time optimization, further streamlining the production process.

Bioquartz® matches the quality of natural quartz, providing finished products with the same mechanical, physical, and aesthetic features. These slabs are perfectly suitable for final applications, maintaining high standards in both appearance and performance.

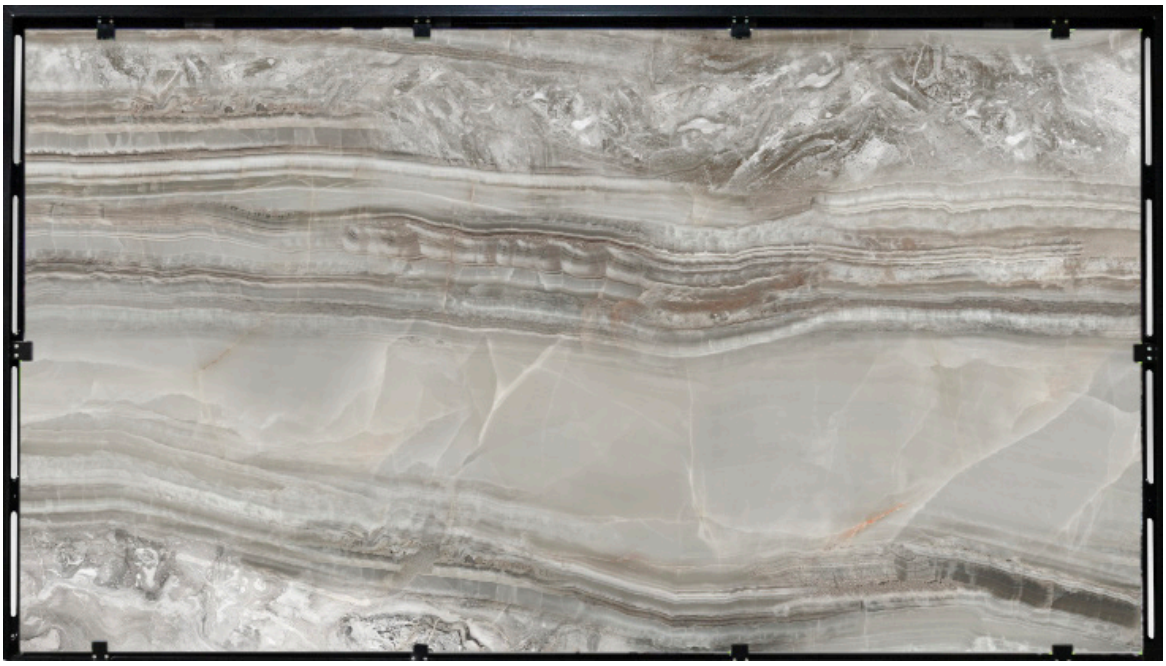
Management is exploring ways to further expand **Bioquartz®** possibilities for end-customer products, aiming to create a market-leading product category.

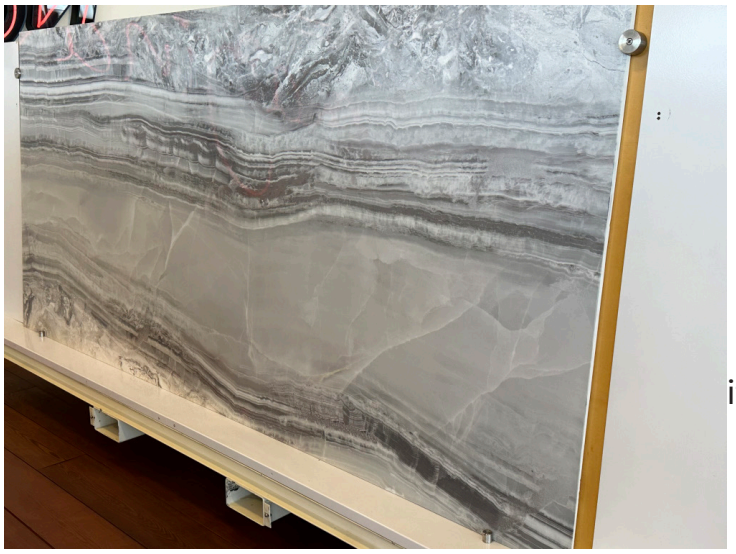
Additionally, Bioquartz® can be produced in Super White and semi-transparent colors, with the Super-White Bioquartz® production process being a unique Breton patent. This patented solution not only expands the aesthetic possibilities for finished products but also underscores Breton's commitment to innovation and excellence in the industry.

CHROMIA TECHNOLOGY

INVESTMENT SUMMARY
OK STONE ENGINEERING, INC

HIGH RESOLUTION SURFACE MODELING WITH NANO INK





Breton has introduced Chromia® technology, which represents a significant advancement in the production of quartz slabs. Chromia® allows for the creation of a wide range of unique and high-quality aesthetic effects, making it possible to replicate the appearance of the most precious natural stones and beyond. This technology maintains the core characteristics of quartz, such as its resistance to impacts, scratches, stains, and acids, while also ensuring remains easy to transform into finished products.

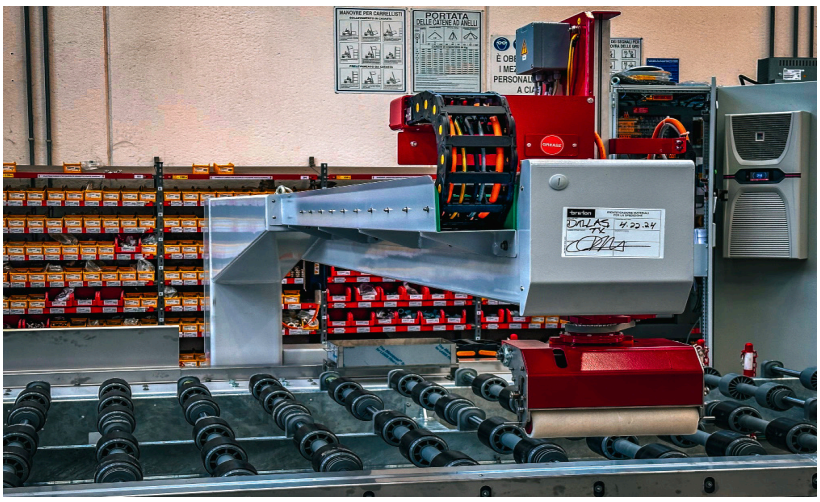
it

Chromia®' has the capability to produce very thin slabs, starting from 7mm, opens up new market opportunities and applications. The system' s innovative surface decoration techniques are attracting interest across the stone industry, promising a future where quartz slabs can be digitally decorated with endless aesthetic possibilities in a short time, without requiring changes to existing production plants.

HIGH RESOLUTION SURFACE MODELING WITH NANO INK

Furthermore, Chromia® technology contributes to addressing respiratory health concerns related to silica dust by enabling the production of safer quartz slabs. This aligns with Breton' s ongoing commitment to developing solutions like Bioquartz® that reduce or eliminate the risks of silicosis, ensuring both worker safety and product quality. Chromia® thus stands as a revolutionary advancement poised to elevate the standards of quartz slab production globally.

Pictured right is an example of Chromia production, showcasing the high-resolution output and aesthetica design that customers find comparable to natural stone. This equipment is part of the first true Generation 4 production line manufactured by Breton for OK Stone, representing the advanced collaboration between the companies in the engineered quartz industry.



Consumers often prefer countertops that look like natural stone because these designs offer a timeless and organic aesthetic that complements a wide range of interior styles. Natural stone patterns provide a sense of authenticity and connection to nature, which many people find more appealing than highly artistic or robotic designs. The unique veining and color variations in stone-like countertops can create a luxurious and sophisticated atmosphere in kitchens and bathrooms, enhancing the overall value and beauty of the space. Additionally, stone-look countertops blend seamlessly with other natural materials, such as wood and metal.

KREOS TECHNOLOGY

INVESTMENT SUMMARY
OK STONE ENGINEERING, INC

One of Kreos®' s standout features is its ability to produce ultra-thin quartz slabs, starting from just 7mm. These thin slabs retain the strength and durability of thicker slabs, making them ideal for applications where weight and thickness are critical. This opens up new possibilities in design and architecture.

Introducing Kreos® Plus

Kreos® Plus represents the new approach for producing **double-layered low-silica slabs**.

The two layers are composed as follows:

- The very thin **upper layer**, incorporates cristobalite, quartz, or bioquartz® aggregates to achieve the required aesthetic and technical features;
- The **lower layer**, thick enough to get the required final slab thickness, is manufactured through a combination of calcareous and (or) amorphous aggregates.

Breton' s Kreos® technology is a major advancement in engineered stone slab production, focusing on enhancing both aesthetic and functional properties of quartz surfaces. This innovative technology enables the creation of intricate and unique designs using advanced digital printing techniques, producing high-definition, vibrant patterns that mimic the beauty of exotic granites and veined marbles. These designs can be customized to meet specific aesthetic requirements, opening new market opportunities for custom and high-end finishes.

Additionally, Kreos® incorporates nanoparticles into the quartz matrix, significantly improving resistance to scratches, stains, and microbial growth. This enhancement makes the slabs more durable and easier to maintain, which is essential for both residential and commercial uses.

Kreos® also promotes eco-friendly and sustainable production. It utilizes sludges and residual mixtures from the production process as raw materials, supporting a zero-waste approach that reduces production costs and environmental impact. This aligns with the increasing demand for sustainable manufacturing practices.

This Next Generation Bioquartz® Technology Comes Thanks to a Partnership with Breton S.p.A.

The Company currently has an agreement with Breton S.p.A. – a world-leading group in the design and production of machines and industrial plants for natural and engineered stone, as well as a key player in the machine tool sector for metal and composites machining for the automotive, energy and aerospace industries and in the production of machines and systems for printing of large parts – to use its next generation technology.

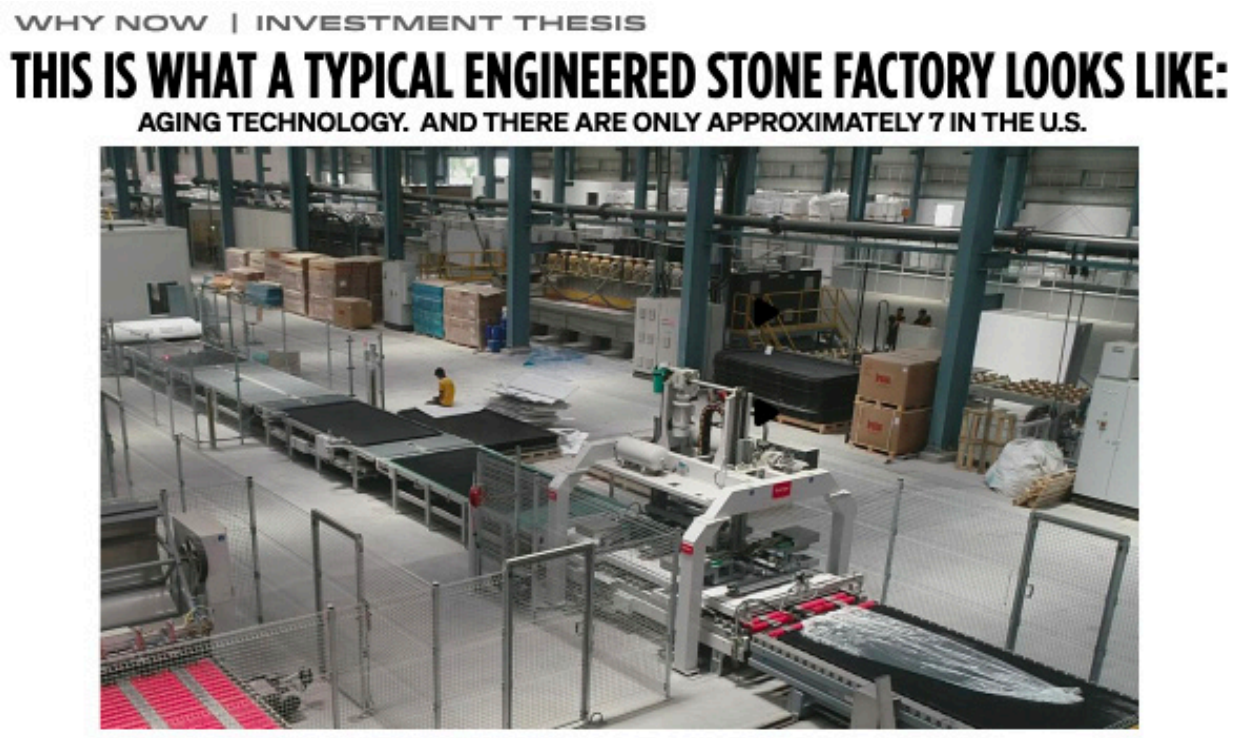
Breton was first esztablished in 1963 by Marcello Toncelli, who perceived the enormous potential in developing a market which was absolutely innovative and at the time practically unexplored: developing new technologies and manufacturing industrial plants for producing compound stone.

The original Bretonstone system allowed for the production of a solid surface similar to granite using small stone aggregates and stone-like materials.

The agglomerate produced with the Bretonstone system looks like natural stone and varies in look according to the types of stone aggregates and stone-like materials used in the process.

Breton' s business model is to sell its equipment to firms currently involved with – or who wish to enter – the composite stone business. With OK Stone, Breton has several years of developing a true Generation 4 technology plant, the first in the world.

Currently, 92-95% of all branded engineered stone products – worldwide – are produced using Breton technology:



BUSINESS MODEL:
Technical Analysis

INVESTMENT SUMMARY
OK STONE ENGINEERING, INC

PICTURED: BRETON'S ADVANCED TECHNOLOGY IN ACTION

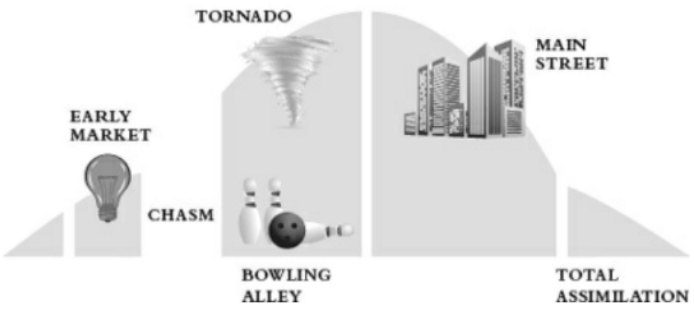
OK Stone's goal as the first full adopter of Breton's new Generation 4 technology is to build a highly competitive American brand by capitalizing on regulatory changes as state and federal governments seek to ban engineered stone that may cause Silicosis

ANALYSIS: With the launch of its latest Generation 4 technology, Breton's existing US-market engineered stone customers face a classic innovator's dilemma: they cannot start an entirely new business model and keep their existing one.

High Switching Costs: In order to switch to Breton' s next generation platform, it would require existing factories to essentially build an entirely new factory running entirely different processes, and otherwise write down existing capital goods and machinery before its normal end of life.

Instead of attempting to convince their existing customers to take on this level of investment, Breton has entered into an agreement with OK Stone to build a new Generation 4 factory in America where it will be the first and only factory in the United States using this technology.

While it is impractical to ask Breton for a permanent and exclusive license to use all of it' s technology, the Company will retain the rights to proprietary versions of Chromia as Chromia+ in addition to Kreos+, and to any derivative intellectual property created while using the new Breton platform.



This, in effect, means the Company benefits from the established business model used to build more than 80 factories worldwide that use Breton technology.

The Company will have the opportunity to build its own intellectual property that may provide it with a first-mover advantage and secure favorable market position and possibly a defensible technology moat.

For investors seeking to understand the viability of this new technology, we turn to a commonly

In the early stages of emerging technology markets such as OK Stone is operating in, advanced technology are in a position of potential advantage, termed "Crossing The Chasm."

According to Moore:

"When this [technology shift] occurs, a massive shift in spending accompanies it..."

This simplifies the issues of creating new standards, building compatible systems, and getting a whole new set of product and service providers up to speed quickly on the new solution set. In short, it may make it easier for the new value chain to form.

That is to say, it is not just a new market coming into existence, but also a whole new system of commerce to support that market.

This period of rapid change is called "hypergrowth," and it happens only once in the history of any particular market… with one company likely becoming the dominant player – known as the "Gorilla," according to Moore' s framework.

Management believes the changing regulatory landscape will all but force the market to adopt new technology, and potentially position OK Stone as the market leader in this new megatrend.

In North America Alone, Engineered Stone is a $18+ Billion Retail Market.

Management believes that the "**disruption comes from unhappy customers, not new technology,"** further supports this customer-centric Whole Product Concept model.

Said another way, opportunity comes from recognizing where there is unmet Demand in an established market – either due to a structural change in Demand, a structural change in Supply, or a combination of the two – instead of seeking to create Demand in markets that have yet to be formed or otherwise proven out.

With this in mind, we consider the summation of all customer needs as Demand in any market, with Supply representing all of the currently accessible products and services available to satisfy Demand. While the eventual end customer of engineered stone products is eventually a retail customer, like many construction-related goods and services, the vast majority of products are purchased (and installed) by professionals.

For these reasons, we can best express this total Demand as some combination of residential demand and commercial demand.

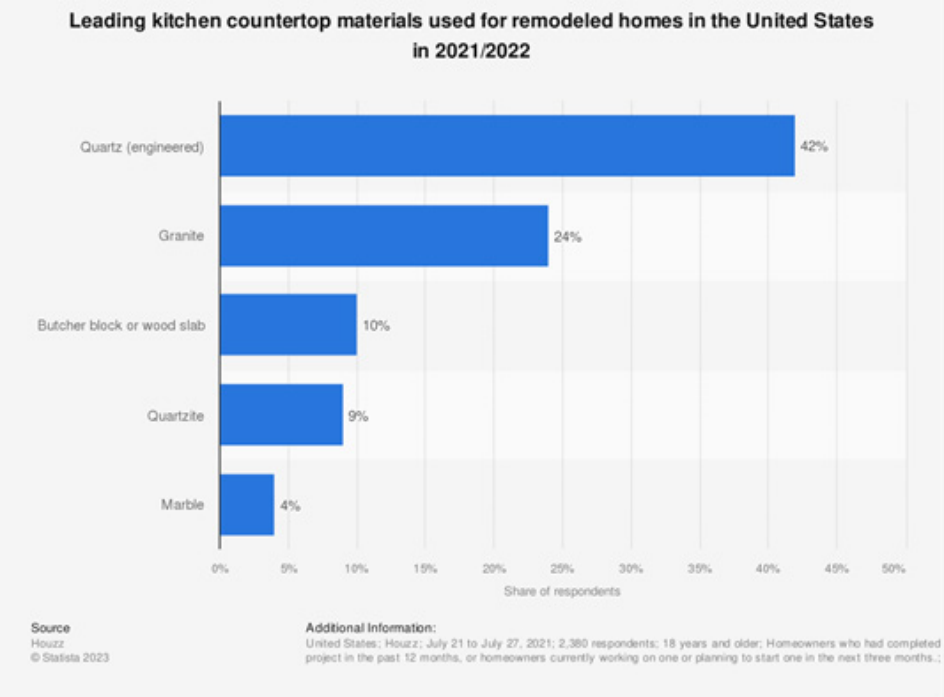
Because countertops (also called benchtops or worktops) account for nearly 80% of all global demand, this serves as the most useful proxy for the broader market.

Table 5-1 | North America: Countertop Demand by Market & Area of Installation, 2009 – 2029 (million square meters)

Item	2009	2014	2019	2024	2029	% Compound Annual Growth 14-19	19-24
Countertop Demand	65.43	75.62	92.20	104.65	114.80	4.0 %	2.6 %
By Market:							
Residential	52.74	63.43	79.12	90.85	100.01	4.5 %	2.8 %
New	9.56	10.97	14.77	16.78	18.49	6.1 %	2.6 %
Remodeling	43.18	52.46	64.35	74.07	81.52	4.2 %	2.9 %
Nonresidential	12.69	12.19	13.08	13.80	14.79	1.4 %	1.1 %
New	5.39	4.26	4.67	4.80	5.17	1.9 %	0.6 %
Remodeling	7.30	7.93	8.41	9.00	9.62	1.2 %	1.4 %
By Area of Installation:							
Kitchen	36.36	42.74	53.59	61.25	67.60	4.6 %	2.7 %
Bathroom	22.65	25.62	30.23	34.23	37.13	3.4 %	2.5 %
Other Areas	6.42	7.26	8.38	9.17	10.07	2.9 %	1.8 %

Source: The Freedonia Group

Today, quartz is the leading kitchen countertop material used for remodels, with more than 42% penetration.



Countertops are primarily installed in kitchens and bathrooms in both residential and non-residential buildings such as offices, schools, healthcare buildings, and lodging facilities.

Single-family kitchen and bathroom remodeling continues to drive market trends, with countertop replacement still one of the most popular home remodeling projects.

Homeowners trade up from laminates and solid surfaces to more natural-looking (and expensive) materials – such as engineered stone – as an effective way to quickly change the appearance of their homes to align with new trends.

All you need to do is turn on HGTV to whatever the current hot tv show is about buying, selling, or renovating homes to see the desirability of engineered stone countertops (like Quartz).

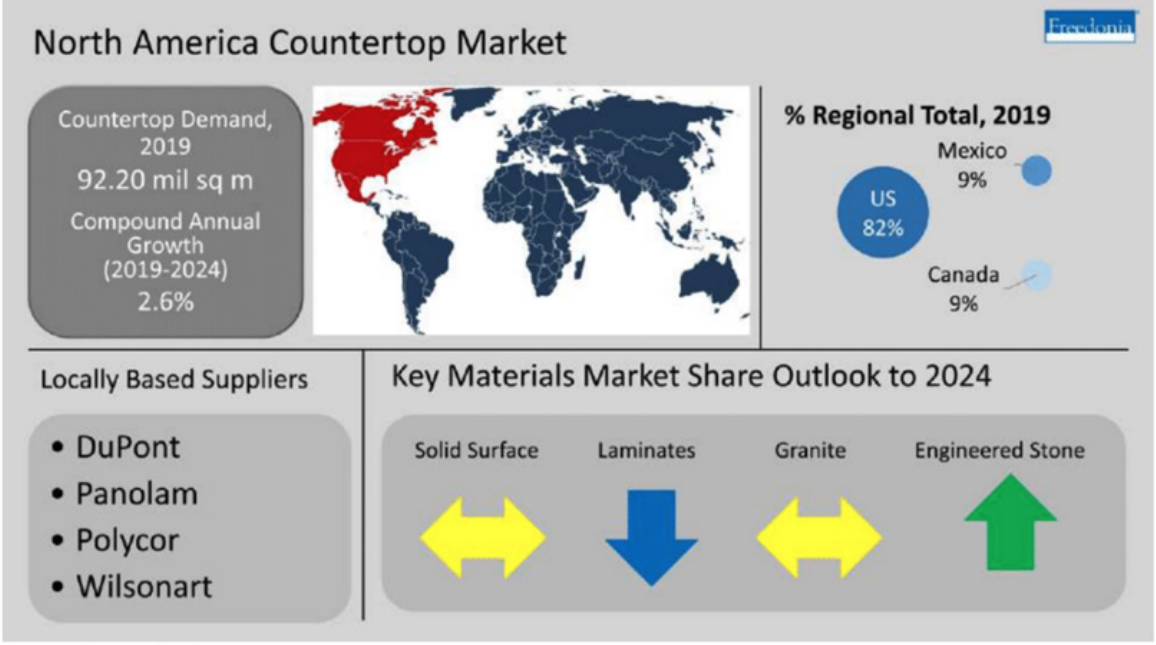
Homeowners love it because quartz is impact resistant, easy to maintain, and looks great. By some estimates, quartz countertops may increase the total home value by 3-7%.

North America is a very intensive user of countertops, accounting for 17% of global countertop demand, but just 6% of the world's population.

In addition, the residential remodeling market is forecasted to account for 78% of all absolute gains through 2024 - a greater share than in other regions due to relatively high incomes and large average housing sizes in the region.

According to Freedonia, North American countertop demand totaled 92.2 million square meters in 2019 – or approximately 992.4 million sq/ft – the second largest regional total after the Asia/ Pacific region.

Figure 5-1 | North America: Countertop Market



Source: The Freedonia Group

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PRICE ANALYSIS: "... the retail price of countertops in OK Stone's target market ranges from anywhere between $100 to $250 per square foot."

Market advances will be supported by:

- increasing residential kitchen and bathroom remodeling
- trends favoring larger kitchens and multiple bathrooms
- growing interest in outdoor kitchens, islands, and wet bars
- a rebound in new commercial building construction

In addition, Freedonia forecasts engineered stone will continue to expand its market share to account for 36% of countertop demand by surface area.

To no surprise, buyers of countertops will always desire better prices, faster delivery, and modern aesthetic effects.

However, consumers have long been at the mercy of what' s called the Iron Triangle.

Based on these assumptions, by 2027, North American demand for engineered quartz countertops is projected to be +/-404 million sq/ft – approximately double the projected demand for natural stone.

The Iron Triangle.

The general concept is that you can pick two of the three when making goods and services: Good. Fast. Cheap.

For this reason, it's no surprise to see cheaper countertops being imported from countries like Turkey, India, and China. However, antidumping and countervailing duty investigations on products from China, Turkey, and India have had adverse effects on demand in the large US market.

4 years prior, OK Stone Leadership asked Breton's executive team: Is there a way to effectively SOLVE this Iron Triangle and make American made goods that are higher quality, faster to deliver, and cheaper than foreign products?

Together the teams sought to answer, "Can we compete at home, and around the world, turning America once again into a net exporter?"

That' s why the most successful manufacturers in the country focus on recruiting the very best talent in the market, and delivering high-quality "Made in America" goods that become market leaders. For this reason, Management believes if they can deliver unique products directly from a US-based factory that competes on price – and also delivers technically advanced features – they will have the opportunity to build an Iron Triangle-breaking manufacturing facility here in America.

ANALYSIS: Based on existing supply and demand dynamics – and without considering the impact of regulatory changes – the US market needs manufacturing capacity for an additional 100 million square feet of engineered stone slabs.

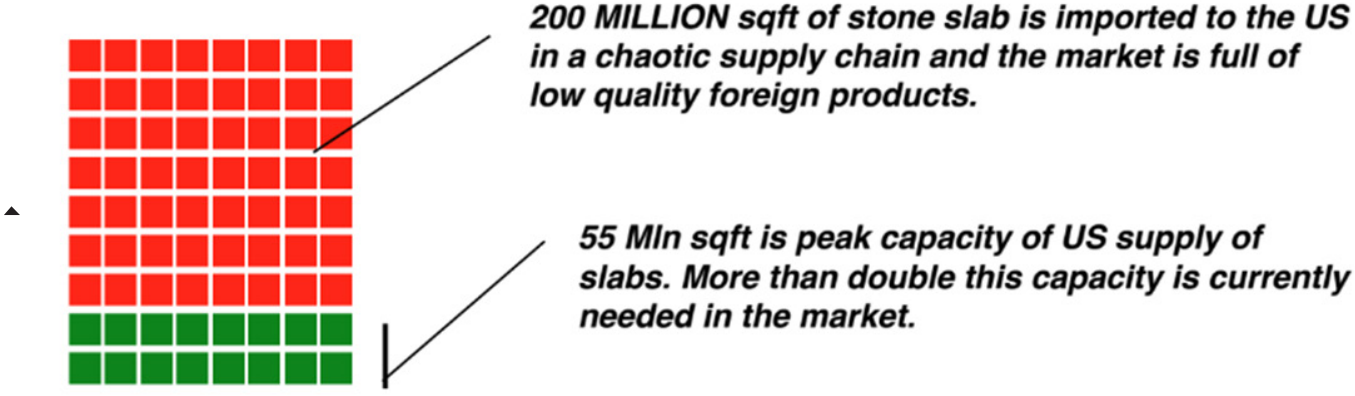
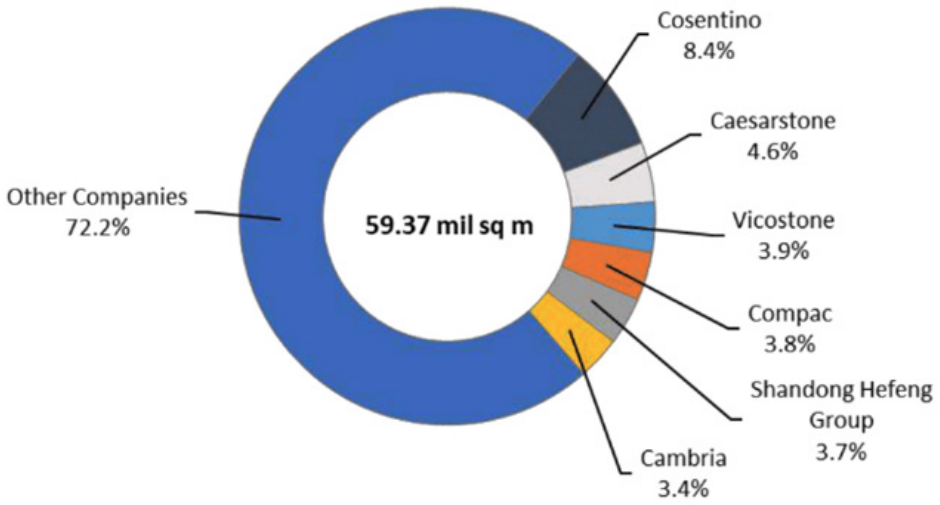


Figure 4-6 | Global Engineered Stone Countertops Market Share by Company, 2019 (million square meters)



Source: The Freedonia Group

Five of the six global leaders – Cosentino, Caesarstone, VICOSTONE, Compac, and Cambria – have a licensing agreement with Breton S.p.A., through which they either license Breton' s engineered stone production process, or purchase manufacturing equipment or fabrication equipment designed by Breton.

However, all of them are using Breton' s previous-generation technologies, and have not made any corporate announcement they plan on switching to the new technology in the near future.

While this may protect their profit margins in the short term, it may make it difficult for these factories to adjust to the changing landscape we see in today' s markets.

KEY ANALYSIS

Benefitting from Breton's latest technology, Bioquartz® engineered stone can now be produced with 0% silica, making it the first (and currently only) product in the world that satisfies the structural change in demand that will occur should silica become a banned substance.

ADDITIONAL ANALYSIS:

Silicosis

Silicosis is an incurable illness caused by the inhalation of pulverized silica, a common mineral found in the earth' s crust.

Artificial-stone countertops, which have become immensely popular with consumers because of their price and versatility, often contain more than 90 percent silica.

The mineral is released into the air as a powder when workers cut or grind the slabs, leading to an incurable – and potentially deadly – lung disease, chronic obstructive pulmonary disease (COPD), and kidney disease.

A large percentage of victims eventually die from these illnesses.

For this reason, various state and federal governments are currently considered banning engineered stone that contains any silica.

For example, Safe Work Australia – the Australian workplace safety watchdog – has recommended a national ban on engineered stone and a special licensing scheme for the handling of existing benchtops, finding no level of cancer-causing silica is "safe" for trade workers.

If this happens, Australia would be the first country to ban the product, though New Zealand has indicated it is eyeing a similar move.

The decision comes after a powerful local construction union threatened to independently ban the use, manufacture and import of the stone by July 2024, if the government did not step in.

In addition, we' re already seeing California regulators draft emergency rules to combat the "epidemic of silicosis."

The Division of Occupational Safety and Health (DOSH), better known as Cal/OSHA said it is working with the Department of Public Health to develop "a possible emergency regulation to prevent silicosis." It did not offer details. Any such rule would have to be approved by California' s Occupational Safety and Health Standards Board.

In a petition to the board, the Western Occupational and Environmental Medical Association (WOEMA), which represents more than 500 physicians and other professionals in five states, argued for an emergency silica standard that would, among other things, prohibit dry-cutting of artificial stone and increase penalties for violations.

With growing concern over crystalline-silica exposure in California, the federal Occupational Safety and Health Administration OSHA) launched a new program late last month to increase inspections of surface-fabrication facilities nationwide.

For these reasons, management sees an opportunity to build a $1 Billion+ high-tech precision manufacturing company within the next 5-10 years.

ADDITIONAL ANALYSIS:

Technologies

Management believes it will be one of the first in the world – and most certainly the first in the US – to have licensed Bioquartz®.

As a result, management assumes the use these new technologies may potentially:

- Increase domestic supply using raw materials sourced in the US.
- Provide potential price and supply stability for US buyers.
- Meet anticipated regulatory changes.
- Provide a long-term investment opportunity into the future based on the pro forma revenues and income.

In addition to the Bioquartz® technology that requires ingredients that can all be sourced inside the US borders, contains no silica, and lowers the cost of the final slab product…

The Company may also benefit from other Breton technologies like Chromia and Kreos-Plus.

With Chromia, the Company believes they have the ability to 3D print high value aesthetic effects that can quickly meet changing demand as style preferences change.

In addition, Kreos-plus allows for the production of a significantly thinner, and lighter weight, slab. Not only does this mean lower shipping costs, it means the product is easier – and safer – to install for workers.

With a 7mm finished product, this also has the potential to dramatically expand the use cases for engineered stone as it can be better used on vertical surfaces (like backsplashes and entire wall treatments).

Last but not least, the combined technology eliminates the need for distributors and developers to build large inventories to protect against supply chain disruptions as all of this can be fabricated domestically.

ADDITIONAL ANALYSIS:
UNDERSTANDING BRETON

Breton was founded in 1963 by Marcello Toncelli, who identified a significant opportunity in developing technologies and industrial plants for producing composite stone. Initially, Breton also focused on manufacturing machines for natural stone processing. Toncelli' s forward-thinking approach and innovation rapidly propelled Breton to prominence in the industry, making it a world leader. In the mid-90s, Breton expanded into numerical control machining centers for the mechanical industry, quickly becoming a key global player. Today, Breton S.p.A. is managed by Luca and Dario Toncelli, along with Roberto Chiavacci, Vice President of the Board of Directors. The company operates on an 80,000 sq.mt. area, with 38,000 sq.mt. of covered facilities, continuing its legacy of innovation and industry leadership.

Breton is engaged in several activities including the design and manufacture of plants for producing composite stone and developing related manufacturing technologies. They also design and manufacture machines and plants for processing natural stone, numerical control machining centers for high-speed machining used in various sectors such as die-making, aerospace, automotive, and general mechanics, and machines and plants for processing ceramic materials.

Machines And Plants For Processing Ceramics

Thanks to the experience acquired over the years working with natural stone, Breton has developed a complete range of machines and integrated production lines for processing porcelain granite applying exclusive technologies.

High-Speed Machining Centres

Around the mid-90s, Breton strongly moved into the market of high-speed machining and developed a range of innovative numerical control machines with specific machining technology. The Breton high-speed machining centres satisfy the needs of die manufacturers in all fields, as well as the car, aeronautic, and aerospace industries. In a few years, Breton has affirmed itself even in this market.

SILICA-FREE PRODUCTION
Operational Outlook

Overview

OK Stone Engineering, Inc. ("OK Stone" or the "Company") is undertaking a significant transition to deploy its revolutionary manufacturing process by adopting post-silicosis solutions through the use of Bioquartz and advanced Breton technologies. The Company' s strategic initiative aims to mitigate the health risks associated with silica while capitalizing on cutting-edge manufacturing innovations. However, as disclosed by the Company, this transition will be phased, similar to the automotive industry' s stage by stage shift from internal combustion engines to electric vehicle (EVs) manufacturing platforms.

Transition to Silica-Free Production

In the initial phases of implementing Chromia lines, OK Stone expects to rely on silica-containing slabs sourced from the general market. This reliance is seen as a necessary step to ensure continuous production and market supply as the Company ramps up its own manufacturing capabilities.

As OK Stone begins producing Bretonstone slabs in-house, it anticipates supporting approximately two Chromia lines. To further reduce silica usage, the Company is planning to procure low-silica slabs from Breton, its affiliates, and other suppliers. Despite the interim necessity of using silica-containing slabs, OK Stone is actively developing its full Bioquartz production capability, aligning with its long-term goal of a completely silica-free operation.

Financial Implications and Strategic Considerations

Interim Costs: The transition is expected to incur additional costs related to the procurement of low-silica slabs and the establishment of Bioquartz production facilities. These costs may impact short-term financial performance but are expected to be managed within the Company' s existing budgetary frameworks.

Market Adaptation: The concurrent use of traditional and new materials may lead to fluctuations in product pricing and margins. OK Stone' s strategy includes maintaining stable pricing through operational efficiencies and strategic sourcing to mitigate these impacts.

Regulatory Compliance: The Company is proactively aligning its production processes with anticipated regulatory changes concerning silica use. While initial compliance costs may arise, this proactive approach is expected to position OK Stone to benefit from regulatory shifts and avoid potential market disruptions.

Supply Chain Management: Effective supply chain management will be critical during the transition. OK Stone' s established relationships with Breton and other suppliers should help secure a reliable supply of necessary materials, ensuring production continuity.

Investment in Technology: Significant investments in advanced manufacturing technologies are anticipated to enhance OK Stone' s production capabilities and long-term profitability. While these investments may affect short-term liquidity, they are crucial for future growth and competitiveness.

Strategic Position and Future Outlook

OK Stone' s phased approach to transitioning from silica-containing slabs to Bioquartz represents a well-considered strategy that balances immediate production needs with long-term sustainability goals. The Company' s commitment to transparency and proactive stakeholder communication is commendable and should foster confidence among investors.

The investment in Breton' s advanced technologies, including Chromia and Kreos®, positions OK Stone at the forefront of innovation in the engineered quartz market. These technologies are expected to improve the aesthetic and functional qualities of the Company' s products and align with evolving regulatory standards and market demands.

In conclusion, OK Stone' s ambitious shift towards a silica-free production environment, backed by robust strategic planning and technological innovation, makes it a noteworthy contender in the engineered quartz industry. As the regulatory landscape evolves, OK Stone appears well-positioned to lead the market with safer, more sustainable products, offering a promising outlook for long-term investors.

Machines And Plants For Processing Natural Stone

The unequaled experience acquired over the years and the complete range of machines offered allow Breton to meet all its customers' needs from the small workshop to the industrial production site. The range of machines available covers all the various production requirements from block sawing to producing various types of finished products. Breton is a specialist in its field for all of its machines and plants and develops innovative ideas with exclusive patented manufacturing

Breton's Network and Expertise

Breton S.p.A. has been a leader in advanced technology and materials for over 60 years, supporting 80+ factories worldwide. Breton' s ability to recruit for OK Stone Engineering represents a proprietary talent pool that is enormous in reach. For example, each Breton customer factory employs 20-30 professionals in management with up to 200 additional labor in engineering, and finance, creating a pool of more than 2,400 skilled individuals for employment discussions and negotiations.. This network allows Breton to introduce top talent for OK Stone Engineering' s Generation 4 factory, where appropriate and doesn' t cross confidentiality or ethical boundaries.

Recruitment and Project Management

With around 1,000 employees internally, and external partnerships with 30+ manufacturing suppliers, Breton excels in guiding projects through equipment installation, engineering, and operations. For OK Stone Engineering, this means having direct access to conversations with a large global and US-based workforce, covering consultants, advisors and potential full time management team.

The goal of the company is to recruit management who has experience in engineered quartz, to rapidly implement Breton' s advanced manufacturing technologies and implement reporting and financial controls that will effectively allow the company to target a public offering by 2026.

Continuous Support

Breton continues to support OK Stone Engineering with ongoing recruitment and placement efforts. Characteristic of a 4 year joint cooperation, they even offer their own skilled technical resources and suggest also expert Team Management to address any operational needs swiftly, ensuring smooth and efficient operation.

Leveraging Breton' s industry reach and expertise, OK Stone Engineering aims to set a new standard in the market with their Generation 4 factory model.

ITALIAN AMERICAN MANFACUTURING ALLIANCE

Proforma Revenue 2029 **$138M+**

Proforma *EBITDA* 2029 **$61M+**

Breton and OK Stone Engineering are seeking to capture in the next 5-years a significant portion of the $18+ billion US market, projected to be as much as $30B by 2026, for engineered stone slab manufacturing. *Our advantages are many.* **First**, we are bringing to market the newest innovations by the market leader in stone slab manufacturing. **Second**, we are solving the toxic silicosis problem. **Third**, we are creating less expensive product using a lower cost raw material that is sourced in the US and not overseas.

How Vision and Strategy Led to a Revolutionary Factory Model

In the competitive landscape of manufacturing, the collaboration between Oren Klaff' s advisory firm, based in Southern California and Breton IT based in Bassano, Italy has resulted in a joint venture that is redefining the stone engineering industry in the United States. Together, Breton and OK Stone Engineering are implementing the technology for the world' s first Generation 4 factory, and an innovative vertically integrated factory model.

Connecting the Dots: The Genesis of a Partnership

The story begins with a pivotal connection. Oren Klaff, an advisor to companies seeking to raise capital and author, caught the attention of Breton IT through his published works on business strategy. Recognizing his unique approach and expertise, Breton IT chose Klaff as the lead sponsor for their project: establishing their first Breton-based Generation 4 factory for engineered quartz products in the U.S.

The Vertical Integration Model: A Strategic Choice

Unlike the conventional factory setup, which relies on low-cost land and labor, and typically is run by management who are remotely located to production, The new Breton model situates the factory in a metropolitan area like Dallas. Despite higher land and labor costs, a metropolitan location offers significant advantages in access to skilled labor and sophisticated management. The integrated company approach allows management, engineering, R&D, finance, customer service, new product development, sales, and engineering to work together on nearby campuses. This fosters innovation and efficiency in a way no other U.S. stone engineering company has implemented.

Four Years of Focused Planning and Execution

Bringing this project to life was a complex endeavor. Over four years, a volume of market research was conducted, the optimal site identfied, and top talent recruited. They developed advanced technology at the Breton Technology Center, and established a plan to capitalize with over $100 million, enabling the acquisition of cutting-edge equipment and the establishment of effective operational processes.

Conclusion: Setting a New Standard

OTheir Generation 4 factory products, based on a vertically integrated model, is already in high demand due to innovation and efficiency, providing a competitive edge in a market long dominated by traditional methods which are now considered obsolete. This origin story highlights the power of strategic planning and effective partnership between international technology leaders and US sponsors familiar with our domestic capital markets, and who are able to operate with boots on the ground in major US metro' s such as Dallas.

APPENDIX A

TECHNOLOGY PARTNER OVERVIEW: BRETON S.P.A.

This appendix details Breton's journey, technological breakthroughs, and commitment to quality and innovation.

SECTION 1

Introduction to Breton S.p.A.

Breton S.p.A., founded in 1963 by Marcello Toncelli, is a global leader in engineered stone manufacturing technology, holding over 92% market share.

SECTION 2

Market Dominance

Breton's advanced technologies set industry standards, dominating the market in over 50 countries through constant innovation and superior products.

SECTION 3

Product Innovation

Breton's technologies, such as Bretonstone®, Chromia®, Kreos®, and Bioquartz®, are known for their technical and aesthetic excellence, making them a top choice for durable and versatile stone surfaces.

SECTION 4

Technological Advancements

Breton's state-of-the-art plants produce high-quality, sustainable engineered stone. Innovations like Bioquartz® eliminate crystalline silica, enhancing safety, while Chromia® technology enables intricate designs.

The following document has been provided by Breton as an introduction to the company's capabilities in compound stone and materials engineering. For more information, visit breton.it.

BRETON

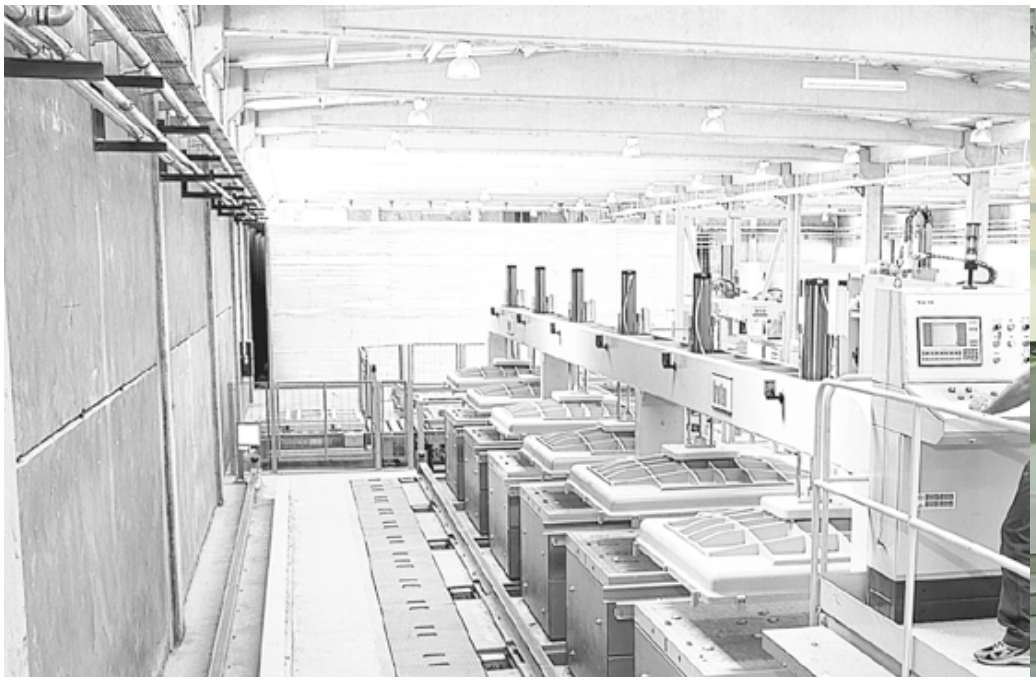
SPECIALIST IN PLANTS FOR MANUFACTURING AND PROCESSING COMPOUND STONE

Breton is world leader in the stone market industry for its plants and technology for manufacturing and processing compound stone, with an absolutely exclusive know-how, fruit of ongoing research and innovation which started back in 1963, the year the company was first founded.

There are many registered patents which cover solutions, ideas, technologies and machines offered by Breton.

Breton has an important and well-equipped Research Centre and a team of highly qualified professionals in chemistry, physics and mechanics who thanks to the aid of sophisticated research tools and an engineering process laboratory equipped with machines and plants for compound stone, develop new products, new production processes and new processing technologies.

BRETON
COMPOUND STONE
TECHNOLOGY AND PLANTS



NATURAL STONE SURFACES BY BRETON TECHNOLOGY

breton

BRETON COMPOUND STONE: BEAUTY, ORIGINALITY, FLEXIBILITY AND EXCEPTIONAL TECHNICAL CHARACTERISTICS LASTING TIME

Breton compound stone is used across a broad range of furnishing applications such as kitchen worktops, flooring, raised flooring, internal and external cladding, vanity tops, bathroom furnishings etc. In fact compound stone is a flexible and ideal solution for small or large public or private projects for homes, large commercial areas and furnishings.

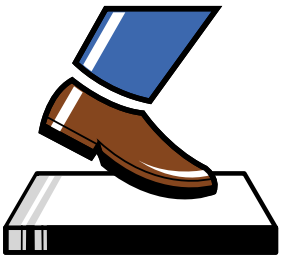
In fact this product perfectly satisfies contemporary architectural requirements, surpassing the technical and aesthetic features of natural stone and many other "non stone" materials and allowing the masonry industries to manufacture products with a high concentration of natural stone aggregates, up to a 96%, and which can be perfectly reproduced in time as colours, patterns and technical features are designed and developed to meet requirements.

When preparing this type of stone product various types of natural stone aggregates are used (granite, quartz, granite, silica sand, marble etc.) and it is also possible to add other stone and non stone materials which are both original and extravagant (mother of pearl, lapis lazuli, shells, coloured glass, mirrors etc.) giving the finished product its beauty and uniqueness. The stone mixture is bonded with a structural organic resin or, depending on the type of plant, with a "hydraulic" inorganic bonding agent.

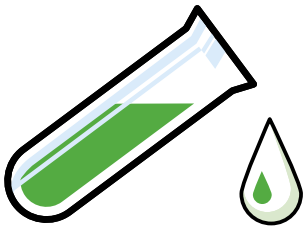
The high stone aggregate content not only gives this product its natural beauty, but makes it extremely versatile, whether a natural effect is chosen or a pattern designed and developed meeting the specific technical and aesthetic requirements of the architect or interior designer (anti-scratch, resistant to bacteria development or antibacterial, self-cleaning, anti-slip, acid resistant, stain resistant, UV ray resistant, antistatic for raised flooring etc.).

IT IS POSSIBLE TO "DESIGN AND GIVE" SPECIFIC TECHNICAL FEATURES TO BRETON COMPOUND STONE

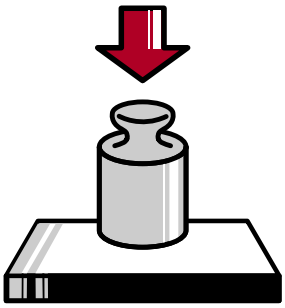
By defining the quality and mix of the stone aggregates, type of bonding agents and additives, and type of surface finishes, it is possible to enhance specific technical features obtaining compound stone which is:



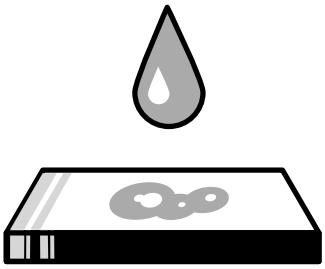
Wear resistant: with a high resistance to wear, classifying it as "anti-scratch"



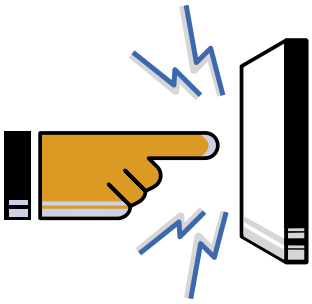
Chemical Resistant: with a high resistance to corrosive substances which are commonly used in everyday and domestic surroundings, classifying this product as "resistant to acid attacks"



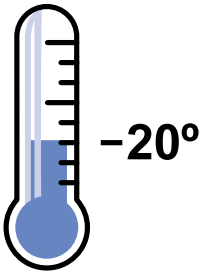
Resistant to Mechanical Stresses: substantially surpassing impact resistance and flexural strength parameters of natural stone



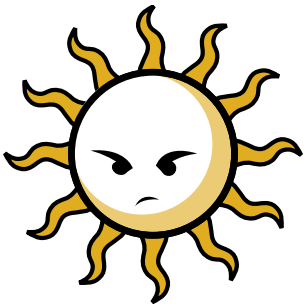
Stain Resistant: practically non-porous, classifying it as "resistant to stains"



Antistatic: can discharge electrostatic charges that are normally created in everyday surroundings

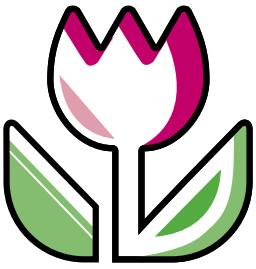


Ice Resistant: resistant to climatic changes such as freezing / thawing cycles so it can be used outside

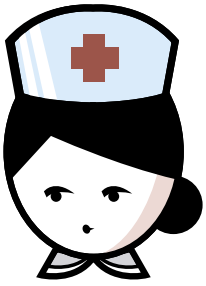


UV ray resistant: ideal for outside use with hydraulic binder.

Anti-slip: making it the perfect product for surfaces that require anti-slip properties



Antismog: as it absorbs a part of the pollutants in the atmosphere and transforms them into innocuous substances, ideal for outside use



Antibacterial: makes surfaces inhospitable to bacteria and mould or even destroys the most common bacteria and moulds found in everyday and domestic surroundings

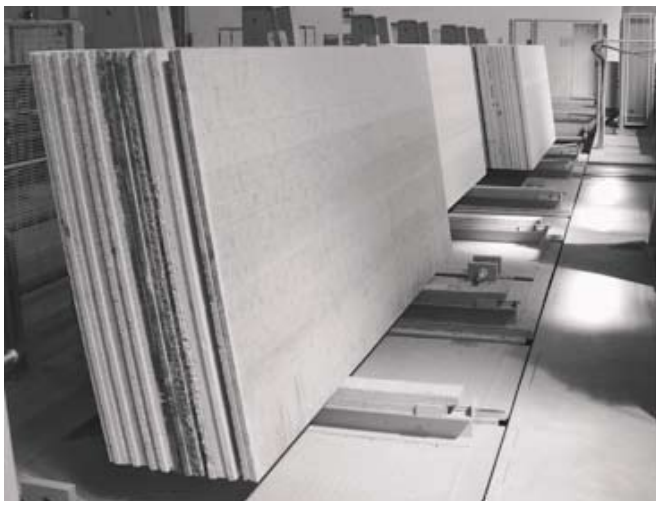

BRETONSTONE
breton
breton


LEVIBRETON

BRETONSTONE®

BLOCKS

The Bretonstone® Blocks plants produce large-sized blocks which are made by combining and compacting the materials using a "vibrocompression vacuum process". The stone mix consists of stone aggregates, fine mineral particles and organic based bonding agents.
Blocks measure 308x125x88 cm and 328x165 cm.
These blocks are then sawn into slabs measuring 308x125 cm, normally, with a finished thickness ranging from 9 mm to 30 mm or over if required.
These blocks and slabs can be sold as they are or the slabs can be transformed into finished products to the size required.
The stone materials constitute up to 96% of the weight of the finished product and are calcareous (marble, limestone, dolomite etc.) with sizes ranging even up to 60-90 mm.
The organic resin used as bonding agent is an unsaturated polyester resin compounded with additives to enhance adhesiveness.
The production rate, depending on the plant model and layout, varies from 1,500 square metres up to 8,000 square meters per working day.

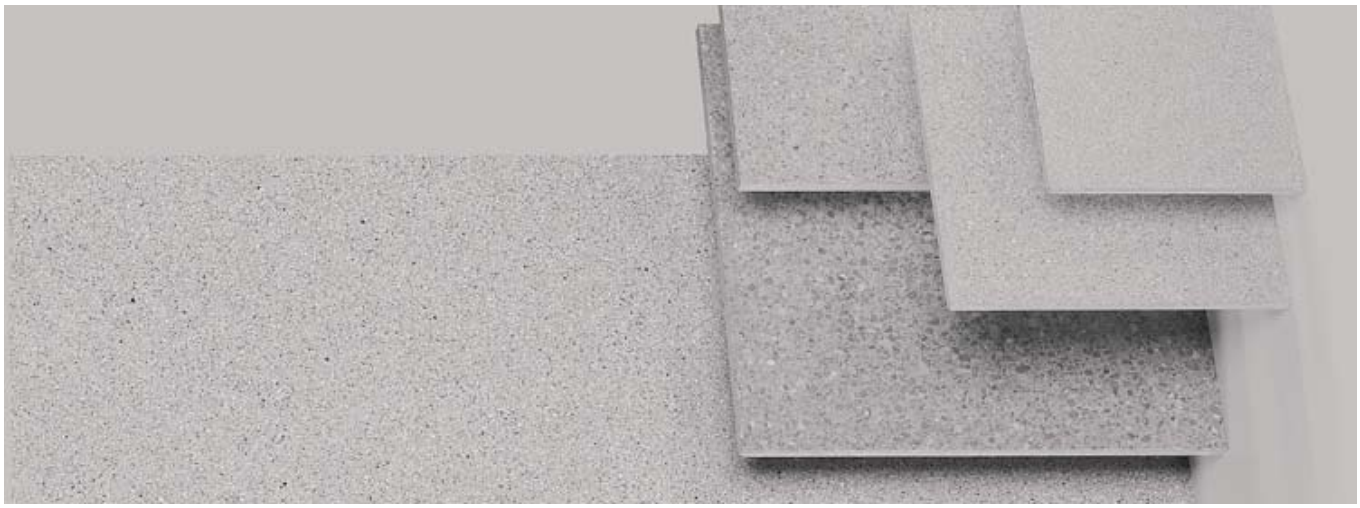



breton

BRETONTERASTONE®

SLABS AND TILES

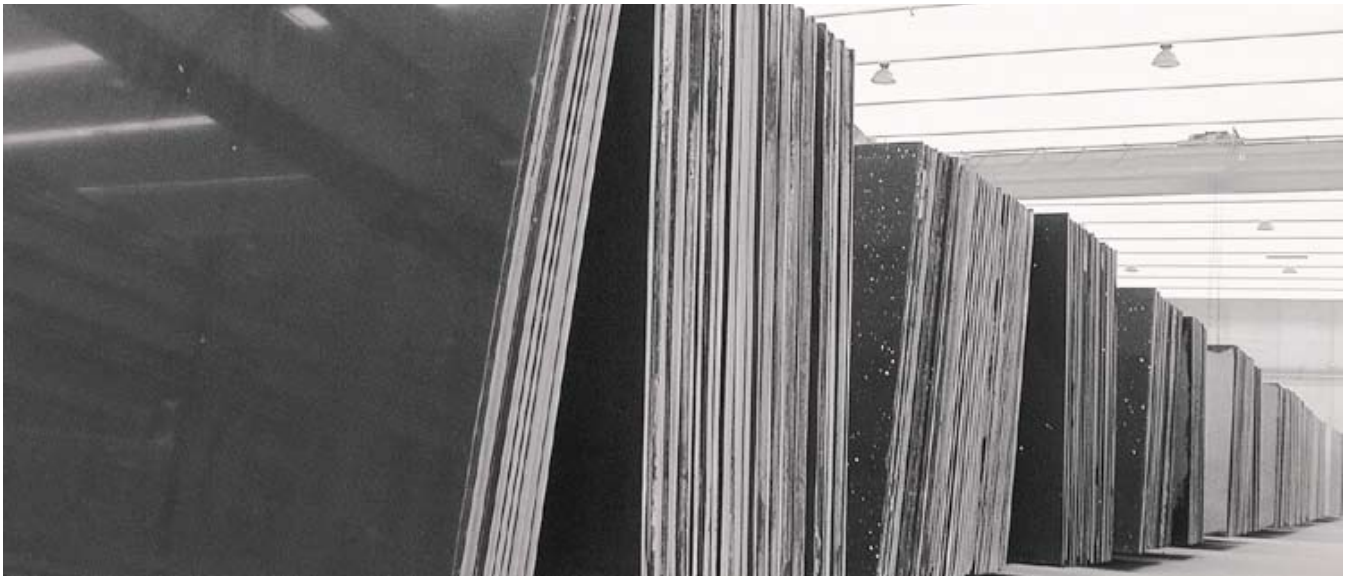
The Bretonterastone® Slabs and Tiles plants produce tiles and thin single layer slabs which are made by combining and compacting the materials using a "vibration vacuum process". The stone mix consists of stone aggregates, fine mineral particles and inorganic based bonding agents.
Slab sizes measure up to a maximum 68x153 cm, with a finished thickness ranging from 15 mm to 35 mm.
Tile sizes available are 30x30 cm, 40x40 cm, 40 x 60 cm or 60 x 60 cm with a finished thickness, depending on size, from 9.5 up to 30 mm.
These slabs can be sold as they are or can be transformed into finished products.
The stone materials constitute up to 76% of the weight of the finished product and can be either siliceous (granite, quartz, quartzite, porphyry, sand etc.) or calcareous (marble, limestone, dolomite etc.) with sizes ranging up to 10-12 mm.
The bonding agent used is a Portland cement mix ("hydraulic" inorganic agent), generally Class I mixed with water to a water / cement ratio usually not higher than 0.30 and compounded with normal fluidifying agents used in the concrete industry.
With Bretonterastone® plants it is now possible to produce "P.M.C." ("Polymer Modified Concrete") products by simply adding to the concrete mix common polymers such as resins or polymeric latex (for example acrylic latex) enhancing the technical properties and features of the finished product.
The production rate, depending on the plant model and layout, varies from 600 square metres up to 2,700 square meters per working day.



BRETONCEMSTONE®

SLABS

The Bretoncemstone® Slabs plants produce large-sized slabs which are made by combining and compacting the materials using a "vibrocompression vacuum process". The stone mix consists of stone aggregates, fine mineral particles and inorganic bonding agents. Slab sizes measure up to 140x309 cm, with a finished thickness ranging from 9.5 mm to 30 mm and sizes up to 162x328 cm.
These slabs can be sold as they are or can be transformed into finished products to the size required.
The stone materials constitute up to 78% of the weight of the finished product and are in general either siliceous (granite, quartz, quartzite, porphyry, sand etc.) or calcareous (marble, limestone, dolomite etc.) with sizes ranging up to 6-8mm.
The bonding agent used is a Portland cement mix ("hydraulic" inorganic agent), generally Class I mixed with water to a water / cement ratio usually not higher than 0.25 and compounded with normal fluidifying agents used in the concrete industry.
When manufacturing slabs using a Bretoncemstone® plant common polymers such as resin or polymeric latex (for example acrylic latex) are combined into the stone mixture enhancing the technical properties and features of the finished product.
The production rate, depending on the plant model, varies from 1,000 square metres up to 2,400 square metres per working day.




SLAB TECHNOLOGY

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