Company A

Acquisition Proposal

Presented By: Hexagon Group LLC

Opportunity Introduction

Private placement brokered by: Hexagon Group LLC
Purchase/acquistion of: Company A
Equity stake: 100% ownership

Market Opportunity

- **Sole producer of Lightweight Aggregate (LWA) in the Northeast USA**
- **Steady demand:** ~400K tons annually; Company A currently supplies ~250K
- Nearest alternatives located in NC & KY → *regional monopoly advantage*

Capacity & Resources

- **Permitted 3-kiln capacity:** *396K tons/year*
- **Resource security:** *75-year reserve of E Shale*
- **CAPEX completed:** $1.8M in 2025; $1.8M paid for 2026
- **Expansion upside:** $2.5M investment in Kiln 3 → 66K tons, ROI in 1.5 years

Proven Track Record

- **Company A iconic projects:** U.S. Capitol, Freedom Tower, Brooklyn Bridge, CHOP, Chesapeake Bay Bridge, JFK Airport and National Mall
- *Recognized global leader in lightweight aggregates since 1947*

Financial Highlights

- Current NSP: $68.50/ton → targeted $85/ton (2030)
- **COGS declining**: *$55/ton → $38-$45/ton*
- Projected profit FY 26/27: $7.9M
- Projected profit FY 27/28: $14.4M
- Projected profit FY 29/30: $19.7M

Investment Case

- **Acquisition cost:** $28M–$38M
- Bagging Operation (Kiln 3): *Adds $9.9M annual revenue*
- Block Plant Partnership: *Adds $4.9M annual revenue*
- **Valuation potential:** $118.2M (2030)
- **Monopoly leverage:** Pricing power, operational efficiency, sustainable supply
- *Company A management and operations stay in place*

CONTACT US

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HEXAGON GROUP

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Hexagon Group LLC

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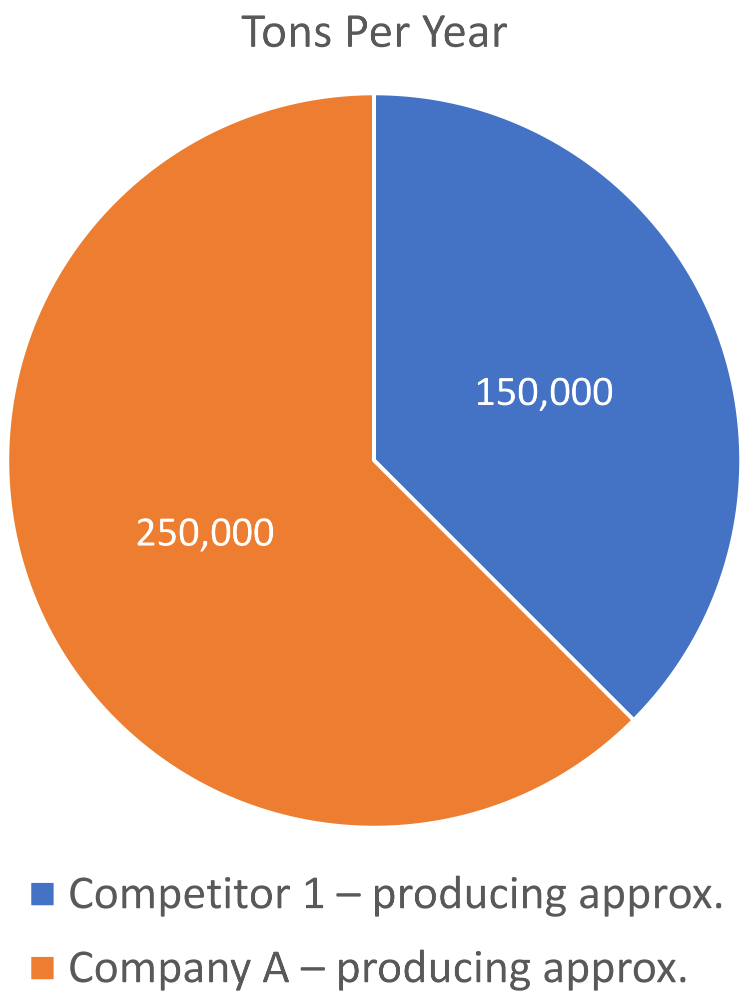
Post-Covid Market Condition: Northeast USA & Canada

400K Tons/yr

Total current demand for lightweight aggregate (LWA)

2 Producers

Only 2 producers of LWA in the Northeast USA



Competitor 1 Exits the Market – May 2024

CLOSED PER ENVIROMENTAL VIOLATIONS

Leaving Company A Corp as the sole provider of a unique product (Esopus LWA) in a defined geographical region (Northeast USA)

Company A enters the Next Fiscal Year as the sole provider of this material.
Company A showed a loss of $44,000 for FY 23/24 (market still recovering post covid).
Company A Profit for FY 24/25 is $440K; Due to investment of ~$2M CAPEX for infrastructure.
Company A would’ve made ~$3M profit for FY 24/25 if not for over-burdensome MSHA inspections costing 60 days of operations

Company A permits for air, mining, discharge and water are 100% reviewed and compliant with all state and federal mining, safety, environmental, health and land use regulations.

Annual Shipments

Nature adds 10% moisture to permitted 360,000 tons = 396,000 tons for shipment.

210K - 270K	Pre-Competitor 1 exit; Company A ships 210,000 - 270,000 tons.
400K tons/yr	The exit of Competitor has increased the potential market for NES up to 400,000 tons/yr.
Nature adds 10%/ton	360,000 Tons permitted with 3 kilns + natural moisture content of 10% = 396,000 tons.

Company A has superior logistical capabilities available at our Northeast facility.

Served by direct Class 1 railroads with all carrier connections, overland truck, Intracoastal Waterway barge and by ocean transport.

Market Going Forward for Company A

Demand will remain steady to slightly up for:

- *Product A® Structural LWA*
- *Product B™ Block*
- *Product C® (shipments doubling every year)*
- *Product A® Geotechnical LWA*
- *Horticultural*

» Current Market is 360,000 - 400,000 tons/year.

» Company A is the only Remaining Supplier in the Northeast. Closest suppliers are in NC and KY.

» Sales remain **SOLD OUT** @ 300,000 tons and UP.

KILNS

Company A has all 3 kilns permitted.
Quarry bond is in place.
Kilns operate 300 days/yr (Jan & Feb shutdown for annual maintenance).

Kilns	Production Capability/Day	Status
Kilns 1 & 2 (12’ dia.)	500 tons each	Retrofit completed March 2025
Kiln 3 (9’ dia.)	200 tons	Currently Not in Production

Overall Capacity	Tons/Yr	+ Moisture = Total Permitted	Kilns
Present	300,000	+ 10% = 330,000 tons	1 & 2
Potential	360,000	+ 10% = 396,000 tons	1,2 & 3
Current mix of fuel is 50% coal and 50% natural gas Can use either fuel at 100%			

This Year - 2025

$1.8M Capital Spending Complete

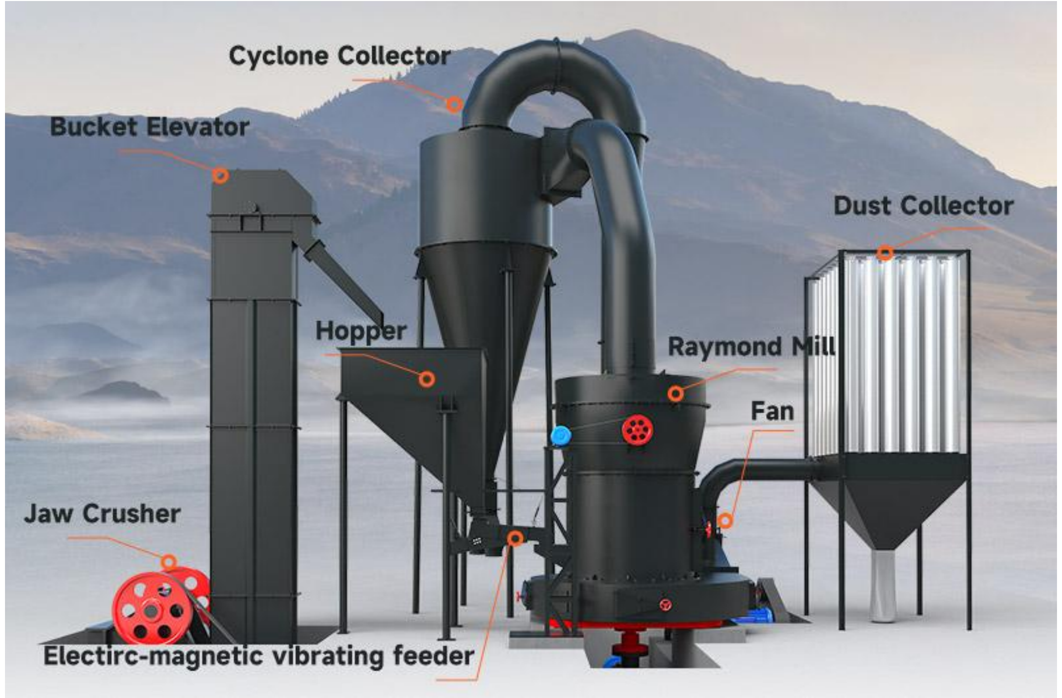
- CAPEX installed $1.8M – Jan thru March 2025.
- Upgrading Kilns 1 and 2 – completed.
- Additional infrastructure upgrades will continue and be completed through February 2026 with no impediment to production.

Next Year - 2026

Planned Capital Spending

Upgrades done in January thru March 2026

- Second phase of CAPEX **$1.8M** already budgeted and paid for
  (Now thru March 2026 with no effect on production).
- Raymond Ball Mills, conveyers, etc.
- Production potential currently at 300K Tons for 2 Kilns
  (This is the annual max capacity per permits)
  + 10% natural moisture (30K tons)
  = 330K tons annual



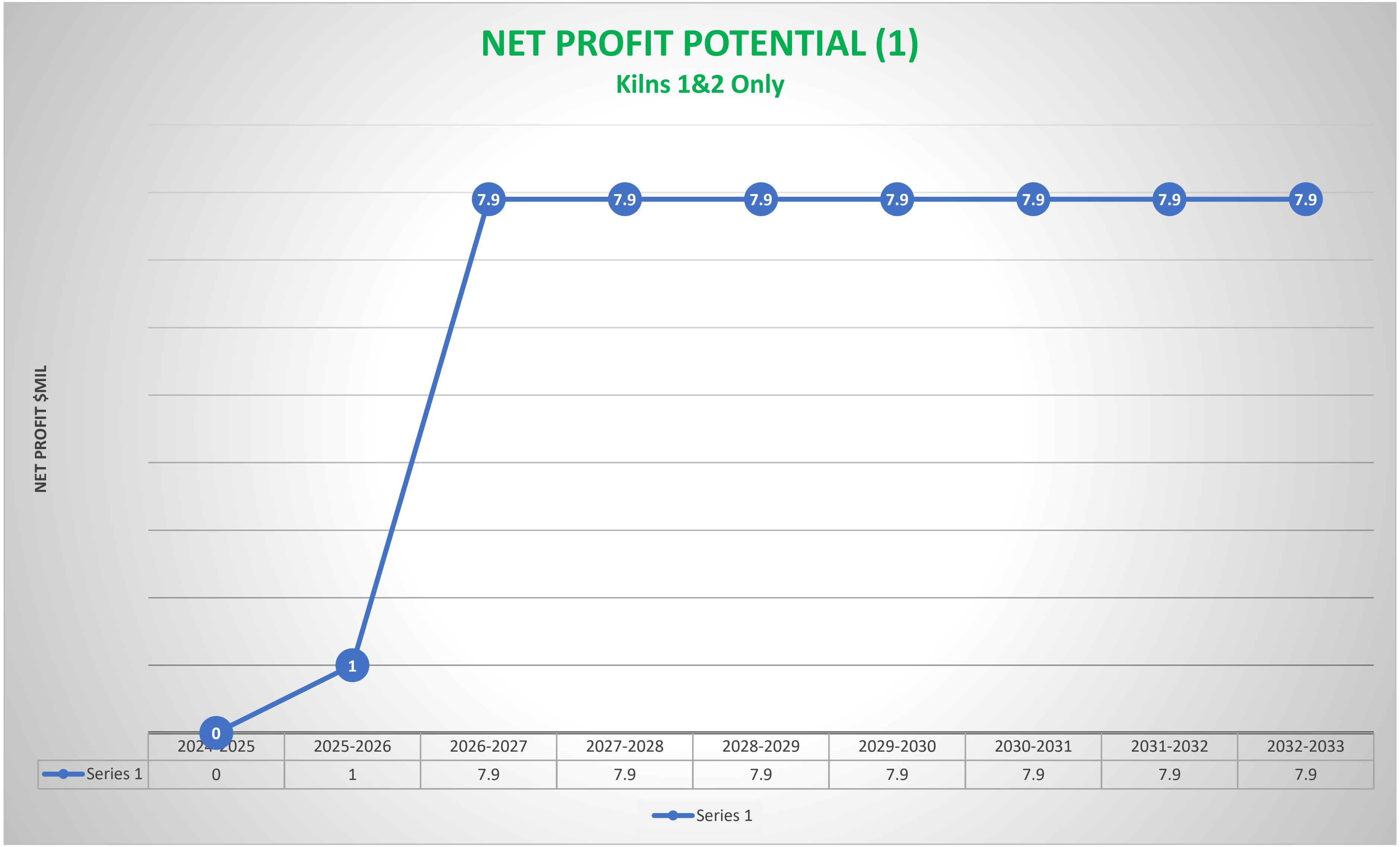
Company A Production after Kiln Upgrades

Overall Capacity	Tons/Yr	+Moisture (tons)	Kilns
Current Production + Moisture	360,000	+36,000	1, 2 & 3
Company A annual max capacity = 396,000 Market steady at **360,000 to 400,000 tons per year**			

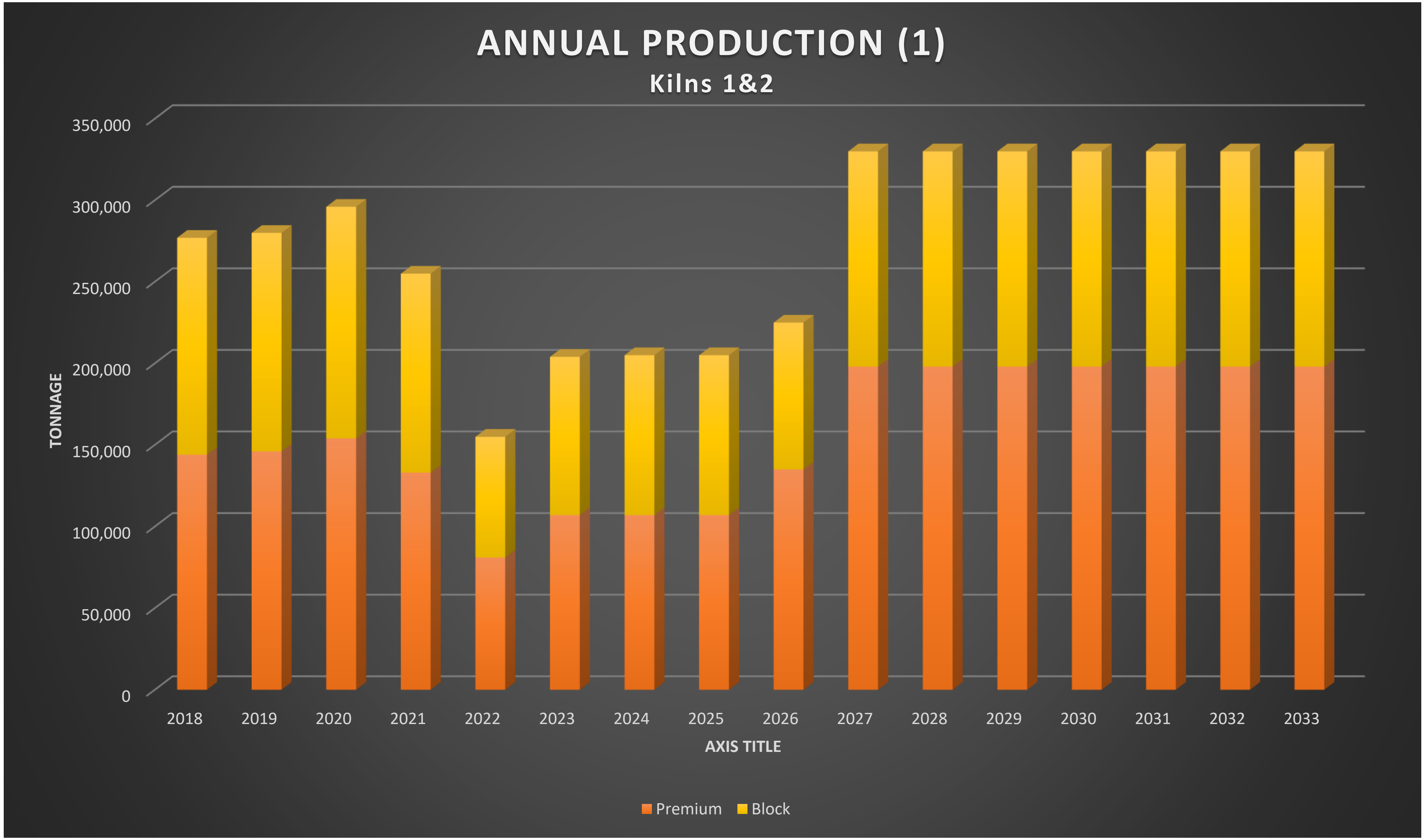
Scenario 1 (2026-2027)

Kilns 1&2 Only

Percentage of (max) Production	Qty	Type of Production	Sales Price/ton	Revenue
60%	198K tons	(Premium) Product A® Structural LWA, Geotechnical, Horticultural & Product C®	$82	$16.2M
40%	132K tons	Product B	$58	$7.7M
			TOTAL Revenue	$23.9M
			Cost of Goods Sold (COGS) @ $45/ton (Can go as low as $38/ton)	$14.8M
			Overhead (Admin)	$1.2M
			Net Profit	$7.9M



	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033
Series 1	0	1	7.9	7.9	7.9	7.9	7.9	7.9	7.9


ANNUAL PRODUCTION (1)
Kilns 1&2
TONNAGE
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
AXIS TITLE
Premium
Block

Scenario 2 - Activating Kiln 3

Bagging Operation (Recommended)

$2.5M Capital Spending

- Future CAPEX 2 plan $1.8M-2.5M
- Upgrading Kiln 3 – Return to Service
- Can be completed anytime – currently not in use

$1.8-2.5M investment for Kiln 3

Increased Production – 60K tons per year + 10% annual moisture = 66K tons

ROI in 1.5 years

Company A Bagging Operation (Kiln 3)

Company A is poised to unlock a high-margin retail channel through the strategic reactivation of its third kiln and launch of bagged aggregate products.

With validated applications in horticulture and winter traction, institutional credibility, and scalable distribution infrastructure, Company A can capture significant market share in the Northeast U.S. while preserving its legacy bulk business.

Product Strategy

Horticultural Aggregate

- **Target Market**: 90% of bagged volume
- **Benefits**: Aerates soil, regulates moisture, enhances plant health
- **Validation**: Used by USDA Greenbelt, National Arboretum, National Zoo
- **Positioning**: “Gold standard” for federal horticultural use

Winter Traction Product – *Green Grip*®

- **Use Case**: Pet-safe, non-toxic grit for icy surfaces
- **Seasonality**: Bagged in summer, sold in winter
- **Brand Status**: Trademarked, bag design complete

Operational Strategy

Kiln Segmentation

- **Kilns 1 & 2**: 330K tons/year for legacy bulk (block, ready-mix)
- **Third Kiln**: 60K–70K tons/year for bagging + specialty
- **Segmentation Rationale**: Protect legacy clients, isolate seasonal retail

Bagging Execution

- **Model**: Offsite bagging via Package Pavement (Stormville/Ravena, NY)
- **Permitting Advantage**: Avoids environmental review and CAPEX
- **Distribution**: Shrink-wrapped, palletized, shipped via flatbed to retail DCs

Company A Bagging Operation (cont.)

Distribution & Logistics

Retail Channels

- Home Depot, Lowe's, Ace Hardware and Tractor Supply Co
- Landscape/horticultural outlets

Fulfillment Model

- Company A initiates retail relationships
- Baggers manage packaging and delivery
- Drop-ship to centralized distribution centers (e.g. Walmart Amherst, MA)
- Baggers have established networks to deliver to retail outlets - reducing Company A's logistical burden

Capital Plan

Third Kiln Reactivation

- **Cost**: ~$2.5M
- **Timeline**: 6-12 months
- **Infrastructure**: Gas line extension, safety inspection
- **Impact**: No disruption to Kilns 1 & 2

Financial Model

Bulk Business

- **Annual Volume**: 330K tons (Just kilns 1 & 2)
- **Avg Price**: $75/ton
- **COGS**: $45/ton
- **Gross Revenue**: ~$7.9M/year (includes water weight uplift)

Bagged Business

- **Third Kiln Output**: 66K tons
- **Avg Bagged Price**: $150-$200/ton
- **Revenue Potential**: $9.9M+ annually
- **Valuation Impact**: Potential to double company revenues/value

Strategic Outlook

- **Retail Penetration**: Northeast market could absorb 1M+ bags/year
- **Geographic Reach**: As far south as Washington, D.C.
- **Benchmarking**: Ute Lite success in Utah; Company A has superior positioning
- **Scalability**: High throughput with minimal headcount increase

Company A Bagging Operation (cont.)

Scenario Analysis

Scenario	Bags Sold	Tons	Revenue @ $150/ton
Conservative Pilot 2027	20,000	4,000	$600K
Scaled NE Rollout 2028	50,000+	10,000	$1.5M
Full Kiln Utilization 2029	325,000	66,000	$9.9M

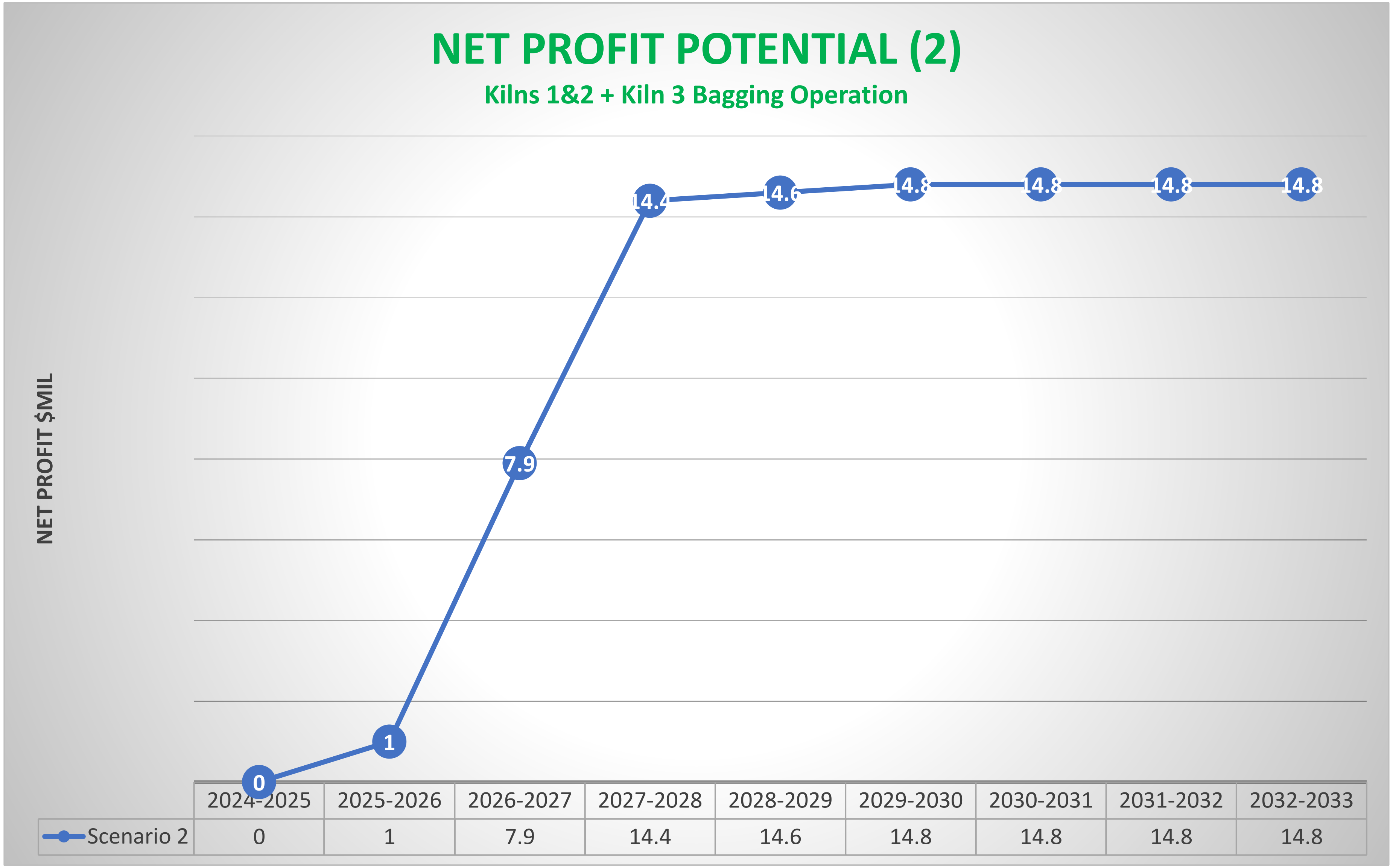
Kiln 3 Breakdown

2027	20,000 bags	4000	@ 150/ton =	$600K	Bagging
	60% of 62,000 =	37,200	@ 82/ton =	$3M	Premium
	40% of 62,000 =	24,800	@ 58/ton =	$1.4M	Block
	TOTAL	66,000 tons		$5M	
2028	50,000 bags	10,000	@ 150/ton =	$1.5M	Bagging
	60% of 56,000 =	33,600	@ 82/ton =	$2.8M	Premium
	40% of 56,000 =	22,400	@ 58/ton =	$1.3M	Block
	TOTAL	66,000 tons		$5.6M	
2029	325,000 bags	66,000	@150/ton =	$9.9M	100% Bagging

Scenario 2: Activating Kiln 3 (2027-2029)

Kilns 1&2 + Bagging Operation

Percentage Kiln Production	Qty	Type of Production	Price per ton	Sales
60% (Kilns 1&2)	198K tons	(Premium) Product A® Structural LWA, Geotechnical, Horticultural & Product C®	$82	$16.2M
40% (Kilns 1&2)	132K tons	Product B	$58	$7.7M
100% (Kiln 3)	66K tons (2029)	Bagging Aggregate	$150	$9.9M
			TOTAL SALES	$33.8M
			Cost of Goods Sold (COGS) @ $45/ton (Can go as low as $38/ton)	$17.8M
			Overhead (Admin)	$1.2M
			Net Profit at Future Cost and Pricing	$14.8M


NET PROFIT POTENTIAL (2)
Kilns 1&2 + Kiln 3 Bagging Operation
NET PROFIT $MIL
0
1
7.9
14.4
14.6
14.8
14.8
14.8
14.8
2024-2025
2025-2026
2026-2027
2027-2028
2028-2029
2029-2030
2030-2031
2031-2032
2032-2033
Scenario 2
0
1
7.9
14.4
14.6
14.8
14.8
14.8
14.8

Block Plant Partnership

Opportunity & Strategy

Market Opportunity

- CMU = Concrete Masonry Units (aka cinderblocks)
- Northeast CMU market: 12–14M blocks/year
- Lightweight CMUs preferred for:
  - Fire resistance, thermal performance, labor savings
- Company A supplies lightweight aggregate to 21 producers
  - Aggregate demand: 120K–140K tons/year

Product Advantage

- Lightweight CMUs:
  - ~24–26 lbs vs. heavyweight ~36–38 lbs
  - 10–15% productivity boost on job sites
  - Better insulation and fire rating
- Used in high-profile projects:
  - Freedom Tower, Buffalo Stadium and NYC schools

Strategic Shift: Centralized Block Plant

- Build high-output CMU plant in Northeast
  - Cement sourced locally (Ravena, 40 miles)
- Company A + Company X partnership via new LLC
  - Company A supplies aggregate
  - Company X operates 3 machines 24/7

Distribution Model

- Current: Producers make blocks and deliver to sites
- Proposed:
  - Central plant produces all lightweight CMUs
  - Direct delivery to job sites
  - Producers act as brokers
  - Standardized product and simplified logistics

Revenue & Profit Sharing

- Annual block production: ~14 million CMU (8x8x16 equivalents)
- Estimated profit per block: $0.70–$1.20
- Assume $0.70 conservative estimate
  - Split profit with Company X: ~$0.35-$0.50 per block to Company A
- At 14 million blocks/year at $0.35:
  - ~$4.9+ million in additional profit for NES

Block Plant Partnership (cont.)

Execution & Competitive Edge

Facility & Build Plan

- 3 high-production block machines
- Insulated metal warehouse + concrete slab
- ~3 acres of flat land identified
- Build time: ~9 months (1 year with planning)
- Company A block consultant engaged

Ownership & Permitting

- Separate LLC owns land and plant
- Company A avoids permit complications
- Company X may lease or own land
- Flexible cost-sharing and management options

Competitive Advantage

- CMUs are heavy, low-margin and not economical to ship long distances
- Centralized model:
  - Reduces per-unit costs
  - Creates near-monopoly on lightweight block supply
  - Company A controls aggregate flow and pricing

Strategic Location

- Saugerties is central to Northeast market:
  - South: Philadelphia
  - West: Harrisburg
  - North: Upstate NY
- Ideal for large regional projects

Stakeholder Benefits

- **Company X:** Exclusive production rights, market expansion
- **Contractors:** Simple ordering, direct delivery and no production overhead
- **Company A:** New revenue stream, legacy customer retention

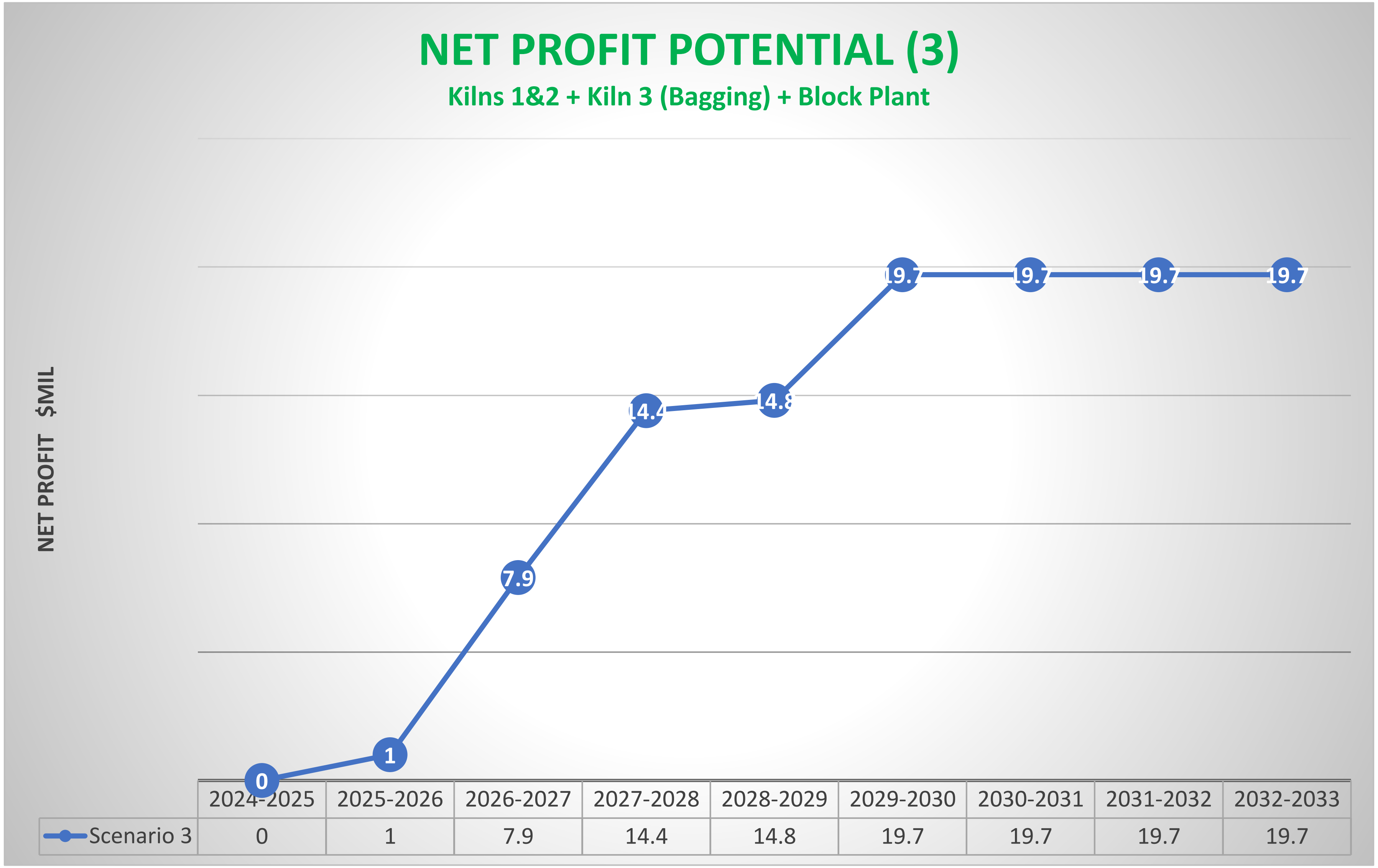
Next Steps

- Finalize internal and Company X commitment.
- Share outline with Company X owner and create detailed business plan
- Form LLC and begin permitting and construction planning

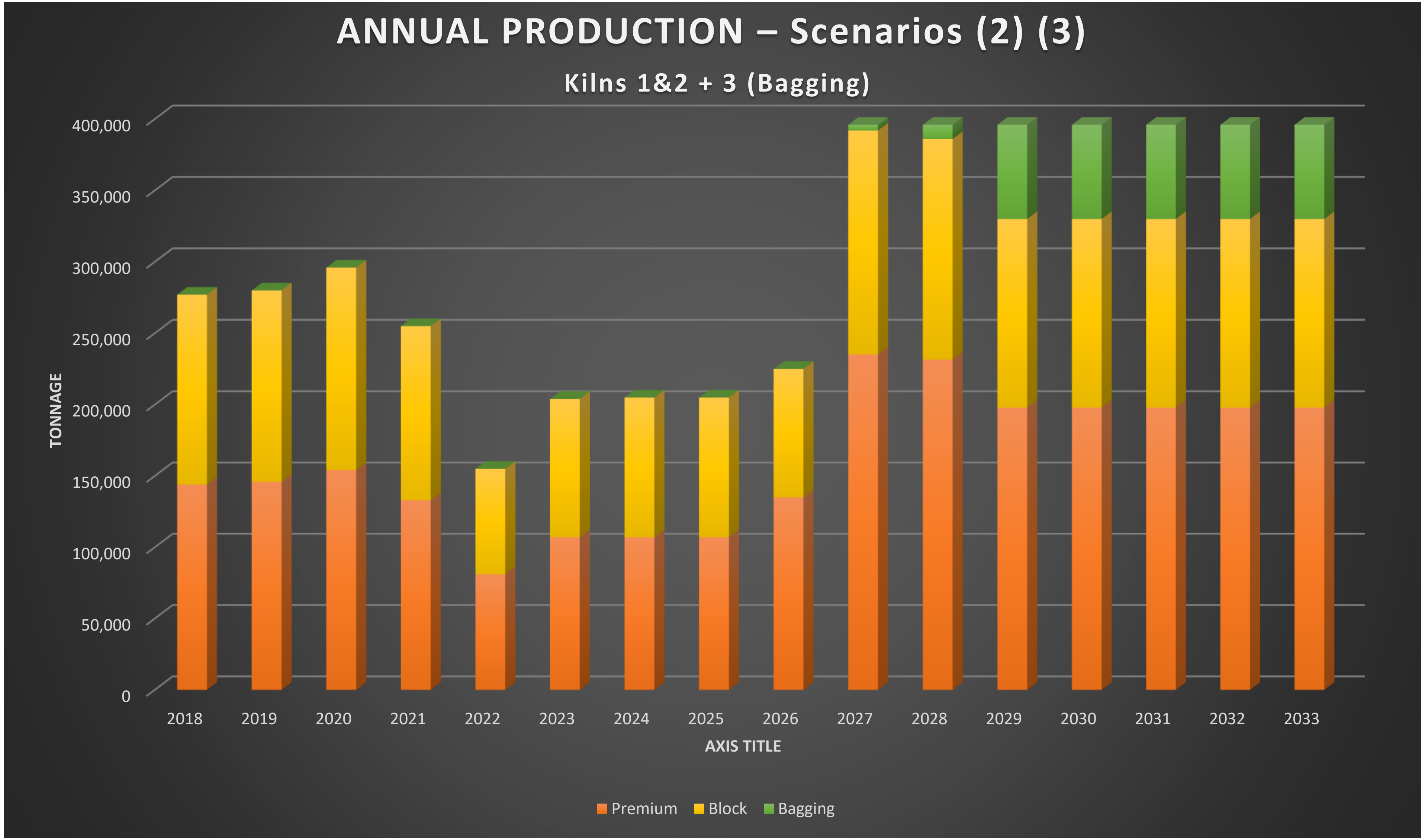
Scenario 3 – Realizing Company A Potential (2029-2033)

Diverting Kiln 3 to Bagged Aggregate + Block Plant Partnership

Percentage of Kiln Production	Qty (tons)	Type of Production	Sales Price/ton	Revenue
60% (Kilns 1&2)	198K	(Premium) Product A® Structural LWA, Geotechnical, Horticultural & Product C®	$82	$16.2M
40% (Kilns 1&2)	132K	Product B	$58	$7.7M
100% (Kiln 3)	66K	Bagged Aggregate	$150	$9.9M
NA (2029)	NA	Block Plant Brokering	14M Blocks @ $0.35 Profit	$4.9M+
			TOTAL REVENUE	$38.7M
			Cost of Goods Sold (COGS) $45/ton (Can go as low as $38/ton)	$17.8M
			Overhead (Admin)	$1.2M
			Net Annual Profit (@ Projected Cost and Pricing)	$19.7M


NET PROFIT POTENTIAL (3)
Kilns 1&2 + Kiln 3 (Bagging) + Block Plant
NET PROFIT $MIL
0
1
7.9
14.4
14.8
19.7
19.7
19.7
19.7
2024-2025
2025-2026
2026-2027
2027-2028
2028-2029
2029-2030
2030-2031
2031-2032
2032-2033
Scenario 3
0
1
7.9
14.4
14.8
19.7
19.7
19.7
19.7


COMPANY A PROFIT POTENTIAL
40,000,000
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0
DOLLARS
SCENARIO 1
SCENARIO 2
SCENARIO 3
Total Revenue
COGS+Admin
Net Profit


ANNUAL PRODUCTION – Scenarios (2) (3)
Kilns 1&2 + 3 (Bagging)
TONNAGE
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
AXIS TITLE
Premium
Block
Bagging

Product A® Water Filtration

The Opportunity

Material Innovation: Product A® Aggregate

- Dense, non-connected cell structure (opposite of honeycomb)
- ~100× surface area vs. same-size stone
- Microbial habitat:
  - Microbes live inside the material—not just on the surface
  - Promotes biological filtration
  - Maintains microbial “charge” longer than gravel

Filtration Performance

- Water moves slowly across boundaries
  - Allows microbes to digest contaminants
- Effective for:
  - Medicine absorption
  - Drug filtration
  - Structural aggregate use

Environmental Compliance & Drainfield Solutions

- Regulatory pressure rising—especially in blue states
- Many drainfields labeled “failing” due to stricter standards
- Product A® improves effluent quality and helps meet updated codes

Target Applications

- Residential upgrades
- Regions with 30–40% drainfield failure rates
- Replacement market focus—not direct-to-consumer

Pricing Strategy

- Initial price: ~$80–$82/ton
- Target price: $120–$140/ton
- Broker-based distribution model

Product A® Water Filtration (cont.)

Market Expansion & Strategic Positioning

Municipal & Global Applications

- Product A® viable for municipal water treatment
- Comparable to Filtralite® (used globally)
- Market in early stages—strong growth potential

Geographic Opportunities

- Florida:
  - Everglades filtration challenges
  - High potential for remediation projects
- Long Island:
  - High failure rates
  - Filtration limits tied to home expansion

Product Specs & Value Proposition

- Coarse block material
- Contains ~18% water
- Not for structural concrete—ideal for filtration
- Higher cost than gravel, but superior performance

Promotional Status

- Currently in promotion phase
- Long-term goal: increase awareness and adoption
- Positioned as premium alternative to gravel

Strategic Summary

- Premium pricing potential in filtration markets
- Scalable opportunities in drainfield and municipal sectors
- Parallel growth via high-performance concrete mandates
- Company A expanding into new regions and sectors

Purchase of Company A

100% Equity Sale

Capital Investment	Projected Profit (FY 26/27)	Projected Profit FY 29/30)	Multiple	Valuation Target Range
$2.5M	$7.9M	$19.7M	6	$28M-$38M acquisition price**

Company A Potential of $19.7M @ 6 Multiplier
= $118.2M Valuation (within a few years of holding the Company)
**Based on EBITDA multiples and asset valuation

Hexagon Group projects that Company A will raise prices due to its natural market monopoly.

There is room for Company A to lower production costs even further ($45/ton to $38/ton) than projected due to economies of scale.

NES Corp Facts & Figures

- Company A fiscal year runs from April – March.

- FY 24/25 was another flat year. Production was shut down due to MSHA inspections for 65 days (requiring work that was not required before) … Would've had 260,000 tons. Company A lost 25% of selling days resulting in missed profit of $3.5M. Company A break even is 210,000 tons + cost of fuel. Add in $2mil for the CAPEX and this explains flat numbers this past year.

- Company A is a privately held Virginia Corporation.

- 1.35M outstanding shares held by 202 shareholders.

- Company A is conducting a joint study with Rutgers University (Dr Hani Nassif – Engineering) and NJ DOT.

- Natural Selection (how it breaks down with the rotary kiln/crushing process:
    - 70% structural
    - 30% fines (block and/or bagging*)
        - *Bagging operation can bring profit returns.

- Company A is so much more than just a Stone Quarry:
    - Kilns 1, 2 & 3 produce 396,000 tons @ $40 differential = $14.6M** Annual Net Profit.
        - **With 3rd Kiln dedicated to 100% Bagged Aggregate.
        - This can happen within 3-4 years. Only need to hire 5 more employees.
        - Block Plant Partnership adds $4.9M to $14.6M = $17.9M Annual Net Profit

Strategic Considerations

- Company A is the last Light Weight Aggregate (LWA) producer in the Northeastern United States. The operation supplies the major suburban markets of Boston / NYC / Northern NJ / Philadelphia / Baltimore / DC with full east coast potential reach via rail (CSX) and ocean going and inland barging across a private commercially available dock (Town C, NY).

- Situated on over 330 acres, there is ample room for expansion. Company A was founded in Virginia in 1947 and the plant in Saugerties was opened in 1961. Other LWA producers are located in Louisville, KY (862 miles) and Salisbury, NC (548 miles), both of which are landlocked.

- Company A has on-site rail loading capacity of twenty 100-ton open hopper rail cars with the potential to expand the rail spur to a capacity of 30 rail cars.

- The E Shale mineral deposit reserves in our quarry are estimated at 70 to 75 years @ 300,000 tons of extraction per year.

- Our NY DEC permits allow for dual fuel (coal & natural gas) use. We can burn coal or natural gas separately or in combination. Presently we fire our kilns using a coal/natural gas ratio of 50/50. Our two main production (12-foot diameter) kilns are permitted for 32 TPH (TonsPerHour) while our third smaller (9-foot diameter) kiln is permitted for 20 TPH.

- Company A has over 400 active customer accounts. Many of the accounts have been customers for over 30 years. Approximately 50 recently became new Company A customers after the closure of the Competitor 1 LWA plant in Town D, NY.

- Company A normal annual shipments typically fall between 210,000 and 270,000 tons. The exit of Competitor from the market has increased the potential market for Company A to 300,000 tons to 396,000 tons per year. The nominal natural occurring moisture content is 12% to 14% per ton.

Favorable Equity Sale Factors

- Single Source LWA Manufacturer in the northeast United States CAPEX installed
- 330 Acres / 20 Car Rail Siding with all carrier connections
- No Transfer of NY DEC Permits – All Permits and Bonds are up to date.
- Expedited timeline / simplicity
- Intellectual Property Transfer
- Tax Net Operating Loss Carryforwards
- Fully Funded Defined Pension Plan
- Workforce in Place / Union Contract Expires 3/31/2027
- Bagging Operation Potential 100,000 tons @ $150/ton = $15M annually
- Block Plant Partnership will yield additional $4.9M+ Profit annually
- **Execution of CAPEX, Kiln 3 bagging Operation and Block Plant Partnership can yield Annual Net Profit of $17.9M by 2029/2030**

Closing Summary:

- **Company A is now a natural monopoly** in the northeast LWA market.
- The infrastructure is in place, the plant is
- operational and CAPEX upgrades are almost done.
- Sales strategy is shifting to high-margin products.
- Financials are strong, **the company has no debt** and assets are diversified.
- Permits remain intact through private stock transfer.
- Strategic control and growth-ready platform make this a rare, high-upside opportunity.

THANK YOU

Hexagon Group LLC