

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 001-38166

CONCRETE PUMPING HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

83-1779605

(I.R.S. employer identification no.)

**500 E. 84th Avenue, Suite A-5
Thornton, Colorado 80229**

(Address of principal executive offices, including zip code)

(303) 289-7497

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changes since last report)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	BBCP	The Nasdaq Capital Market

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer
Non-Accelerated Filer
Emerging growth company

Accelerated Filer
Smaller Reporting Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 11, 2021, the registrant had 56,698,060 shares of common stock outstanding.

CONCRETE PUMPING HOLDINGS, INC.
FORM 10-Q
FOR THE QUARTER ENDED APRIL 30, 2021

	<u>Page</u>
Part I. Financial Information	
Item 1. Unaudited Consolidated Financial Statements:	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Comprehensive Income	4
Consolidated Statements of Changes in Stockholders' Equity	6
Consolidated Statements of Cash Flows	7
Notes to Unaudited Consolidated Financial Statements	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	34
Item 3. Quantitative and Qualitative Disclosures About Market Risk	51
Item 4. Controls and Procedures	51
Part II. Other Information	
Item 1. Legal Proceedings	52
Item 1A. Risk Factors	52
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	52
Item 3. Defaults Upon Senior Securities	52
Item 4. Mine Safety Disclosures	52
Item 5. Other Information	52
Item 6. Exhibits	53
Signatures	54

PART I

ITEM 1. Unaudited Consolidated Financial Statements

Concrete Pumping Holdings, Inc.
Consolidated Balance Sheets

<i>(in thousands except per share amounts)</i>	(Unaudited) April 30, 2021	October 31, 2020
Current assets:		
Cash and cash equivalents	\$ 13,714	\$ 6,736
Trade receivables, net	41,800	44,343
Inventory	4,555	4,630
Income taxes receivable	352	1,602
Prepaid expenses and other current assets	7,204	2,694
Total current assets	<u>67,625</u>	<u>60,005</u>
Property, plant and equipment, net	304,865	304,254
Intangible assets, net	171,213	183,839
Goodwill	225,012	223,154
Other non-current assets	712	1,753
Deferred financing costs	2,088	753
Total assets	<u>\$ 771,515</u>	<u>\$ 773,758</u>
Current liabilities:		
Revolving loan	\$ 1,087	\$ 1,741
Term loans, current portion	-	20,888
Current portion of capital lease obligations	100	97
Accounts payable	6,622	6,587
Accrued payroll and payroll expenses	10,838	13,065
Accrued expenses and other current liabilities	21,618	18,879
Income taxes payable	601	1,055
Total current liabilities	<u>40,866</u>	<u>62,312</u>
Long term debt, net of discount for deferred financing costs	368,388	343,906
Capital lease obligations, less current portion	330	380
Deferred income taxes	65,618	68,019
Warrant liability	18,485	7,031
Total liabilities	<u>493,687</u>	<u>481,648</u>
Zero-dividend convertible perpetual preferred stock, \$0.0001 par value, 2,450,980 shares issued and outstanding as of April 30, 2021 and October 31, 2020	<u>25,000</u>	<u>25,000</u>
Stockholders' equity		
Common stock, \$0.0001 par value, 500,000,000 shares authorized, 56,575,186 and 56,463,992 issued and outstanding as of April 30, 2021 and October 31, 2020, respectively	6	6
Additional paid-in capital	371,703	367,681
Treasury stock	(461)	(131)
Accumulated other comprehensive income (loss)	4,563	(606)
Accumulated deficit	(122,983)	(99,840)
Total stockholders' equity	<u>252,828</u>	<u>267,110</u>
Total liabilities and stockholders' equity	<u>\$ 771,515</u>	<u>\$ 773,758</u>

The accompanying Notes are an integral part of these Unaudited Consolidated Financial Statements

Concrete Pumping Holdings, Inc.
Consolidated Statements of Operations
(Unaudited)

<i>(in thousands, except share and per share amounts)</i>	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Revenue	\$ 76,873	\$ 74,041	\$ 147,294	\$ 147,980
Cost of operations	43,570	42,174	84,128	83,965
Gross profit	33,303	31,867	63,166	64,015
General and administrative expenses	26,472	26,381	48,860	52,988
Goodwill and intangibles impairment	-	57,944	-	57,944
Transaction costs	55	-	84	-
Income (loss) from operations	6,776	(52,458)	14,222	(46,917)
Other income (expense):				
Interest expense, net	(6,029)	(8,765)	(12,929)	(18,268)
Loss on extinguishment of debt	-	-	(15,510)	-
Change in fair value of warrant liabilities	(11,456)	3,254	(11,456)	2,864
Other income, net	26	34	52	103
Total other expense	(17,459)	(5,477)	(39,843)	(15,301)
Loss before income taxes	(10,683)	(57,935)	(25,621)	(62,218)
Income tax expense (benefit)	170	(2,221)	(2,478)	(3,368)
Net loss	(10,853)	(55,714)	(23,143)	(58,850)
Less accretion of liquidation preference on preferred stock	(499)	(470)	(1,006)	(943)
Loss available to common shareholders	\$ (11,352)	\$ (56,184)	\$ (24,149)	\$ (59,793)
Weighted average common shares outstanding				
Basic	53,465,799	52,782,663	53,303,302	52,752,884
Diluted	53,465,799	52,782,663	53,303,302	52,752,884
Net loss per common share				
Basic	<u>\$ (0.21)</u>	<u>\$ (1.06)</u>	<u>\$ (0.45)</u>	<u>\$ (1.13)</u>
Diluted	<u>\$ (0.21)</u>	<u>\$ (1.06)</u>	<u>\$ (0.45)</u>	<u>\$ (1.13)</u>

The accompanying Notes are an integral part of these Unaudited Consolidated Financial Statements

Concrete Pumping Holdings, Inc.
Consolidated Statements of Comprehensive Loss
(Unaudited)

(in thousands)

	<u>Three Months Ended April 30,</u>		<u>Six Months Ended April 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net loss	\$ (10,853)	\$ (55,714)	\$ (23,143)	\$ (58,850)
Other comprehensive income (loss):				
Foreign currency translation adjustment	<u>668</u>	<u>(4,185)</u>	<u>5,169</u>	<u>(2,214)</u>
Total comprehensive loss	<u>\$ (10,185)</u>	<u>\$ (59,899)</u>	<u>\$ (17,974)</u>	<u>\$ (61,064)</u>

The accompanying Notes are an integral part of these Unaudited Consolidated Financial Statements

Concrete Pumping Holdings, Inc.
Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

<i>(in thousands)</i>	Common Stock	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total
Balance at October 31, 2019	\$ 6	\$ 356,227	\$ -	\$ (599)	\$ (38,589)	\$ 317,045
Stock-based compensation expense	-	1,467	-	-	-	1,467
Shares issued upon exercise of stock options, net of shares used for tax withholding	-	-	(131)	-	-	(131)
Net loss	-	-	-	-	(3,137)	(3,137)
Foreign currency translation adjustment	-	-	-	1,971	-	1,971
Balance at January 31, 2020	\$ 6	\$ 357,694	\$ (131)	\$ 1,372	\$ (41,726)	\$ 317,216
Stock-based compensation expense	-	1,383	-	-	-	1,383
Net loss	-	-	-	-	(55,714)	(55,714)
Foreign currency translation adjustment	-	-	-	(4,185)	-	(4,185)
Balance at April 30, 2020	\$ 6	\$ 359,077	\$ (131)	\$ (2,813)	\$ (97,439)	\$ 258,700

<i>(in thousands)</i>	Common Stock	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total
Balance at October 31, 2020	\$ 6	\$ 367,681	\$ (131)	\$ (606)	\$ (99,840)	\$ 267,110
Stock-based compensation expense	-	672	-	-	-	672
Shares issued upon exercise of stock options, net of shares used for tax withholding	-	-	(330)	-	-	(330)
Net loss	-	-	-	-	(12,290)	(12,290)
Foreign currency translation adjustment	-	-	-	4,501	-	4,501
Balance at January 31, 2021	\$ 6	\$ 368,353	\$ (461)	\$ 3,895	\$ (112,130)	\$ 259,663
Stock-based compensation expense	-	3,350	-	-	-	3,350
Net loss	-	-	-	-	(10,853)	(10,853)
Foreign currency translation adjustment	-	-	-	668	-	668
Balance at April 30, 2021	\$ 6	\$ 371,703	\$ (461)	\$ 4,563	\$ (122,983)	\$ 252,828

The accompanying Notes are an integral part of these Unaudited Consolidated Financial Statements

Concrete Pumping Holdings, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

<i>(in thousands)</i>	For the Six Months Ended April 30,	
	2021	2020
Net loss	\$ (23,143)	\$ (58,850)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Goodwill and intangibles impairment	-	57,944
Depreciation	13,991	13,015
Deferred income taxes	(2,926)	(3,515)
Amortization of deferred financing costs	1,419	2,076
Amortization of intangible assets	13,853	17,147
Stock-based compensation expense	4,022	2,850
Change in fair value of warrant liabilities	11,456	(2,864)
Loss on extinguishment of debt	15,510	-
Net gain on the sale of property, plant and equipment	(869)	(477)
Payment of contingent consideration in excess of amounts established in purchase accounting	-	(526)
Net changes in operating assets and liabilities (net of acquisitions):		
Trade receivables, net	3,135	4,009
Inventory	161	127
Prepaid expenses and other current assets	(3,377)	(5,209)
Income taxes payable, net	750	301
Accounts payable	(145)	(101)
Accrued payroll, accrued expenses and other current liabilities	2,359	1,060
Net cash provided by operating activities	36,196	26,987
Cash flows from investing activities:		
Purchases of property, plant and equipment	(16,672)	(23,305)
Proceeds from sale of property, plant and equipment	3,687	3,607
Net cash used in investing activities	(12,985)	(19,698)
Cash flows from financing activities:		
Proceeds on long term debt	375,000	-
Payments on long term debt	(381,206)	(10,444)
Proceeds on revolving loan	138,239	143,559
Payments on revolving loan	(139,004)	(127,404)
Payment of debt issuance costs	(8,464)	-
Payments on capital lease obligations	(47)	(45)
Purchase of treasury stock	(330)	(131)
Payment of contingent consideration established in purchase accounting	-	(1,161)
Net cash provided by (used in) financing activities	(15,812)	4,374
Effect of foreign currency exchange rate on cash	(421)	(1,088)
Net increase in cash and cash equivalents	6,978	10,575
Cash and cash equivalents:		
Beginning of period	6,736	7,473
End of period	\$ 13,714	\$ 18,048

The accompanying Notes are an integral part of these Unaudited Consolidated Financial Statements

Concrete Pumping Holdings, Inc.
Consolidated Statements of Cash Flows (Continued)
(Unaudited)

<i>(in thousands)</i>	<u>Six Months Ended April 30,</u>	
	<u>2021</u>	<u>2020</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 5,908	\$ 16,673
Cash paid for income taxes	\$ 953	\$ 212
Non-cash investing and financing activities:		
Equipment purchases included in accrued expenses and accounts payable	\$ 2,029	\$ 4,557

The accompanying Notes are an integral part of these Unaudited Consolidated Financial Statements

Note 1. Organization and Description of Business

Organization

Concrete Pumping Holdings, Inc. (the “Company” or “Successor”) is a Delaware corporation headquartered in Thornton (near Denver), Colorado. The Consolidated Financial Statements include the accounts of Concrete Pumping Holdings, Inc. and its wholly owned subsidiaries including Brundage-Bone Concrete Pumping, Inc. (“Brundage-Bone”), Capital Pumping (“Capital”), Camfaud Group Limited (“Camfaud”), and Eco-Pan, Inc. (“Eco-Pan”).

On December 6, 2018 (the “Closing Date”), the Company, formerly known as Concrete Pumping Holdings Acquisition Corp., consummated a business combination transaction (the “Business Combination”) pursuant to which it acquired (i) the private operating company formerly called Concrete Pumping Holdings, Inc. (the “Predecessor”) and (ii) the former special purpose acquisition company called Industrea Acquisition Corp (“Industrea”). In connection with the closing of the Business Combination, the Company changed its name to Concrete Pumping Holdings, Inc.

Nature of business

Brundage-Bone and Capital are concrete pumping service providers in the United States (“U.S.”) and Camfaud is a concrete pumping service provider in the United Kingdom (“U.K.”). Their core business is the provision of concrete pumping services to general contractors and concrete finishing companies in the commercial, infrastructure and residential sectors. Most often equipment returns to a “home base” nightly and neither company contracts to purchase, mix, or deliver concrete. Brundage-Bone and Capital collectively have approximately 90 branch locations across 22 states, with its corporate headquarters in Thornton (near Denver), Colorado. Camfaud has approximately 30 branch locations throughout the U.K., with its corporate headquarters in Epping (near London), England.

Eco-Pan provides industrial cleanup and containment services, primarily to customers in the construction industry in the U.S. and the U.K. Eco-Pan uses containment pans specifically designed to hold waste products from concrete and other industrial cleanup operations. Eco-Pan has 17 operating locations across the U.S. and shares an operating location in the U.K. with one of the Camfaud branches mentioned above, with its corporate headquarters in Thornton (near Denver), Colorado.

Seasonality

The Company’s sales are historically seasonal, with lower revenue volumes typically in the first half of the fiscal year and higher revenue volumes in the second half of each fiscal year. Such seasonality also causes the Company’s working capital cash flow requirements to vary from the first half of the fiscal year to the second half of the fiscal year and primarily depends on the variability of weather patterns with the Company generally having lower sales volume during the winter and spring months.

Impacts of COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 pandemic has rapidly changed market and economic conditions globally and may continue to create significant uncertainty in the macroeconomic environment.

In addition, the COVID-19 pandemic drove a sustained decline in the Company's stock price and a deterioration in general economic conditions in the fiscal 2020 second quarter, which qualified as a triggering event necessitating the evaluation of its goodwill and long-lived assets for indicators of impairment. As a result of the evaluation, the Company conducted a quantitative interim impairment test as of April 30, 2020 resulting in non-cash impairment charges of \$43.5 million and \$14.4 million to the Company's U.S. Concrete Pumping and U.K. Operations reporting units, respectively. Through April 30, 2021, no subsequent triggering events have been identified. The Company will continue to evaluate its goodwill and intangible assets in future quarters. Additional impairments may be recorded in the future based on events and circumstances, including those related to COVID-19 discussed above.

Despite recent progress in administration of vaccines, both the outbreak and the containment and mitigation measures have had and are likely to continue to have a serious adverse impact on the global economy, the severity and duration of which are uncertain. It is likely that government stabilization efforts will only partially mitigate the consequences to the economy. To date, the COVID-19 pandemic has primarily negatively impacted revenue volumes in the U.K. and certain markets in the U.S. This impact was most heavily pronounced in the second and third quarters of fiscal 2020. Beginning in the fourth quarter of fiscal 2020, revenue volumes began returning back to pre-pandemic levels, and during the second quarter of fiscal 2021 improved from pre-pandemic levels; however, the impact from COVID-19 remains an issue in certain markets. The full extent to which the COVID-19 pandemic will impact the Company's business, financial condition, and results of operations in the future is highly uncertain and will be affected by a number of factors. These include the duration and extent of the pandemic; the duration and extent of imposed or recommended containment and mitigation measures; the extent, duration, and effective execution of government stabilization and recovery efforts, including those from the successful distribution of an effective vaccine; the impact of the pandemic on economic activity, including on construction projects and the Company's customers' demand for its services; the Company's ability to effectively operate, including as a result of travel restrictions and mandatory business and facility closures; the ability of the Company's customers to pay for services rendered; any further closures of the Company's and the Company's customers' offices and facilities; and any additional project delays or shutdowns. Customers may also slow down decision-making, delay planned work or seek to terminate existing agreements. Any of these events may have a material adverse effect on the Company's business, financial condition, and/or results of operations, including further impairment to our goodwill and intangible assets. The Company will continue to evaluate the effect of COVID-19 on its business.

Note 2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying Unaudited Consolidated Financial Statements have been prepared, without audit, in accordance with generally accepted accounting principles in the United States of America ("GAAP") and the rules and regulations of the SEC. Accordingly, they do not include all information and footnotes required by GAAP for complete financial statements. The enclosed statements reflect all normal and recurring adjustments which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows of the Company at April 30, 2021 and for all periods presented. All intercompany balances and transactions have been eliminated in consolidation.

Principles of consolidation

The Consolidated Financial Statements include all accounts of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated.

Restatement and Revision of Prior Period Financial Statements

As described in additional detail in the Explanatory Note to our Annual Report on Form 10-K/A for the year ended October 31, 2020, filed on June 11, 2021, the SEC released a public statement on April 12, 2021 (the "SEC Statement") informing market participants that warrants issued by special purpose acquisition companies ("SPACs") may require classification as a liability of the entity measured at fair value, with changes in fair value each period reported in earnings.

The Company previously classified its publicly traded warrants (the "public warrants") and private placement warrants (the "private warrants") (collectively the "Warrants"), which were issued in August of 2017, as equity. Following consideration of the guidance in the SEC Statement, the Company concluded that its Warrants should have been classified as liabilities and measured at fair value, with changes in fair value each period reported in earnings. As such, the Company previously restated its (1) consolidated financial statements as of October 31, 2019 and for the Successor period from December 6, 2018 through October 31, 2019 and (2) unaudited consolidated interim financial statements for the periods ended July 31, 2019, April 30, 2019, and January 31, 2019. Also, while not material, the Company previously revised its (1) consolidated financial statements as of and for the fiscal year ended October 31, 2020 and (2) unaudited consolidated interim financial statements for the periods ended July 31, 2020, April 30, 2020, and January 31, 2020 to correct the accounting for its Warrants.

The unaudited consolidated financial statements for the three and six month periods ended April 30, 2020 included in this Quarterly Report on Form 10-Q reflect the impacts of such revisions. Management evaluated the impact of the change in the classification of the Warrants on the unaudited consolidated financial statements for the quarter ended January 31, 2021 and determined the impact was immaterial. As a result, the Company has revised those unaudited consolidated financial statements to correct the accounting for its Warrants.

The following table sets forth the impact on the unaudited consolidated financial statements as of January 31, 2021:

	As previously reported	Revision adjustment	As revised
Warrant liabilities	-	7,031	7,031
Total liabilities	474,329	7,031	481,360
Additional paid-in capital	362,615	5,738	368,353
Accumulated deficit	(99,361)	(12,769)	(112,130)
Total stockholders' equity	266,694	(7,031)	259,663

The revision had no impact on the Company's net revenue, operating income, cash and cash equivalents, or cash flows from operating, investing and financing activities. The impact on the consolidated statement of operations was \$0.5 million, which was determined to be immaterial and has been recorded as an out-of-period adjustment during the quarter ended April 30, 2021.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates include accrued sales and use taxes, the liability for incurred but unreported claims under various partially self-insured policies, allowance for doubtful accounts, goodwill impairment analysis, valuation of share-based compensation and accounting for business combinations. Actual results may differ from those estimates, and such differences may be material to the Company's consolidated financial statements.

Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Generally, the Company does not require collateral for their accounts receivable; however, the Company may file statutory liens or take other appropriate legal action when necessary on construction projects in which collection problems arise. A trade receivable is typically considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. The Company does not charge interest on past-due trade receivables.

Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance for doubtful accounts was \$0.7 million and \$0.6 as of April 30, 2021 and October 31, 2020, respectively. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Inventory

Inventory consists primarily of replacement parts for concrete pumping equipment. Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value. The Company evaluates inventory and records an allowance for obsolete and slow-moving inventory to account for cost adjustments to market. Based on management's analysis, no allowance for obsolete and slow-moving inventory was required as of April 30, 2021 and October 31, 2020.

Fair Value Measurements

The Financial Accounting Standard Board's (the "FASB") standard on fair value measurements establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. This standard establishes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

Deferred financing costs

Deferred financing costs representing third-party, non-lender debt issuance costs are deferred and amortized using the effective interest rate method over the term of the related long-term-debt agreement, and the straight-line method for the revolving credit agreement.

Debt issuance costs, including any original issue discounts, related to term loans or senior notes are reflected as a direct deduction from the carrying amount of the long-term debt liability that is included in long term debt, net of discount for deferred financing costs in the accompanying consolidated balance sheets. Debt issuance costs related to revolving credit facilities are capitalized and reflected in deferred financing in the accompanying consolidated balance sheets.

Goodwill

In accordance with Accounting Standards Codification ("ASC") Topic 350, Intangibles—Goodwill and Other ("ASC 350"), the Company evaluates goodwill for possible impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company uses a two-step process to assess the realizability of goodwill. The first step is a qualitative assessment that analyzes current economic indicators associated with a particular reporting unit. For example, the Company analyzes changes in economic, market and industry conditions, business strategy, cost factors, and financial performance, among others, to determine if there are indicators of a significant decline in the fair value of a particular reporting unit. If the qualitative assessment indicates a stable or improved fair value, no further testing is required. If a qualitative assessment indicates it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company will proceed to the quantitative second step where the fair value of a reporting unit is calculated based on weighted income and market-based approaches. If the fair value of a reporting unit is lower than its carrying value, an impairment to goodwill is recorded, not to exceed the carrying amount of goodwill in the reporting unit. As of April 30, 2021, no indicators of impairment have been identified.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Expenditures for additions and betterments are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred; however, maintenance and repairs that improve or extend the life of existing assets are capitalized. The carrying amount of assets disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property and equipment disposals are recognized in the year of disposal. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

	In Years
Buildings and improvements	15 to 40
Capital lease assets—buildings	40
Furniture and office equipment	2 to 7
Machinery and equipment	3 to 25
Transportation equipment	3 to 7

Intangible assets

Intangible assets are recorded at cost or their estimated fair value (when acquired through a business combination) less accumulated amortization (if finite-lived).

Intangible assets with finite lives, except for customer relationships, are amortized on a straight-line basis over their estimated useful lives. Customer relationships are amortized on an accelerated basis over their estimated useful lives. Intangible assets with indefinite lives are not amortized but are subject to annual reviews for impairment.

Impairment of long-lived assets

ASC 360, *Property, Plant and Equipment* (ASC 360) requires other long-lived assets to be evaluated for impairment when indicators of impairment are present. If indicators are present, assets are grouped to the lowest level for which identifiable cash flows are largely independent of other asset groups and cash flows are estimated for each asset group over the remaining estimated life of each asset group. If the undiscounted cash flows estimated to be generated by those assets are less than the asset's carrying amount, impairment is recognized in the amount of the excess of the carrying value over the fair value. No indicators of impairment were identified as of April 30, 2021.

Derivatives

The Company has public warrants outstanding and due to certain provisions in the warrant agreement, coupled with the Company's capital structure, which includes preferred stock with voting rights, the public warrants do not meet the criteria to be classified in stockholders' equity and instead meet the definition of a liability-classified derivative under ASC Topic 815, *Derivatives and Hedging* ("ASC 815"). As such, the Company recognizes these warrants within long-term liabilities on the consolidated balance sheet at fair value, with subsequent changes in fair value recognized in the consolidated statement of income at each reporting date.

Revenue recognition

The Company generates revenues primarily from concrete pumping services in both the U.S. and U.K. Additionally, revenue is generated from the Company's waste management business which consists of service fees charged to customers for the delivery of its pans and containers and the disposal of the concrete waste material.

The Company recognizes revenue from these businesses when all of the following criteria are met: (a) persuasive evidence of an arrangement exists, (b) the service has been performed or delivery has occurred, (c) the price is fixed or determinable, and (d) collectability is reasonably assured. The Company's delivery terms for replacement part sales are FOB shipping point.

The Company imposes and collects sales taxes concurrent with its revenue-producing transactions with customers and remits those taxes to the various governmental authorities as prescribed by the taxing jurisdictions in which it operates. The Company presents such taxes in its consolidated statement of operations on a net basis.

Stock-based compensation

The Company follows ASC 718, *Compensation—Stock Compensation* ("ASC 718"), which requires the measurement and recognition of compensation expense, based on estimated fair values, for all share-based awards made to employees and directors. The Company expenses the grant date fair value of the award in the consolidated statements of operations over the requisite service periods on a straight-line basis. The Company accounts for forfeitures as they occur in accordance with ASU No. 2016-09, *Compensation—Stock Compensation (ASC 718): Improvements to Employee Share-Based Payment Accounting*.

Income taxes

The Company complies with ASC 740, *Income Taxes*, which requires an asset and liability approach to financial reporting for income taxes.

The Company computes deferred income tax assets and liabilities annually for differences between the financial statements and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, carryback opportunities, and tax planning strategies in making the assessment. Income tax expense includes both the current income taxes payable or refundable and the change during the period in the deferred tax assets and liabilities. The tax benefit from an uncertain tax position is only recognized in the consolidated balance sheet if the tax position is more likely than not to be sustained upon an examination.

Camfaud files income tax returns in the U.K. Camfaud's national statutes are generally open for one year following the statutory filing period.

Foreign currency translation

The functional currency of Camfaud is the Pound Sterling (GBP). The assets and liabilities of the Company's foreign subsidiaries are translated into U.S. Dollars using the period end exchange rates for the periods presented, and the consolidated statements of operations are translated at the average exchange rate for the periods presented. The resulting translation adjustments are recorded as a component of comprehensive income on the consolidated statements of comprehensive income and accumulated in other comprehensive income. The functional currency of our other subsidiaries is the United States Dollar.

Earnings per share

The Company calculates earnings per share in accordance with ASC 260, *Earnings per Share*. The two-class method of computing earnings per share is required for entities that have participating securities. The two-class method is an earnings allocation formula that determines earnings per share for participating securities according to dividends declared (or accumulated) and participation rights in undistributed earnings. For purposes of ASC 260, the two-class method is computed based on the following participating stock: (1) Common Stock and (2) Restricted Stock Awards.

Basic earnings (loss) per common share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of shares of Common Stock outstanding each period. Diluted earnings (loss) per common share is based on the weighted average number of shares outstanding during the period plus the common stock equivalents which would arise from the exercise of stock options outstanding using the treasury stock method and the average market price per share during the period. Common stock equivalents are not included in the diluted earnings (loss) per share calculation when their effect is antidilutive.

An anti-dilutive impact is an increase in earnings per share or a reduction in net loss per share resulting from the conversion, exercise, or contingent issuance of certain securities.

Business combinations

The Company applies the principles provided in ASC 805, *Business Combinations* ("ASC 805"), when a business is acquired. Tangible and intangible assets acquired and liabilities assumed are recorded at fair value and goodwill is recognized for any differences between the fair value of consideration transferred and the fair value of net assets acquired. Transaction costs for business combinations are expensed as incurred in accordance with ASC 805.

Concentrations

As of April 30, 2021 and October 31, 2020 there were three significant vendors that the Company relied upon to purchase concrete pumping boom equipment. However, should the need arise, there are alternate vendors who can provide concrete pumping boom equipment.

Cash balances held at financial institutions may, at times, be in excess of federally insured limits. The Company places its temporary cash balances in high-credit quality financial institutions.

The Company's customer base is dispersed across the U.S. and U.K. The Company performs ongoing evaluations of its customers' financial condition and requires no collateral to support credit sales. During the periods described above, no customer represented 10 percent or more of sales or trade receivables.

Note 3. New Accounting Pronouncements

We have opted to take advantage of the extended transition period available to emerging growth companies pursuant to the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") for new accounting standards.

Recently issued accounting pronouncements not yet effective

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (ASC 606)* ("ASU 2014-09"), which is a comprehensive new revenue recognition model.

Under ASU 2014-09 and the related clarifying ASUs, a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. Following the issuance of ASU 2020-05 that deferred the effective date for certain companies, ASU 2014-09 is effective for emerging growth companies that have elected to use private company adoption dates in annual reporting periods beginning after December 15, 2018 and interim reporting periods within annual reporting periods beginning after December 15, 2019 and is to be adopted using either a full retrospective or modified retrospective transition method. The Company expects to adopt the guidance under the modified retrospective approach during the fourth quarter of the fiscal year ending October 31, 2021. The Company is currently evaluating the impact of the adoption of the new standard, including the review of revenue streams and related contracts, but does not expect a significant impact on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (“ASU 2016-02”), which is codified in ASC 842, Leases (“ASC 842”) and supersedes current lease guidance in ASC 840, Leases. ASC 842 requires a lessee to recognize a right-of-use asset and a corresponding lease liability for substantially all leases. The lease liability will be equal to the present value of the remaining lease payments while the right-of-use asset will be similarly calculated and then adjusted for initial direct costs. In addition, ASC 842 expands the disclosure requirements to increase the transparency and comparability of the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, Leases ASC 842: Targeted Improvements, which allows entities to initially apply the new leases standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.

The new standard is effective for emerging growth companies that have elected to use private company adoption dates for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Company plans to adopt the new standard effective for the year ending October 31, 2022. The Company is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326). This ASU, along with subsequently issued related ASUs, requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. This ASU is effective for emerging growth companies that have elected to use private company adoption dates with annual and interim periods beginning after December 15, 2022, with early adoption permitted. The Company plans to adopt the new standard effective for the year ending October 31, 2022. The amendments of this ASU should be applied on a modified retrospective basis to all periods presented. The Company is currently evaluating the effects adoption of this guidance will have on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting (“ASU 2020-04”), which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting for contracts, hedging relationships, and other transactions that reference the London Interbank Offered Rate (“LIBOR”). Specifically, to the extent the Company's debt agreements are modified to replace LIBOR with another interest rate index, ASU 2020-04 will permit the Company to account for the modification as a continuation of the existing contract without additional analysis. Companies may generally elect to apply the guidance for periods that include March 12, 2020 through December 31, 2022. The Company is evaluating the anticipated impact of this standard on its condensed consolidated financial statements as well as timing of adoption.

Note 4. Fair Value Measurement

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable and current accrued liabilities approximate their fair value due to the short-term maturity of these instruments. The Company's outstanding obligations on its ABL credit facility are deemed to be at fair value as the interest rates on these debt obligations are variable and consistent with prevailing rates. The Company believes the carrying values of its capital lease obligations represent fair value.

Long-term debt instruments

The Company's long-term debt instruments are recorded at their carrying values in the consolidated balance sheet, which may differ from their respective fair values. The fair values of the long-term debt instruments are derived from Level 2 inputs. The fair value amount of the long-term debt instruments at April 30, 2021 and at October 31, 2020 is presented in the table below based on the prevailing interest rates and trading activity of the Term loans or Senior Notes.

<i>(in thousands)</i>	April 30, 2021		October 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Term loans	\$ -	\$ -	\$ 381,205	\$ 365,003
Senior notes	\$ 375,000	\$ 394,688	\$ -	\$ -
Capital lease obligations	\$ 430	\$ 430	\$ 477	\$ 477

Deferred consideration

In connection with the acquisition of Camfaud in November 2016, former Camfaud shareholders were eligible to receive earnout payments ("deferred consideration") of up to \$3.1 million if certain Earnings before interest, taxes, depreciation, and amortization ("EBITDA") targets were met. In accordance with ASC805, the Company reviewed the deferred consideration on a quarterly basis in order to determine its fair value. Changes in the fair value of the liability are recorded within general and administrative expenses in the consolidated statement of income in the period in which the change was made. The Company estimated the fair value of the deferred consideration based on its probability assessment of Camfaud's EBITDA achievements during the 3 year earnout period. In developing these estimates, the Company considered its revenue and EBITDA projections, its historical results, and general macro-economic environment and industry trends. This fair value measurement was based on significant revenue and EBITDA inputs not observed in the market, which represents a Level 3 measurement. The \$1.7 million in deferred consideration was fully paid out during the first quarter of fiscal 2020. In accordance with US GAAP, the related cash outflows are reflected in the statement of cash flows with \$1.2 million being included in financing activities, reflecting the payment of contingent consideration that was originally established in purchase accounting, and the remaining \$0.5 million being included in operating activities, reflecting the payment amount that is in excess of the contingent consideration that was originally established in purchase accounting.

Warrants

At both October 31, 2020 and 2019, there were 13,017,777 public warrants and no private warrants outstanding. Each warrant entitles its holder to purchase one share of Class A common stock at an exercise price of \$ 11.50 per share. The warrants expire on December 6, 2022, or earlier upon redemption or liquidation. The Company may call the outstanding public warrants for redemption at a price of \$0.01 per warrant, if the last sale price of the Company's common stock equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period ending on the third business day before the Company sends the notice of redemption to the warrant holders.

The Company accounts for the public warrants issued in connection with its IPO in accordance with ASC 815, under which certain provisions in the public warrant agreements do not meet the criteria for equity classification and therefore these warrants must be recorded as liabilities. The fair value of each public warrant is based on the public trading price of the warrant (Level 1 fair value measurement). Gains and losses related to the warrants are reflected in the change in fair value of warrant liabilities in the consolidated statements of operations.

All other non-financial assets

The Company's non-financial assets, which primarily consist of property and equipment, goodwill and other intangible assets, are not required to be carried at fair value on a recurring basis and are reported at carrying value. However, on a periodic basis or whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable (and at least annually for goodwill and indefinite lived intangibles), non-financial instruments are assessed for impairment and, if applicable, written down to and recorded at fair value.

Note 5. Prepaid Expenses and Other Current Assets

The significant components of prepaid expenses and other current assets at April 30, 2021 and at October 31, 2020 are comprised of the following:

<i>(in thousands)</i>	April 30, 2021	October 31, 2020
Prepaid insurance	\$ 4,186	\$ 1,399
Prepaid licenses and deposits	715	429
Prepaid rent	476	149
Other current assets and prepaids	1,827	717
Total prepaid expenses and other current assets	\$ 7,204	\$ 2,694

Note 6. Property, Plant and Equipment

The significant components of property, plant and equipment at April 30, 2021 and at October 31, 2020 are comprised of the following:

<i>(in thousands)</i>	April 30, 2021	October 31, 2020
Land, building and improvements	\$ 26,890	\$ 26,728
Capital leases—land and buildings	828	828
Machinery and equipment	329,787	318,029
Transportation equipment	2,513	2,338
Furniture and office equipment	2,398	1,230
Property, plant and equipment, gross	362,416	349,153
Less accumulated depreciation	(57,551)	(44,899)
Property, plant and equipment, net	\$ 304,865	\$ 304,254

Depreciation expense for the three and six-month periods ended April 30, 2021 was \$7.1 million and \$14.0 million, respectively. Depreciation expense for the three and six-month periods ended April 30, 2020 was \$6.5 million and \$13.0 million, respectively. Depreciation expense related to revenue producing machinery and equipment is recorded in cost of operations and an immaterial amount of depreciation expense related to our capital leases and furniture and fixtures is included in general and administrative expenses.

Note 7. Goodwill and Intangible Assets

The Company recognized goodwill and certain intangible assets in connection with business combinations.

During the second quarter of fiscal 2020, the Company identified a triggering event resulting from a sustained decline in its stock price and deterioration in general economic conditions resulting from COVID-19. As a result, the Company, with the assistance of a third party valuation specialist, performed an interim impairment test on its indefinite-lived trade name intangible assets and goodwill as of April 30, 2020.

The valuation methodology used to value the trade-names was based on the relief-from-royalty method which is an income based measure that derives the value from total revenue growth projected and what percentage is attributable to the trade name. As a result of the analysis, the Company identified that the fair value of its Brundage-Bone Concrete Pumping trade name was approximately 11.8% below its carrying value and as such, recorded a non-cash impairment charge of \$5.0 million in intangibles impairment on April 30, 2020.

The goodwill impairment test was performed on the Company's U.S. Concrete Pumping, U.S. Concrete Waste Management Services, and U.K. Operations reporting units. The valuation methodologies used to value the reporting units included the discounted cash flow method (income approach) and the guideline public company method (market approach). As a result of the goodwill impairment analysis, the Company identified that the fair values of its U.S. Concrete Pumping and U.K. Operations reporting units were approximately 6.9% and 14.8% below their carrying values, respectively. As such, the Company recorded non-cash impairment charges of \$38.5 million and \$14.4 million to its U.S. Concrete Pumping and U.K. Operations reporting units, respectively, in goodwill impairment on April 30, 2020.

The factors leading to the impairment of the Company's goodwill and intangibles were primarily due to (1) lower anticipated future net revenues and earnings in its estimate of future cash flows resulting from COVID-19 and (2) a higher discount rate applied to future cash flows as a result of uncertainties of the overall economic impact from COVID-19. There is inherent uncertainty associated with key assumptions used by the Company in its impairment analyses including the duration of the economic downturn associated with COVID-19 and the recovery period.

There were no triggering events during the fiscal 2021 first and second quarters. The Company will continue to evaluate its goodwill and intangible assets in future quarters. Additional impairments may be recorded based on events and circumstances, including those related to COVID-19 discussed in Note 1.

The following table summarizes the composition of intangible assets at April 30, 2021 and at October 31, 2020:

	April 30, 2021					October 31, 2020				
	Gross Accumulated Value	Impairment	Translation Amortization	Foreign Currency Carrying Adjustment	Net Carrying Amount	Gross Accumulated Value	Impairment	Translation Amortization	Foreign Currency Carrying Adjustment	Net Amount
<i>Carrying (in thousands)</i>										
Customer relationship	\$ 195,069	\$ -	(78,223)	\$ (666)	\$ 116,180	\$ 193,585	\$ -	\$ (64,676)	\$ (106)	\$ 128,803
Trade name	5,812	-	(1,306)	(91)	4,415	5,432	-	(1,020)	(14)	4,398
Trade name (indefinite life)	55,500	(5,000)	-	-	50,500	55,500	(5,000)	-	-	50,500
Noncompete agreements	200	-	(82)	-	118	200	-	(62)	-	138
Total intangibles	<u>\$ 256,581</u>	<u>\$ (5,000)</u>	<u>\$ (79,611)</u>	<u>\$ (757)</u>	<u>\$ 171,213</u>	<u>\$ 254,717</u>	<u>\$ (5,000)</u>	<u>\$ (65,758)</u>	<u>\$ (120)</u>	<u>\$ 183,839</u>

[Table of Contents](#)

Amortization expense for the three and six-month periods ended April 30, 2021 was \$7.0 million and \$13.9 million, respectively. Amortization expense for the three and six-month periods ended April 30, 2020 was \$8.6 million and \$17.1 million, respectively. The estimated aggregate amortization expense for intangible assets over the next five fiscal years ending October 31 and thereafter is as follows:

(in thousands)

2021 (excluding the period from November 1, 2020 to April 30, 2021)	\$	13,168
2022		21,747
2023		17,292
2024		13,892
2025		11,245
Thereafter		43,369
Total	\$	<u>120,713</u>

The changes in the carrying value of goodwill by reportable segment for the quarter ended April 30, 2021 are as follows:

<i>(in thousands)</i>	U.S. Concrete		U.S. Concrete Waste Management		Corporate	Total
	Pumping	U.K. Operations	Services			
Balance at October 31, 2020	\$ 147,482	\$ 26,539	\$ 49,133	\$ -	\$ -	\$ 223,154
Foreign currency translation	-	1,858	-	-	-	1,858
Balance at April 30, 2021	\$ 147,482	\$ 28,397	\$ 49,133	\$ -	\$ -	\$ 225,012

Note 8. Long Term Debt and Revolving Lines of Credit

On January 28, 2021, Brundage-Bone Concrete Pumping Holdings Inc., a Delaware corporation (the "Issuer") and a wholly-owned subsidiary of the Company (i) completed a private offering of \$375.0 million in aggregate principal amount of its 6.000% senior secured second lien notes due 2026 (the "Senior Notes") issued pursuant to an indenture, among the Issuer, the Company, the other Guarantors (as defined below), Deutsche Bank Trust Company Americas, as trustee and as collateral agent (the "Indenture") and (ii) entered into an amended and restated ABL Facility (the "ABL Facility") by and among the Company, certain subsidiaries of the Company, Wells Fargo Bank, National Association, as agent, sole lead arranger and sole bookrunner, the other Lenders party thereto, which provided up to \$ 125.0 million of asset-based revolving loan commitments to the Company and the other borrowers under the ABL Facility. The proceeds from the Senior Notes, along with certain borrowings under the ABL Facility, were used to repay all outstanding indebtedness under the Company's existing term loan agreement (see discussion below), dated December 6, 2018, and pay related fees and expenses. Summarized terms of these facilities are included below.

Senior Notes

Summarized terms of the Senior Notes are as follows:

- Provides for an original aggregate principal amount of \$375.0 million;
- The Senior Notes will mature and be due and payable in full on February 1, 2026;
- The Senior Notes bear interest at a rate of 6.000% per annum, payable on February 1 and August 1 of each year;
- The Senior Notes are jointly and severally guaranteed on a senior secured basis by the Company, Concrete Pumping Intermediate Acquisition Corp. and each of the Issuer's domestic, wholly-owned subsidiaries that are borrowers and certain of the guarantors under the ABL Facility (collectively, the "Guarantors"). The Senior Notes and the guarantees are secured on a second-priority basis by all the assets of the Issuer and the Guarantors that secure the obligations under the ABL Facility, subject to certain exceptions. The Senior Notes and the guarantees will be the Issuer's and the Guarantors' senior secured obligations, will rank equally with all of the Issuer's and the Guarantors' existing and future senior indebtedness and will rank senior to all of the Issuer's and the Guarantors' existing and future subordinated indebtedness. The Senior Notes are structurally subordinated to all existing and future indebtedness and liabilities of the Company's subsidiaries that do not guarantee the Senior Notes;
- The Indenture includes certain covenants that limit, among other things, the Issuer's ability and the ability of its restricted subsidiaries to: incur additional indebtedness and issue certain preferred stock; make certain investments, distributions and other restricted payments; create or incur certain liens; merge, consolidate or transfer all or substantially all assets; enter into certain transactions with affiliates; and sell or otherwise dispose of certain assets.

The outstanding principal amount of Senior Notes as of April 30, 2021 was \$375.0 million and as of that date, the Company was in compliance with all covenants under the Indenture.

ABL Facility

A comparison of terms of the ABL Facility before and immediately after the amendment are as follows:

Dated December 6, 2018	As of January 28, 2021
Borrowing availability in U.S. Dollars and GBP up to a maximum of \$60.0 million;	Borrowing availability in U.S. Dollars and GBP up to a maximum of \$25.0 million and an accordion feature under which the Company can increase the ABL Facility by up to an additional \$75.0 million;
Borrowing capacity available for standby letters of credit of up to \$7.5 million and for swing loan borrowings of up to \$7.5 million. Any issuance of letters of credit or making of a swing loan will reduce the amount available under the ABL Facility;	Same;
All loans advanced will mature and be due and payable in full on December 6, 2023;	All loans advanced will mature and be due and payable in full on January 28, 2026;
Amounts borrowed may be repaid at any time, subject to the terms and conditions of the agreement;	Same;
Borrowings in U.S. Dollars and GBP bear interest at either (1) an adjusted LIBOR rate or (2) a base rate, in each case plus an applicable margin currently set at 2.25% and 1.25%, respectively. The ABL Facility is subject to two step-downs of 0.25% and 0.50% based on excess availability levels;	Borrowings in U.S. Dollars and GBP bear interest at either (1) an adjusted LIBOR rate or (2) a base rate, in each case plus an applicable margin currently set at 2.0% and 1.00% per annum, respectively. The ABL Facility is subject to a step-down of 0.25% based on excess availability levels;
U.S. ABL Facility obligations will be secured by (i) a perfected first priority security interest in substantially all personal property of the Company and certain of its subsidiaries that are loan parties thereunder consisting of all accounts receivable, inventory, cash, intercompany notes, books and records, chattel paper, deposit, securities and operating accounts and all other working capital assets and all documents, instruments and general intangibles related to the foregoing (the "U.S. ABL Priority Collateral") and (ii) a perfected second priority security interest in substantially all Term Loan Agreement priority collateral, in each case subject to customary exceptions and limitations;	US ABL Facility obligations will be secured by a first-priority perfected security interest in substantially all the assets of the Issuer, together with Brundage-Bone Concrete Pumping, Inc., Eco-Pan, Inc., Capital Pumping LP (collectively, the "US ABL Borrowers") and each of the Company's wholly-owned domestic subsidiaries (the "US ABL Guarantors"), subject to certain exceptions;
U.K. ABL Facility obligations will be secured by (i) a perfected first-priority security interest in (A) the U.S. ABL Priority Collateral, (B) all of the stock (or other ownership interests) in, and held by, the U.K. borrower subsidiaries of the Company, and (C) all of the current and future assets and property of the U.K. subsidiaries of the Company that are loan parties thereunder, including a first-ranking floating charge over all current and future assets and property of each U.K. subsidiary of the Company that is a loan party thereunder; and (ii) a perfected, second-priority security interest in substantially all Term Loan Agreement priority collateral, in each case subject to customary exceptions and limitations; and	UK ABL Facility obligations will be secured by a first priority perfected security interest in substantially all assets of Camfaud Concrete Pumps Limited and Premier Concrete Pumping Limited, each of the Company's wholly-owned UK subsidiaries, and by each of the US ABL Borrowers and the US ABL Guarantors, subject to certain exceptions;
The ABL Facility also includes (i) a springing financial covenant (fixed charges coverage ratio) based on excess availability levels that the Company must comply with on a quarterly basis during required compliance periods and (ii) certain non-financial covenants.	Same.

The outstanding balance under the amended ABL Facility as of April 30, 2021 was \$1.1 million and as of that date, the Company was in compliance with all debt covenants.

Term Loan Agreement

Summarized terms of the Term Loan Agreement are as follows:

- Provides for an original aggregate principal amount of \$357.0 million. This amount was increased in May 2019 by \$60.0 million in connection with the acquisition of Capital;
- The initial term loans advanced will mature and be due and payable in full seven years after the Closing Date, with principal amortization payments in an annual amount equal to 5.00% of the original principal amount;
- Borrowings under the Term Loan Agreement, will bear interest at either (1) an adjusted LIBOR rate or (2) an alternate base rate, plus an applicable margin of 6.00% or 5.00%, respectively;
- The Term Loan Agreement is secured by (i) a first priority perfected lien on substantially all of the assets of the Company and certain of its subsidiaries that are loan parties thereunder to the extent not constituting ABL Facility priority collateral and (ii) a second priority perfected lien on substantially all ABL Facility priority collateral, in each case subject to customary exceptions and limitations;
- The Term Loan Agreement includes certain non-financial covenants.

As discussed above, all outstanding borrowings under the Term Loan Agreement were repaid on January 28, 2021. The pay-off of the term loan were treated as a debt extinguishment while the amended ABL facility was treated as a debt modification. In accordance with debt extinguishment accounting rules, the Company recorded \$15.5 million in debt extinguishment costs related to the write-off of all unamortized deferred debt issuance costs that were related to the term loan and capitalized \$0 million of debt issuance costs related to the Senior Notes. For the amendments to the ABL Facility, the Company capitalized \$1.5 million of debt issuance costs.

The table below is a summary of the composition of the Company's debt balances at April 30, 2021 and at October 31, 2020.

<i>(in thousands)</i>	April 30, 2021	October 31, 2020
Revolving loan (short term)	\$ 1,087	\$ 1,741
Short term portion of term loan	-	20,888
Long term portion of term loan	-	360,317
Senior notes - all long term	375,000	-
Total debt, gross	376,087	382,946
Less unamortized deferred financing costs offsetting long term debt	(6,612)	(16,411)
Total debt, net of unamortized deferred financing costs	<u>\$ 369,475</u>	<u>\$ 366,535</u>

Note 9. Accrued Payroll and Payroll Expenses

The following table summarizes accrued payroll and expenses at April 30, 2021 and at October 31, 2020:

<i>(in thousands)</i>	April 30, 2021	October 31, 2020
Accrued vacation	\$ 1,992	\$ 1,667
Accrued payroll	1,603	1,507
Accrued bonus	2,183	4,752
Other accrued	5,060	5,139
Total accrued payroll and payroll expenses	\$ 10,838	\$ 13,065

Note 10. Accrued Expenses and Other Current Liabilities

The following table summarizes accrued expenses and other current liabilities at April 30, 2021 and at October 31, 2020:

<i>(in thousands)</i>	April 30, 2021	October 31, 2020
Accrued insurance	\$ 9,792	\$ 7,806
Accrued interest	5,750	146
Accrued equipment purchases	956	4,149
Accrued sales and use tax	1,535	311
Accrued property taxes	532	882
Accrued professional fees	860	1,213
Accrued due to related party	40	1,765
Other	2,153	2,607
Total accrued expenses and other liabilities	\$ 21,618	\$ 18,879

Note 11. Income Taxes

For the second fiscal quarter ended April 30, 2021, the Company recorded an income tax expense of \$0.2 million on a pretax loss of \$10.7 million. For the same quarter a year ago, the Company recorded an income tax benefit of \$2.2 million on a pretax loss of \$57.9 million. For the first six months of 2021, the Company recorded an income tax benefit of \$2.5 million on a pretax loss of \$25.6 million. For the same period a year ago, the Company recorded an income tax benefit of \$0.4 million on a pretax loss of \$62.2 million.

At April 30, 2021 and October 31, 2020, we had deferred tax liabilities, net of deferred tax assets, of \$65.6 million and \$68.0 million, respectively. The decrease in our net deferred tax liability is primarily due to current year operating results and reversal of existing deferred tax assets and liabilities during the period ended April 30, 2021. The Company has a valuation allowance of \$0.1 million as of both April 30, 2021 and October 31, 2020 related to foreign tax credit carryforwards where realization is more uncertain at this time due to the limited carryforward periods that exist.

The Company had unrecognized tax benefits of \$1.5 million and \$1.6 million as of April 30, 2021 and October 31, 2020, respectively. If recognized, none of these benefits would favorably impact the Company's income tax expense.

Note 12. Commitments and Contingencies

Insurance

As of April 30, 2021 and October 31, 2020, the Company was partially insured for automobile, general and worker's compensation liability. The Company has accrued \$6.7 million and \$5.4 million, as of April 30, 2021 and October 31, 2020, respectively, for claims incurred but not reported and estimated losses reported, which is included in accrued expenses and other current liabilities in the accompanying consolidated balance sheets.

The Company offers employee health benefits via a partially self-insured medical benefit plan. Participant claims exceeding certain limits are covered by a stop-loss insurance policy. As of April 30, 2021 and October 31, 2020, the Company had accrued \$3.1 million and \$1.9 million, respectively, for health claims incurred but not reported based on historical claims amounts and average lag time. These accruals are included in accrued expenses and other current liabilities in the accompanying consolidated balance sheets. The Company contracts with a third party administrator to process claims, remit benefits, etc. The third party administrator requires the Company to maintain a bank account to facilitate the administration of claims. The account balance was \$0.1 million and \$0.3 million, as of April 30, 2021 and October 31, 2020, respectively, and is included in cash and cash equivalents in the accompanying consolidated balance sheets.

Litigation

The Company is currently involved in certain legal proceedings and other disputes with third parties that have arisen in the ordinary course of business. Management believes that the outcomes of these matters will not have a material impact on the Company's financial statements and does not believe that any amounts need to be recorded for contingent liabilities in the Company's consolidated balance sheet.

Letters of credit

The ABL Facility provides for up to \$7.5 million of standby letters of credit. As of April 30, 2021, total outstanding letters of credit totaled \$2.3 million, the vast majority of which had been committed to the Company's general liability insurance provider.

Note 13. Stockholders' Equity

The Company's amended and restated certificate of incorporation authorizes the issuance of 500,000,000 shares of common stock, par value \$0.0001, and 10,000,000 shares of preferred stock, par value \$0.0001. Immediately following the Business Combination, there were:

- 28,847,707 shares of common stock issued and outstanding;
- 34,100,000 warrants outstanding, each exercisable for one share of common stock at an exercise price of \$1.50 per share, with exercisable rights expiring December 6, 2023; and
- 2,450,980 shares of zero-dividend convertible perpetual preferred stock ("Series A Preferred Stock") outstanding, as further discussed below

On May 14, 2019, in order to finance a portion of the purchase price for the acquisition of Capital, the Company completed a public offering of 8,098,166 of its common stock at a price of \$4.50 per share, receiving net proceeds of approximately \$77.4 million, after deducting underwriting discounts, commissions, and other offering expenses. In connection with the offering, certain of the Company's directors, officers and significant stockholders, and certain other related investors purchased an aggregate of 3,980,166 shares of its common stock from the underwriters at the public offering price of \$4.50, representing approximately 25% of the total shares issued (without giving effect to the underwriters' option to purchase additional shares).

As discussed below, on April 29, 2019, 2,101,213 shares of common stock were issued in exchange for the Company's public warrants and 707,175 shares of common stock were issued in exchange for the Company's private warrants. After the completion of the warrant exchange and as of April 30, 2021, there were 13,017,777 public warrants and no private warrants outstanding.

The Company's Series A Preferred Stock does not pay dividends and is convertible (effective June 6, 2019) into shares of the Company's common stock at a 1:1 ratio (subject to customary adjustments). The Company has the right to elect to redeem all or a portion of the Series A Preferred Stock at its election after December 6, 2022 for cash at a redemption price equal to the amount of the principal investment plus an additional cumulative amount that will accrue at an annual rate of 7.0% thereon. In addition, if the volume weighted average price of shares of the Company's common stock equals or exceeds \$13.00 for 30 consecutive days, then the Company will have the right to require the holder of the Series A Preferred Stock to convert its Series A Preferred Stock into Company common stock, at a ratio of 1:1 (subject to customary adjustments).

Conditionally redeemable preferred shares (including preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. The preferred stock contains a redemption feature contingent upon a change in control which is not solely within the control of the Company, and as such, the preferred stock is presented outside of permanent equity.

Warrant Exchange

On April 1, 2019, the Company commenced an offer to each holder of its publicly traded warrants (the “public warrants”) and private placement warrants that were issued in connection with Industree’s initial public offering on April 17, 2017 (the “private warrants”) to receive 0.2105 shares of common stock in exchange for each outstanding public warrant tendered and 0.1538 shares of common stock in exchange for each private warrant tendered pursuant to the offer (the “Offer” or “Warrant Exchange”).

On April 26, 2019, a total of 9,982,123 public warrants and 11,100,000 private warrants were tendered for exchange pursuant to the Offer. On April 29, 2019, 2,101,213 shares of common stock were issued in exchange for the tendered public warrants and 1,707,175 shares of common stock were issued in exchange for the tendered private warrants. A negligible amount of cash was paid for fractional shares. As of April 30, 2021, 13,017,777 public warrants and no private warrants were outstanding.

On April 12, 2021, the SEC staff issued a statement regarding accounting and reporting considerations for warrants issued by SPACs. In light of the issues raised by the SEC staff, the Company re-evaluated its accounting position for its private and public warrants. See Note 2 for further discussion of the accounting implications relating to these warrants.

Note 14. Stock-Based Compensation

The Company rolled forward certain vested options from the Predecessor (see discussion below) to 2,783,479 equivalent vested options in the Company. No incremental compensation costs were recognized on conversion as the fair value of the options issued were equivalent to the fair value of the vested options of the Predecessor. Exercise prices for those options range from \$0.87 to \$6.09.

During 2019, pursuant to the Concrete Pumping Holdings, Inc. 2018 Omnibus Incentive Plan, the Company granted stock-based awards to certain employees in the U.S. and U.K. All awards in the U.S. are participating restricted stock awards while awards granted to employees in the U.K. are stock options with exercise prices of \$0.01. Regardless of where the awards were granted, the awards vested pursuant to one of the four following conditions:

- (1) Time-based only – Awards vest in equal installments over a five-year period.
- (2) \$13 market-based and time-based vesting – Awards will vest as to first condition once the Company’s stock reaches a closing price of \$13.00 for 30 consecutive trading days. Once the first vesting condition is achieved, the stock award will then vest 1/3 annually over a three-year period.
- (3) \$16 market-based and time-based vesting – Awards will vest as to first condition once the Company’s stock reaches a closing price of \$16.00 for 30 consecutive trading days. Once the first vesting condition is achieved, the stock award will then vest 1/3 annually over a three-year period.
- (4) \$19 market-based and time-based vesting – Awards will vest as to first condition once the Company’s stock reaches a closing price of \$19.00 for 30 consecutive trading days. Once the first vesting condition is achieved, the stock award will then vest 1/3 annually over a three-year period.

On October 29, 2020 almost all of the then-outstanding stock awards were modified as follows:

- (1) 113 awards for 113 employees accepted a modification to their restricted stock awards (if U.S. employees) or stock options (if U.K. employees) with market-based vesting conditions as follows:
 - o The price vesting targets of \$13.00 per share, \$16.00 per share or \$19.00 per share were reduced to \$6.00 per share, \$8.00 per share or \$10.00 per share, respectively
 - o The market-based awards were exchanged on a 2-for-1 exchange ratio. In total 3,816,450 market-based awards were exchanged for 1,908,165 market-based awards
- (2) 18 awards for 18 employees had their restricted stock awards (if U.S. employees) or stock options (if U.K. employees) with market-based vesting conditions (the same \$13/\$16/\$19 price targets outlined above) modified as follows:
 - o Each individual's total award was split into the following: (a) 46% of time vesting shares that vested on December 6, 2020, (b) 15% of time vesting shares which will vest ratably 1/3 each year on December 6, 2021, 2022 and 2023, and (c) the remaining 39% will initially vest based on reduced price vesting targets of \$6.00 per share, \$8.00 per share or \$10.00 per share. Once the first vesting condition is achieved, the stock award will then vest 1/3 annually over a three-year period.
 - o In the aggregate, 1,381,426 stock awards were modified as follows:
 - (a) 635,455 shares vested on December 6, 2020,
 - (b) 207,215 shares will vest ratably 1/3 each year on December 6, 2021, 2022 and 2023, and
 - (c) 538,756 shares will vest based on reduced price vesting targets of \$6.00 per share, \$8.00 per share or \$10.00 per share

As a result of the modifications, and in accordance with ASC 718, the Company updated the fair value of each modified award to be equal to the following:

- Unrecognized stock-based compensation expense as of October 29, 2020 immediately before the modification plus
- The greater of \$0 or the difference between fair value of new award immediately after modification less the fair value of old award immediately before modification

The fair values for the above awards were calculated using a Monte Carlo simulation model and the updated fair value of the stock award is expensed over the new service period for the new award. As a result of the modifications, the Company recorded \$5.9 million of compensation expense on day 1 of the modification as the requisite service period is zero. Outside of the unrecognized compensation expense for all other awards, no incremental costs are expected to be incurred in the future.

As of April 30, 2021, the Company has the following outstanding stock-based awards:

- (1) Time-based only – Awards vest in equal installments over a three or five-year period.
- (2) \$6 market-based and time-based vesting – Awards will vest as to first condition once the Company's stock reaches a closing price of \$6.00 for 30 consecutive trading days. Once the first vesting condition is achieved, the stock award will then vest 1/3 annually over a three-year period.
- (3) \$8 market-based and time-based vesting – Awards will vest as to first condition once the Company's stock reaches a closing price of \$8.00 for 30 consecutive trading days. Once the first vesting condition is achieved, the stock award will then vest 1/3 annually over a three-year period.
- (4) \$10 market-based and time-based vesting – Awards will vest as to first condition once the Company's stock reaches a closing price of \$10.00 for 30 consecutive trading days. Once the first vesting condition is achieved, the stock award will then vest 1/3 annually over a three-year period.

[Table of Contents](#)

Included in the table below is a summary of unvested awards at April 30, 2021, including the location, type of award, shares outstanding, unrecognized compensation expense, and the date that expense will be recognized through. In addition, while the table below provides a date through which expense will be recognized on a straight-line basis for the remaining market-based stock awards, if at such time they vest earlier than the Monte Carlo simulation derived service period, expense recognition will be accelerated. The \$6 Market/Time-Based shares noted below achieved the \$6.00 market condition on March 29, 2021, which was a date that was earlier than the Monte Carlo simulation had originally estimated. As such, the remaining unrecognized expense for these awards will be accelerated over the new remaining requisite service period. In addition, the Company has broken out the market-based awards by vesting tranche to address the accelerated attribution applied to the awards.

Location	Type of Award	Shares Unvested at April 30, 2021	Weighted Average Fair Value	Unrecognized Compensation Expense at April 30, 2021	Date Expense will be Recognized Through (Straight- Line Basis)
U.S.	Time Based Only	864,028	\$ 6.20	\$ 3,894,504	12/6/2023
U.S.	\$6 Market/Time- Based	150,697	\$ 3.86	\$ -	10/29/2020
U.S.	\$6 Market/Time- Based	192,652	\$ 8.63	\$ 535,622	3/29/2022
U.S.	\$6 Market/Time- Based	192,652	\$ 8.63	\$ 818,896	3/29/2023
U.S.	\$6 Market/Time- Based	192,663	\$ 8.63	\$ 987,767	3/29/2024
U.S.	\$8 Market/Time- Based	150,697	\$ 3.46	\$ -	10/29/2020
U.S.	\$8 Market/Time- Based	192,653	\$ 7.43	\$ 623,894	5/1/2023
U.S.	\$8 Market/Time- Based	192,653	\$ 7.43	\$ 795,783	5/1/2024
U.S.	\$8 Market/Time- Based	192,662	\$ 7.43	\$ 908,426	5/1/2025
U.S.	\$10 Market/Time- Based	150,706	\$ 3.15	\$ -	10/29/2020
U.S.	\$10 Market/Time- Based	192,658	\$ 6.45	\$ 580,256	7/9/2023
U.S.	\$10 Market/Time- Based	192,654	\$ 6.45	\$ 715,214	7/9/2024
U.S.	\$10 Market/Time- Based	192,670	\$ 6.45	\$ 805,215	7/9/2025
U.S.	\$13 Market/Time- Based	433	\$ 4.47	\$ 794	5/4/2022
U.S.	\$13 Market/Time- Based	433	\$ 4.47	\$ 1,045	5/4/2023
U.S.	\$13 Market/Time- Based	434	\$ 4.47	\$ 1,209	5/4/2024
U.S.	\$16 Market/Time- Based	433	\$ 3.85	\$ 764	8/27/2022
U.S.	\$16 Market/Time- Based	433	\$ 3.85	\$ 950	8/27/2023
U.S.	\$16 Market/Time- Based	434	\$ 3.85	\$ 1,076	8/27/2024
U.S.	\$19 Market/Time- Based	433	\$ 3.34	\$ 708	11/19/2022
U.S.	\$19 Market/Time- Based	433	\$ 3.34	\$ 853	11/19/2023
U.S.	\$19 Market/Time- Based	434	\$ 3.34	\$ 953	11/19/2024
U.K.	Time Based Only	132,259	\$ 6.08	\$ 550,704	12/6/2023
U.K.	\$6 Market/Time- Based	28,885	\$ 3.85	\$ -	10/29/2020
U.K.	\$6 Market/Time- Based	27,892	\$ 8.36	\$ 76,663	3/29/2022
U.K.	\$6 Market/Time- Based	27,892	\$ 8.36	\$ 116,244	3/29/2023
U.K.	\$6 Market/Time- Based	27,901	\$ 8.36	\$ 139,791	3/29/2024
U.K.	\$8 Market/Time- Based	28,885	\$ 3.45	\$ -	10/29/2020
U.K.	\$8 Market/Time- Based	27,892	\$ 7.20	\$ 88,882	5/1/2023
U.K.	\$8 Market/Time- Based	27,892	\$ 7.20	\$ 112,737	5/1/2024
U.K.	\$8 Market/Time- Based	27,901	\$ 7.20	\$ 128,403	5/1/2025
U.K.	\$10 Market/Time- Based	28,886	\$ 3.14	\$ -	10/29/2020
U.K.	\$10 Market/Time- Based	27,902	\$ 6.24	\$ 82,553	7/9/2023
U.K.	\$10 Market/Time- Based	27,892	\$ 6.24	\$ 101,225	7/9/2024
U.K.	\$10 Market/Time- Based	27,901	\$ 6.24	\$ 113,743	7/9/2025
Total		3,523,925		\$ 12,184,873	

Note: The \$13/\$16/\$19 Market/Time Based shares noted above relate to the shares not exchanged in the October 29, 2020 modification discussed above.

Stock-based compensation expense for the three and six-month periods ended April 30, 2021 was \$3.3 million and \$4.0 million and has been included in general and administrative expenses on the accompanying consolidated statement of income. Stock-based compensation expense for the three and six-month periods ended April 30, 2020 was \$1.4 million and \$2.9 million, respectively.

Note 15. Earnings Per Share

The Company calculates earnings per share in accordance with ASC260, *Earnings Per Share*. For purposes of calculating earnings (loss) per share (“EPS”), a company that has participating security holders (for example, holders of unvested restricted stock that have non-forfeitable dividend rights and the Company’s Series A Preferred Stock) is required to utilize the two-class method for calculating EPS unless the treasury stock method results in lower EPS. The two-class method is an allocation of earnings/(loss) between the holders of common stock and a company’s participating security holders. Under the two-class method, earnings/(loss) for the reporting period is calculated by taking the net income (loss) for the period, less both the dividends declared in the period on participating securities (whether or not paid) and the dividends accumulated for the period on cumulative preferred stock (whether or not earned) for the period. Our common shares outstanding are comprised of shareholder owned common stock and shares of unvested restricted stock held by participating security holders. Basic EPS is calculated by dividing income or loss attributable to common stockholders by the weighted average number of shares of common stock outstanding, excluding participating shares. To calculate diluted EPS, basic EPS is further adjusted to include the effect of potentially dilutive stock options outstanding and Series A Preferred Stock outstanding as of the beginning of the period.

At April 30, 2021, the Company had outstanding (1) 13.0 million warrants to purchase shares of common stock at an exercise price of \$1.50, (2) 3.1 million outstanding unvested restricted stock awards, (3) 1.2 million outstanding vested incentive stock options, (4) 0.5 million outstanding non-qualified stock options, and (5) 2.5 million shares of Series A Preferred Stock.

The table below shows our basic and diluted EPS calculations for the three and six-month period ended April 30, 2021 and April 30, 2020:

	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
<i>(in thousands, except share and per share amounts)</i>				
Net loss (numerator):				
Net loss attributable to Concrete Pumping Holdings, Inc.	\$ (10,853)	\$ (55,714)	\$ (23,143)	\$ (58,850)
Less: Accretion of liquidation preference on preferred stock	(499)	(470)	(1,006)	(943)
Less: Undistributed earnings allocated to participating securities	-	-	-	-
Net loss attributable to common stockholders (numerator for basic earnings per share)	\$ (11,352)	\$ (56,184)	\$ (24,149)	\$ (59,793)
Add back: Accretion of liquidation preference on preferred stock	-	-	-	-
Add back: Undistributed earnings allocated to participating securities	-	-	-	-
Less: Undistributed earnings reallocated to participating securities	-	-	-	-
Numerator for diluted earnings (loss) per share	\$ (11,352)	\$ (56,184)	\$ (24,149)	\$ (59,793)
Weighted average shares (denominator):				
Weighted average shares - basic	53,465,799	52,782,663	53,303,302	52,752,884
Weighted average shares - diluted	53,465,799	52,782,663	53,303,302	52,752,884
Basic loss per share	\$ (0.21)	\$ (1.06)	\$ (0.45)	\$ (1.13)
Diluted loss per share	\$ (0.21)	\$ (1.06)	\$ (0.45)	\$ (1.13)

For all periods presented, the Company realized a net loss and as such, the weighted-average dilutive impact of any shares was excluded from the calculation of diluted EPS because they were antidilutive.

Note 16. Segment Reporting

The Company conducts business through the following reportable segments based on geography and the nature of services sold:

- U.S. Concrete Pumping – Consists of concrete pumping services sold to customers in the U.S. Business in this segment is primarily performed under the Brundage-Bone and Capital tradenames.
- U.K. Operations – Consists of concrete pumping services and leasing of concrete pumping equipment to customers in the U.K. Business in this segment is primarily performed under the Camfaud Concrete Pumps and Premier Concrete Pumping tradenames. In addition to concrete pumping, we recently started operations of waste management services in the U.K. under the Eco-Pan tradename and the results of this business are included in this segment. This represents the Company’s foreign operations.
- U.S. Concrete Waste Management Services – Consists of pans and containers rented to customers in the U.S. and the disposal of the concrete waste material services sold to customers in the U.S. Business in this segment is performed under the Eco-Pan tradename.
- Corporate - Is primarily related to the intercompany leasing of real estate to certain of the U.S Concrete Pumping branches.

Any differences between segment reporting and consolidated results are reflected in Corporate and/or Intersegment below.

The accounting policies of the reportable segments are the same as those described in Note2. The Company’s Chief Operating Decision Maker (“CODM”) evaluates the performance of each segment based on revenue, and measures segment performance based upon EBITDA (earnings before interest, taxes, depreciation and amortization). Non-allocated interest expense and various other administrative costs are reflected in Corporate. Corporate assets primarily include cash and cash equivalents, prepaid expenses and other current assets, and real property. The following provides operating information about the Company’s reportable segments for the periods presented:

<i>(in thousands)</i>	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Revenue				
U.S. Concrete Pumping	\$ 56,168	\$ 57,459	\$ 108,484	\$ 112,564
U.K. Operations	11,853	8,401	21,633	19,086
U.S. Concrete Waste Management Services	9,008	8,306	17,430	16,589
Corporate	625	625	1,250	1,250
Intersegment	(781)	(750)	(1,503)	(1,509)
Total revenue	<u>\$ 76,873</u>	<u>\$ 74,041</u>	<u>\$ 147,294</u>	<u>\$ 147,980</u>
Income (loss) before income taxes				
U.S. Concrete Pumping	\$ (1,306)	\$ (47,054)	\$ (16,806)	\$ (50,928)
U.K. Operations	481	(15,446)	(227)	(16,454)
U.S. Concrete Waste Management Services	1,181	893	2,034	1,464
Corporate	(11,039)	3,672	(10,622)	3,700
Total income (loss) before income taxes	<u>\$ (10,683)</u>	<u>\$ (57,935)</u>	<u>\$ (25,621)</u>	<u>\$ (62,218)</u>

	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
<i>(in thousands)</i>				
EBITDA				
U.S. Concrete Pumping	\$ 13,346	\$ (28,814)	\$ 13,241	\$ (13,952)
U.K. Operations	3,334	(12,712)	5,413	(10,753)
U.S. Concrete Waste Management Services	3,504	3,553	6,704	6,803
Corporate	(10,831)	3,879	(10,206)	4,114
Total EBITDA	<u>\$ 9,353</u>	<u>\$ (34,094)</u>	<u>\$ 15,152</u>	<u>\$ (13,788)</u>

Consolidated EBITDA reconciliation

Net loss	\$ (10,853)	\$ (55,714)	\$ (23,143)	\$ (58,850)
Interest expense, net	6,029	8,765	12,929	18,268
Income tax expense (benefit)	170	(2,221)	(2,478)	(3,368)
Depreciation and amortization	14,007	15,076	27,844	30,162
Total EBITDA	<u>\$ 9,353</u>	<u>\$ (34,094)</u>	<u>\$ 15,152</u>	<u>\$ (13,788)</u>

	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
<i>(in thousands)</i>				
Depreciation and amortization				
U.S. Concrete Pumping	\$ 9,405	\$ 10,144	\$ 18,677	\$ 20,148
U.K. Operations	2,071	2,065	4,081	4,261
U.S. Concrete Waste Management Services	2,323	2,660	4,670	5,339
Corporate	208	207	416	414
Total depreciation and amortization	<u>\$ 14,007</u>	<u>\$ 15,076</u>	<u>\$ 27,844</u>	<u>\$ 30,162</u>

Interest expense, net

U.S. Concrete Pumping	\$ (5,247)	\$ (8,096)	\$ (11,370)	\$ (16,828)
U.K. Operations	(782)	(669)	(1,559)	(1,440)
U.S. Concrete Waste Management Services	-	-	-	-
Corporate	-	-	-	-
Total interest expense, net	<u>\$ (6,029)</u>	<u>\$ (8,765)</u>	<u>\$ (12,929)</u>	<u>\$ (18,268)</u>

Transaction costs including transaction-related debt extinguishment

U.S. Concrete Pumping	\$ 55	\$ -	\$ 84	\$ -
Corporate	-	-	-	-
Total transaction costs including transaction-related debt extinguishment	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ -</u>

Total assets by segment for the periods presented are as follows:

<i>(in thousands)</i>	April 30, 2021	October 31, 2020
Total Assets		
U.S. Concrete Pumping	\$ 567,635	\$ 570,536
U.K. Operations	105,393	109,726
U.S. Concrete Waste Management Services	141,723	140,209
Corporate	26,029	25,517
Intersegment	(69,265)	(72,230)
Total assets	<u>\$ 771,515</u>	<u>\$ 773,758</u>

The U.S. and U.K. were the only regions that accounted for more than 10% of the Company's revenue for the periods presented. There was no single customer that accounted for more than 10% of revenue for the periods presented. Revenue for the periods presented and long lived assets as of April 30, 2021 and October 31, 2020 are as follows:

<i>(in thousands)</i>	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Revenue by Geography				
U.S.	\$ 65,020	\$ 65,640	\$ 125,661	\$ 128,894
U.K.	11,853	8,401	21,633	19,086
Total revenue	<u>\$ 76,873</u>	<u>\$ 74,041</u>	<u>\$ 147,294</u>	<u>\$ 147,980</u>

<i>(in thousands)</i>	April 30, 2021	October 31, 2020
Long Lived Assets		
U.S.	\$ 257,764	\$ 260,693
U.K.	47,101	43,561
Total long lived assets	<u>\$ 304,865</u>	<u>\$ 304,254</u>

Note 17. Related Party Transaction

During fiscal years 2016 and 2017, the Company paid federal income taxes totaling \$4.3 million (at a federal income tax rate of 34%). As the Company generated NOL carryforwards during fiscal 2018 and 2019, the CARES Act allowed the Company to carry back those NOL's to the fiscal 2016 and 2017 tax returns. During fiscal 2020, the Company carried back all NOL's that were generated in fiscal year 2018 to the 2016 and part of the 2017 tax returns and also carried back a portion of the NOL's accumulated during fiscal 2019 to the remaining income from the 2017 tax return. On March 31, 2020, the Company received a demand letter alleging that the Company is required to remit to the Predecessor's shareholders certain tax refunds from carrying back certain NOL's made available as a result of the passage of the CARES Act. In October 2020, the Company reached a settlement with the Predecessor's shareholders, resulting in the Company agreeing to pay \$2.0 million of the \$4.3 million in refunds to the Predecessor's shareholders. This \$2.0 million charge was recorded in the fiscal 2020 fourth quarter in general and administrative expenses in the consolidated statements of operations. The corresponding due to related party was recorded to accrued expenses and other current liabilities in the consolidated balance sheets and was to be settled as the income tax refunds from the IRS are received. The majority of this liability was paid in the fiscal 2021 first quarter while remainder of the liability was paid in the fiscal 2021 second quarter.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following management’s discussion and analysis together with Concrete Pumping Holdings, Inc.’s (the “Company”, “we”, “us”, “our” or “Successor”) Unaudited Consolidated Financial Statements and related notes included elsewhere in this Quarterly Report.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding our business, financial condition, results of operations, cash flows, strategies and prospects. These forward-looking statements may be identified by terminology such as “likely,” “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue,” or the negative of such terms and other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements contained in this Report are reasonable, we cannot guarantee future results. These statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied by the forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in subsequent reports on Forms 10-K, 10-Q and 8-K should be considered. Additionally, information about issues that could lead to material changes in performance and risk factors that have the potential to affect us is contained under the caption “Risk Factors” in our Form 10-K filed with the SEC on January 12, 2021.

Business Overview

The Company is a Delaware corporation headquartered in Thornton (near Denver), Colorado. The unaudited consolidated financial statements included herein include the accounts of Concrete Pumping Holdings, Inc. and its wholly owned subsidiaries including Brundage-Bone Concrete Pumping, Inc. (“Brundage-Bone”), Capital Pumping (“Capital”), and Camfaud Group Limited (“Camfaud”), and Eco-Pan, Inc. (“Eco-Pan”).

On December 6, 2018, the Company, formerly known as Concrete Pumping Holdings Acquisition Corp., consummated a business combination transaction (the “Business Combination”) pursuant to which it acquired (i) the private operating company formerly called Concrete Pumping Holdings, Inc. (“CPH”) and (ii) the former special purpose acquisition company called Industrea Acquisition Corp (“Industrea”). In connection with the closing of the Business Combination, the Company changed its name to Concrete Pumping Holdings, Inc.

As part of the Company’s business growth strategy and capital allocation policy, strategic acquisitions are considered opportunities to enhance our value proposition through differentiation and competitiveness. Depending on the deal size and characteristics of the M&A opportunities available, we expect to allocate capital for opportunistic M&A utilizing cash on the balance sheet and the revolving line of credit. In recent years we have successfully executed on this strategy, including our 2018 acquisition of Richard O’Brien Companies and its affiliates, which solidified our presence in the Colorado and Phoenix, Arizona markets and our 2019 acquisition of Capital Pumping, LP and its affiliates., which provided us with complementary assets and operations and significantly expanded our geographic footprint and business in Texas.

U.S. Concrete Pumping

Brundage-Bone and Capital are concrete pumping service providers in the United States (“U.S.”). Their core business is the provision of concrete pumping services to general contractors and concrete finishing companies in the commercial, infrastructure and residential sectors. Equipment generally returns to a “home base” nightly and neither company contracts to purchase, mix, or deliver concrete. Brundage-Bone and Capital collectively have approximately 90 branch locations across 22 states with their corporate headquarters in Thornton (near Denver), Colorado.

U.S. Concrete Waste Management Services

Eco-Pan provides industrial cleanup and containment services, primarily to customers in the construction industry. Eco-Pan uses containment pans specifically designed to hold waste products from concrete and other industrial cleanup operations. Eco-Pan has 17 operating locations across the United States with its corporate headquarters in Thornton, Colorado.

U.K. Operations

Camfaud is a concrete pumping service provider in the United Kingdom (“U.K.”). Their core business is primarily the provision of concrete pumping services to general contractors and concrete finishing companies in the commercial, infrastructure and residential sectors. Equipment generally returns to a “home base” nightly and does not contract to purchase, mix, or deliver concrete. Camfaud has approximately 30 branch locations throughout the U.K., with its corporate headquarters in Epping (near London), England. In addition, during the third quarter of fiscal 2019, we started concrete waste management operations under our Eco-Pan brand name in the U.K. and currently operate from a shared Camfaud location.

Corporate

Our Corporate segment is primarily related to the intercompany leasing of real estate to certain of our U.S Concrete Pumping branches.

Impacts of COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 pandemic has rapidly changed market and economic conditions globally and may continue to create significant uncertainty in the macroeconomic environment.

In addition, during the second quarter of fiscal 2020, the COVID-19 pandemic drove a sustained decline in our stock price and a deterioration in general economic conditions, which qualified as a triggering event necessitating the evaluation of our goodwill and long-lived assets for indicators of impairment. As a result of the evaluation, we conducted a quantitative interim impairment test as of April 30, 2020 resulting in non-cash impairment charges of \$43.5 million and \$14.4 million to our U.S. Concrete Pumping and U.K. Operations reporting units, respectively. Through April 30, 2021, no subsequent triggering events have been identified. We will continue to evaluate our goodwill and intangible assets in future quarters. Additional impairments may be recorded in the future based on events and circumstances, including those related to COVID-19 discussed above.

Despite recent progress in administration of vaccines, both the outbreak and the containment and mitigation measures have had and are likely to continue to have a serious adverse impact on the global economy, the severity and duration of which are uncertain. It is likely that government stabilization efforts will only partially mitigate the consequences to the economy. Most notably in the second and third quarter of fiscal 2020, the COVID-19 pandemic has primarily impacted revenue volumes in the U.K. and certain markets in the U.S. Beginning in the fourth quarter of fiscal 2020, revenue volumes began returning back to pre-pandemic levels, and during the second quarter of fiscal 2021 improved from pre-pandemic levels; however, the impact from COVID-19 remains an issue in certain markets. The full extent to which the COVID-19 pandemic will impact the Company’s business, financial condition, and results of operations in the future is highly uncertain and will be affected by a number of factors. These include the duration and extent of the pandemic; the duration and extent of imposed or recommended containment and mitigation measures; the extent, duration, and effective execution of government stabilization and recovery efforts, including those from the successful distribution of an effective vaccine; the impact of the pandemic on economic activity, including on construction projects and our customers’ demand for our services; our ability to effectively operate, including as a result of travel restrictions and mandatory business and facility closures; the ability of our customers to pay for services rendered; any further closures of the Company’s or our customers’ offices and facilities; and any additional project delays or shutdowns. Customers have and may continue to slow down decision-making, delay planned work or seek to terminate existing agreements. Any of these events may have a material adverse effect on our business, financial condition, and/or results of operations, including further impairment to our goodwill and intangible assets. We will continue to evaluate the effect of COVID-19 on our business.

Notes Offering

In January 2021, Brundage-Bone Concrete Pumping Holdings Inc., a wholly-owned subsidiary of the Company, closed its private offering of \$375.0 million in aggregate principal amount of senior secured second lien notes due 2026 (the “Senior Notes”). The Senior Notes were issued at par and bear interest at a fixed rate of 6.000% per annum. In addition, we amended and restated our existing ABL credit agreement (the “ABL Facility”) to provide up to \$125.0 million (previously \$60.0 million) of commitments. The offering proceeds, along with approximately \$15.0 million of borrowings under the ABL Facility, were used to repay all outstanding indebtedness under our existing term loan agreement, dated December 6, 2018, and pay related fees and expenses.

Restatement and Revision of Prior Period Financial Statements

As described in additional detail in the Explanatory Note to our Annual Report on Form 10-K/A for the year ended October 31, 2020, filed on June 11, 2021, the SEC released a public statement on April 12, 2021 (the “SEC Statement”) informing market participants that warrants issued by special purpose acquisition companies (“SPACs”) may require classification as a liability of the entity measured at fair value, with changes in fair value each period reported in earnings.

The Company previously classified its publicly traded warrants (the “public warrants”) and private placement warrants (the “private warrants”) (collectively the “Warrants”), which were issued in August of 2017, as equity. Following consideration of the guidance in the SEC Statement, the Company concluded that its Warrants should have been classified as liabilities and measured at fair value, with changes in fair value each period reported in earnings. As such, the Company previously restated its (1) consolidated financial statements as of October 31, 2019 and for the Successor period from December 6, 2018 through October 31, 2019 and (2) unaudited consolidated interim financial statements for the periods ended July 31, 2019, April 30, 2019, and January 31, 2019. Also, while not material, the Company previously revised its (1) consolidated financial statements as of and for the fiscal year ended October 31, 2020 and (2) unaudited consolidated interim financial statements for the periods ended July 31, 2020, April 30, 2020, and January 31, 2020 to correct the accounting for its Warrants. Management evaluated the impact of these revisions on the unaudited consolidated financial statements for the quarter ended January 31, 2021 and determined the impact was immaterial. As a result, the Company is also revising those unaudited consolidated financial statements to correct the accounting for its Warrants. See Note 2 to the consolidated financial statements for further information. The unaudited consolidated financial statements for the three and six month periods ended April 30, 2020 included in this Quarterly Report on Form 10-Q reflect the impacts of such revisions.

Results of Operations

<i>(dollars in thousands)</i>	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Revenue	\$ 76,873	\$ 74,041	\$ 147,294	\$ 147,980
Cost of operations	43,570	42,174	84,128	83,965
Gross profit	33,303	31,867	63,166	64,015
Gross margin	43.3%	43.0%	42.9%	43.3%
General and administrative expenses	26,472	26,381	48,860	52,988
Goodwill and intangibles impairment	-	57,944	-	57,944
Transaction costs	55	-	84	-
Income (loss) from operations	6,776	(52,458)	14,222	(46,917)
Other income (expense):				
Interest expense, net	(6,029)	(8,765)	(12,929)	(18,268)
Loss on extinguishment of debt	-	-	(15,510)	-
Change in fair value of warrant liabilities	(11,456)	3,254	(11,456)	2,864
Other income, net	26	34	52	103
Total other expense	(17,459)	(5,477)	(39,843)	(15,301)
Income (loss) before income taxes	(10,683)	(57,935)	(25,621)	(62,218)
Income tax expense (benefit)	170	(2,221)	(2,478)	(3,368)
Net income (loss)	(10,853)	(55,714)	(23,143)	(58,850)
Less accretion of liquidation preference on preferred stock	(499)	(470)	(1,006)	(943)
Net income (loss) available to common shareholders	\$ (11,352)	\$ (56,184)	\$ (24,149)	\$ (59,793)

Three Months Ended April 30, 2021

For the three months ended April 30, 2021, our net loss was \$10.9 million, as compared to a net loss of \$55.7 million in same period a year ago. The improvement was due to a \$57.9 million year-over-year reduction in goodwill and intangibles impairment, a 3.8% year-over-year increase in revenue and a \$2.7 million reduction in interest expense. These improvements were offset by the \$14.8 million year-over-year change in fair value of warrant liabilities, which reflected income of \$3.3 million in the second quarter of fiscal 2020 versus expense of \$11.5 million in the second quarter of fiscal 2021.

Six Months Ended April 30, 2021

For the six months ended April 30, 2021, our net loss was \$23.1 million, as compared to a net loss of \$58.9 million in same period a year ago. The primary driver of the lower net loss was a \$15.5 million loss on extinguishment of debt recorded in the fiscal 2021 first quarter in comparison to the \$57.9 million goodwill and intangibles impairment recorded in the fiscal 2020 second quarter. In addition, we had a \$4.1 million improvement in general and administrative (“G&A”) expenses and a \$5.3 million reduction in interest expense. These amounts were offset by a net increase in the fair value of warrant liabilities of \$14.4 million from \$2.9 million of income in the six months ended April 30, 2020 to \$11.5 million of expense in the same period of 2021.

Total Assets

Total assets decreased slightly from \$773.8 million as of October 31, 2020 to \$771.5 million as of April 30, 2021.

<i>(in thousands)</i>	April 30, 2021	October 31, 2020
Total Assets		
U.S. Concrete Pumping	\$ 567,635	\$ 570,536
U.K. Operations	105,393	109,726
U.S. Concrete Waste Management Services	141,723	140,209
Corporate	26,029	25,517
Intersegment	(69,265)	(72,230)
Total Assets	\$ 771,515	\$ 773,758

Revenue

<i>(in thousands)</i>	Three Months Ended April 30,		Change	
	2021	2020	\$	%
Revenue				
U.S. Concrete Pumping	\$ 56,168	\$ 57,459	\$ (1,291)	-2.2%
U.K. Operations	11,853	8,401	3,452	41.1%
U.S. Concrete Waste Management Services	9,008	8,306	702	8.5%
Corporate	625	625	-	0.0%
Intersegment	(781)	(750)	(31)	4.1%
Total revenue	\$ 76,873	\$ 74,041	\$ 2,832	3.8%

<i>(in thousands)</i>	Six Months Ended April 30, 2020		Change	
	2021	2020	\$	%
Revenue				
U.S. Concrete Pumping	\$ 108,484	\$ 112,564	\$ (4,080)	-3.6%
U.K. Operations	21,633	19,086	2,547	13.3%
U.S. Concrete Waste Management Services	17,430	16,589	841	5.1%
Corporate	1,250	1,250	-	0.0%
Intersegment	(1,503)	(1,509)	6	-0.4%
Total revenue	\$ 147,294	\$ 147,980	\$ (686)	-0.5%

U.S. Concrete Pumping

Revenue for our U.S. Concrete Pumping segment decreased by 2.2%, or \$1.3 million, from the fiscal 2020 second quarter to the fiscal 2021 second quarter. The second quarter of fiscal 2020 was impacted by COVID-19 primarily only during the month of April. While revenue in many of our markets has returned back to, or even improved from pre-pandemic levels, the impact from COVID-19 in certain markets remains an issue and therefore drove the decline in revenue. In addition to COVID-19 impacts, severe weather conditions in Texas also contributed to a decline in revenue during the fiscal 2021 second quarter. Revenue for our U.S. Concrete Pumping segment decreased by 3.6%, or \$4.1 million, from the six months ended April 30, 2020 to the first six months of 2021. The drivers of this decline are the same as those above for the three-month comparison, and also due to the fact that the fiscal 2020 first quarter had no impact from COVID-19 while the fiscal 2021 first quarter was entirely impacted by the effects of the pandemic.

U.K. Operations

Revenue for our U.K. Operations segment increased by 41.1%, or \$3.5 million, from the fiscal 2020 second quarter to the fiscal 2021 second quarter. Excluding the impact from foreign currency translation, revenue was up 27.3% year over year. For the six months ended April 30, 2021, revenue for our U.K. Operations segment increased by 13.3%, or \$2.5 million, from the six months ended April 30, 2020. Excluding the impact from foreign currency translation, revenue was up 6.1% year over year. The increase in revenue during both periods was attributable to the recovery from the impact from COVID-19 that negatively impacted results in the final month of the fiscal 2020 second quarter.

U.S. Concrete Waste Management Services

Revenue for the U.S. Concrete Waste Management Services segment increased by 8.5%, or \$0.7 million, from the fiscal 2020 second quarter to the fiscal 2021 second quarter. For the six months ended April 30, 2021, revenue for the U.S. Concrete Waste Management Services segment increased by 5.1%, or \$0.8 million, from the six months ended April 30, 2020. The increase in revenue during both periods was primarily due to organic growth, pricing improvements, and new product offerings (such as our new roll off service, which allows for 100 to 120 concrete truck mixer wash outs) that more than offset impacts from COVID-19 in certain markets.

Corporate

There was no change in revenue for our Corporate segment for the periods presented. All activity in our Corporate segment is related to the intercompany leasing of real estate to certain of our U.S Concrete Pumping branches. This revenue is eliminated in consolidation through the Intersegment line included above.

Gross Margin

Gross margin for the three and six-month period ending April 30, 2021 was relatively flat to that of the respective three and six-month periods ending April 30, 2020.

General and Administrative Expenses

G&A expenses for the fiscal 2021 second quarter were \$26.5 million, relatively flat from \$26.4 million in the fiscal 2020 second quarter. As a percent of revenue, G&A expenses were 34.4% for the fiscal 2021 second quarter compared to 35.6% in the fiscal 2020 second quarter. The decrease was largely due to lower amortization of intangible assets expense of \$1.6 million offset by higher stock-based compensation expense of \$2.0 million. Excluding amortization of intangible assets and stock-based compensation expense, G&A expenses were down \$0.3 million year-over-year.

G&A expenses for the first six-months of fiscal 2021 were \$48.9 million, down from \$53.0 million in the first six months of fiscal 2020. As a percent of revenue, G&A expenses were 33.2% for the first six-months of fiscal 2021 compared to 35.8% in the same period a year ago. The decrease was largely due to lower amortization of intangible assets expense of \$3.3 million offset by higher stock-based compensation expense of \$1.2 million. Excluding amortization of intangible assets and stock-based compensation expense, G&A expenses were down \$2.0 million year-over-year.

Goodwill and Intangibles Impairment

During the second quarter of fiscal year 2020, as a result of the COVID-19 impact on the Company's market capitalization, with the assistance of a third party valuation specialist, we performed an interim impairment test over our indefinite-lived trade name intangible assets and goodwill as of April 30, 2020. The analysis resulted in \$57.9 million in impairments, including a \$5.0 million impairment of our Brundage-Bone Concrete Pumping trade-name, a \$38.5 million goodwill impairment for our U.S Concrete Pumping reporting unit and a \$14.4 million impairment to our U.K. Operations reporting unit. Through April 30, 2021, no subsequent triggering events have been identified.

Change in Fair Value of Warrant Liabilities

During the second quarter of fiscal 2021 and 2020 we recognized a \$11.5 million loss and a \$3.3 million gain, respectively, on the fair value remeasurement of our liability-classified warrants. For the first six-months of fiscal 2021 and 2020, we recognized an \$11.5 million loss and a \$2.9 million gain, respectively, on the fair value remeasurement of our liability-classified warrants. The significant increase seen in the fair value remeasurement of the public warrants is due to the substantial increase in the Company's share price since April 30, 2020.

Transaction Costs & Debt Extinguishment Costs

Transaction costs include expenses for legal, accounting, and other professionals that were engaged in connection with an acquisition. There were no significant transaction costs incurred during the three and six-month periods ended April 30, 2021 or 2020.

On January 28, 2021, we (1) closed on our private offering of \$375.0 million in aggregate principal amount of senior secured second lien notes due 2026, (2) amended and restated our existing ABL Facility to provide up to \$125.0 million (previously \$60.0 million) of commitments and (3) repaid all outstanding indebtedness under our then-existing term loan agreement, dated December 6, 2018. The \$15.5 million in debt extinguishment costs incurred relate to the write-off of all unamortized deferred debt issuance costs that were related to the term loan.

Interest Expense, Net

Interest expense, net for the three months ended April 30, 2021 was \$6.0 million, down \$2.7 million from \$8.8 million in second quarter of fiscal 2020. Interest expense, net for the six months ended April 30, 2021 was \$12.9 million, down \$5.3 million from \$18.3 the six-month period from a year ago. The decrease was due to having lower average debt during the second quarter of fiscal 2021 compared to the second quarter of fiscal 2020.

Income Tax (Benefit) Provision

For the second quarter of fiscal 2021, the Company recorded income tax expense of \$ 0.2 million on a pretax loss of \$ 10.7 million, versus a \$ 2.2 million income tax benefit on a \$ 57.9 million pretax loss during the same period in the prior year. For the first six months of fiscal 2021, the Company recorded an income tax benefit of \$ 2.5 million on a pretax loss of \$ 25.6 million, versus a \$ 3.4 million income tax benefit on a pretax loss of \$ 62.2 million.

Adjusted EBITDA⁽¹⁾ and Net Income (Loss)

<i>(in thousands, except percentages)</i>	Net Loss		Adjusted EBITDA				
	Three Months Ended April 30,		Three Months Ended April 30,		Change		
	2021	2020	2021	2020	\$	%	
U.S. Concrete Pumping	\$ (925)	\$ (44,303)	\$ 16,306	\$ 16,319	\$ (13)	-0.1%	
U.K. Operations	402	(15,955)	4,114	2,516	1,598	63.5%	
U.S. Concrete Waste Management Services	833	859	4,002	4,055	(53)	-1.3%	
Corporate	(11,163)	3,685	625	625	(0)	0.0%	
Total adjusted EBITDA	\$ (10,853)	\$ (55,714)	\$ 25,047	\$ 23,515	\$ 1,532	6.5%	

<i>(in thousands)</i>	Net Loss		Adjusted EBITDA				
	Six Months Ended April 30,		Six Months Ended April 30,		Change		
	2021	2020	2021	2020	\$	%	
U.S. Concrete Pumping	\$ (13,602)	\$ (46,790)	\$ 31,592	\$ 33,166	\$ (1,574)	-4.7%	
U.K. Operations	(129)	(16,848)	6,861	5,127	1,734	33.8%	
U.S. Concrete Waste Management Services	1,450	1,225	7,702	7,804	(102)	-1.3%	
Corporate	(10,862)	3,563	1,250	1,250	(0)	0.0%	
Total adjusted EBITDA	\$ (23,143)	\$ (58,850)	\$ 47,405	\$ 47,347	\$ 58	0.1%	

(1) Please see "Non-GAAP Measures (EBITDA and Adjusted EBITDA)" below

U.S. Concrete Pumping

Adjusted EBITDA for our U.S. Concrete Pumping segment was \$16.3 million for both the three months ended April 30, 2021 and for the second quarter of fiscal 2020. For the six months ended April 30, 2021, adjusted EBITDA for our U.S. Concrete Pumping segment was \$31.6 million, down 4.7% from \$33.2 million. The year-over-year decline for the six-month period was primarily attributable to the year-over-year change in revenue discussed previously.

U.K. Operations

Adjusted EBITDA for our U.K. Operations segment was \$4.1 million for the three months ended April 30, 2021 as compared to \$2.5 million for the same period in fiscal 2020. For the six months ended April 30, 2021, adjusted EBITDA for our U.K. Operations segment was \$6.9 million, up 33.8% from \$5.1 million for the same period in fiscal 2020. The year-over-year increase was primarily attributable to the year-over-year change in revenue discussed previously.

U.S. Concrete Waste Management Services

Adjusted EBITDA for our U.S. Concrete Waste Management Services segment was \$4.0 million for the three months ended April 30, 2021 and \$7.7 for the six months ended April 30, 2021. Both periods were relatively flat with the same comparative periods in fiscal 2020.

Corporate

There was no movement in Adjusted EBITDA for our Corporate segment for both periods presented. Any year-over-year changes for our Corporate segment is primarily related to the allocation of overhead costs.

Liquidity and Capital Resources

Overview

We use our liquidity and capital resources to: (1) finance working capital requirements; (2) service our indebtedness; (3) purchase property, plant and equipment; and (4) finance strategic acquisitions, such as the acquisition of Capital. Our primary sources of liquidity are cash generated from operations, available cash and cash equivalents and access to our revolving credit facility under our Asset-Based Lending Credit Agreement (the “ABL Facility”), which provides for aggregate borrowings of up to \$125.0 million, subject to a borrowing base limitation. As of April 30, 2021, we had \$13.7 million of cash and cash equivalents and \$121.2 million of available borrowing capacity under the ABL Facility, providing total available liquidity of \$134.9 million.

Capital Resources

Our capital structure is primarily a combination of (1) permanent financing, represented by stockholders’ equity; (2) zero-dividend convertible perpetual preferred stock; (3) long-term financing represented by our Senior Notes and (4) short-term financing under our ABL Facility. We may from time to time seek to retire or pay down borrowings on the outstanding balance of our ABL Facility or Senior Notes using cash on hand. Such repayments, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

We believe our existing cash and cash equivalent balances, cash flow from operations and borrowing capacity under our ABL Facility will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. Our future capital requirements may vary materially from those currently planned and will depend on many factors, including our rate of revenue growth, potential acquisitions and overall economic conditions. To the extent that current and anticipated future sources of liquidity are insufficient to fund our future business activities and requirements, we may be required to seek additional equity or debt financing. The sale of additional equity could result in dilution to our stockholders. The incurrence of debt financing would result in debt service obligations and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations.

Senior Notes and ABL Facility

Senior Notes

Summarized terms of the senior secured notes are as follows:

- Provides for an original aggregate principal amount of \$375.0 million;
- The Senior Notes will mature and be due and payable in full on February 1, 2026;
- The Senior Notes bear interest at a rate of 6.000% per annum, payable on February 1st and August 1st each year;
- The Senior Notes are jointly and severally guaranteed on a senior secured basis by the Company, Concrete Pumping Intermediate Acquisition Corp. and each of the Issuer's domestic, wholly-owned subsidiaries that are borrowers and certain of the guarantors under the ABL Facility (collectively, the "Guarantors"). The Senior Notes and the guarantees are secured on a second-priority basis by all the assets of the Issuer and the Guarantors that secure the obligations under the ABL Facility, subject to certain exceptions. The Senior Notes and the guarantees will be the Issuer's and the Guarantors' senior secured obligations, will rank equally with all of the Issuer's and the Guarantors' existing and future senior indebtedness and will rank senior to all of the Issuer's and the Guarantors' existing and future subordinated indebtedness. The Senior Notes are structurally subordinated to all existing and future indebtedness and liabilities of the Company's subsidiaries that do not guarantee the Senior Notes;
- The Indenture includes certain covenants that limit, among other things, the Issuer's ability and the ability of its restricted subsidiaries to: incur additional indebtedness and issue certain preferred stock; make certain investments, distributions and other restricted payments; create or incur certain liens; merge, consolidate or transfer all or substantially all assets; enter into certain transactions with affiliates; and sell or otherwise dispose of certain assets.

The outstanding principal amount of Senior Notes as of April 30, 2021 was \$375.0 million and as of that date, the Company was in compliance with all covenants under the Indenture.

Asset Based Revolving Lending Credit Agreement

Summarized terms of the ABL Facility, as amended on January 28, 2021, are as follows:

- Borrowing availability in U.S. Dollars and GBP up to a maximum of \$125.0 million and an accordion feature under which the Company can increase the ABL Facility by up to an additional \$75.0 million;
- Borrowing capacity available for standby letters of credit of up to \$7.5 million;
- All loans advanced will mature and be due and payable in full on January 28, 2026;
- Amounts borrowed may be repaid at any time, subject to the terms and conditions of the agreement;
- Borrowings in U.S. Dollars and GBP bear interest at either (1) an adjusted LIBOR rate or (2) a base rate, in each case plus an applicable margin currently set at 2.0% and 1.00% per annum, respectively. The ABL Facility is subject to a step-down of 0.25% based on excess availability levels;
- US ABL Facility obligations will be secured by a first-priority perfected security interest in substantially all the assets of the US ABL Guarantors, subject to certain exceptions;
- UK ABL Facility obligations will be secured by a first priority perfected security interest in substantially all assets of the UK ABL Guarantors; and
- The ABL Facility also includes (i) a springing financial covenant (fixed charges coverage ratio) based on excess availability levels that the Company must comply with on a quarterly basis during required compliance periods and (ii) certain non-financial covenants.

The outstanding balance under the amended ABL Facility as of April 30, 2021 was \$1.1 million and as of that date, the Company was in compliance with all debt covenants.

Cash Flows

Cash generated from operating activities typically reflects net income, as adjusted for non-cash expense items such as depreciation, amortization and stock-based compensation, and changes in our operating assets and liabilities. Generally, we believe our business requires a relatively low level of working capital investment due to low inventory requirements and customers paying the Company as invoices are submitted daily for many of our services.

Net cash provided by operating activities generally reflects the cash effects of transactions and other events used in the determination of net income or loss. Net cash provided by operating activities during the six months ended April 30, 2021 was \$36.2 million. The Company had a net loss of \$23.1 million that included an increase of \$2.9 million in our net deferred income taxes, a gain on sale of assets of \$0.9 million, and significant non-cash charges totaling \$60.3 million as follows: (1) depreciation of \$14.0 million, (2) amortization of intangible assets of \$13.9 million, (3) amortization of deferred financing costs of \$1.4 million, (4) loss on extinguishment of debt expense of \$15.5 million, (5) stock-based compensation expense of \$4.0 million, and (6) an \$11.5 million increase in the fair value of warrant liabilities. In addition, we had cash inflows primarily related to the following activity: (1) a decrease of \$3.1 million in trade receivables, (2) an increase of \$2.4 million in accrued payroll, accrued expenses and other current liabilities and (3) an increase of \$0.8 million in income taxes payable. These amounts were partially offset by net cash outflows primarily related to a \$3.4 million increase in prepaid expenses and other current assets.

We used \$13.0 million to fund investing activities during the six months ended April 30, 2021. The Company used \$16.7 million for the purchase of property, plant and equipment, which was partially offset by proceeds from the sale of property, plant and equipment of \$3.7 million.

Net cash used in financing activities was \$15.8 million for the six months ended April 30, 2021. Financing activities during this period included \$0.8 million in net borrowings under the Company's ABL Facility, \$375.0 million in proceeds from the issuance of Senior Notes, \$381.2 million in payments made to extinguish the Term Loan Agreement and \$8.5 million in debt issuance costs.

Net cash provided by operating activities during the six months ended April 30, 2020 was \$27.0 million. The Company had a net loss of \$58.9 million that included a non-cash gain of \$2.9 million from the change in fair value of warrant liabilities, an increase of \$3.5 million in our net deferred income taxes, a gain on sale of assets of \$0.5 million and significant non-cash charges totaling \$93.0 million as follows: (1) Goodwill and intangibles impairment of \$57.9 million, (2) depreciation of \$13.0 million, (3) amortization of intangible assets of \$17.1 million, (4) amortization of deferred financing costs of \$2.1 million and (5) stock-based compensation expense of \$2.9 million. In addition, we had cash outflows related to the following activity: (1) a \$5.2 million increase in prepaid expenses and other current assets and (2) a \$0.5 million payment of contingent consideration in excess of amounts established in purchase accounting. These amounts were partially offset by net cash inflows primarily related to the following activity: (1) a decrease of \$4.0 million in trade receivables and (2) an increase of \$1.1 million in accrued payroll, accrued expenses and other current liabilities.

We used \$19.7 million to fund investing activities during the six months ended April 30, 2020. The Company used \$23.3 million for the purchase of property, plant and equipment, which was partially offset by proceeds from the sale of property, plant and equipment of \$3.6 million.

Net cash provided by financing activities was \$4.4 million for the six months ended April 30, 2020. Financing activities during this period included \$16.2 million in net borrowings under the Company's ABL Credit Agreement and was partially offset by payments on the Term Loan Agreement of \$10.4 million and the payment of the contingent consideration in connection with the acquisition of Camfaud of \$1.2 million.

Non-GAAP Measures (EBITDA and Adjusted EBITDA)

We calculate EBITDA by taking GAAP net income and adding back interest expense, income taxes, depreciation and amortization. Adjusted EBITDA is calculated by taking EBITDA and adding back transaction expenses, loss on debt extinguishment, stock-based compensation, other income, net, goodwill and intangibles impairment, and other adjustments. We believe these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends related to our financial condition and results of operations, and as a tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial measures with competitors who also present similar non-GAAP financial measures. In addition, these measures (1) are used in quarterly and annual financial reports prepared for management and our board of directors and (2) may be used to help management determine incentive compensation. EBITDA and Adjusted EBITDA have limitations and should not be considered in isolation or as a substitute for performance measures calculated under GAAP. These non-GAAP measures exclude certain cash expenses that we are obligated to record on our GAAP financial statements. In addition, other companies in our industry may calculate EBITDA and Adjusted EBITDA differently or may not calculate it at all, which limits the usefulness of EBITDA and Adjusted EBITDA as comparative measures. Transaction expenses represent expenses for legal, accounting, and other professionals that were engaged in the completion of various acquisitions. Transaction expenses can be volatile as they are primarily driven by the size of a specific acquisition. As such, we exclude these amounts from Adjusted EBITDA for comparability across periods. Other adjustments include severance expenses, director fees, expenses related to being a publicly-traded company and other non-recurring costs. In addition, within the individual segment presentations only, other adjustments also include transfer pricing and allocation of intercompany related expenses, which are eliminated in consolidation.

<i>(in thousands)</i>	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Consolidated				
Net income (loss)	\$ (10,853)	\$ (55,714)	\$ (23,143)	\$ (58,850)
Interest expense, net	6,029	8,765	12,929	18,268
Income tax benefit	170	(2,221)	(2,478)	(3,368)
Depreciation and amortization	14,007	15,076	27,844	30,162
EBITDA	9,353	(34,094)	15,152	(13,788)
Transaction expenses	55	-	84	-
Loss on debt extinguishment	-	-	15,510	-
Stock-based compensation	3,350	1,383	4,022	2,850
Change in fair value of warrant liabilities	11,456	(3,254)	11,456	(2,864)
Other income, net	(26)	(33)	(52)	(103)
Goodwill and intangibles impairment	-	57,944	-	57,944
Other adjustments	859	1,569	1,233	3,308
Adjusted EBITDA	\$ 25,047	\$ 23,515	\$ 47,405	\$ 47,347

<i>(in thousands)</i>	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
U.S. Concrete Pumping				
Net income (loss)	\$ (925)	\$ (44,303)	\$ (13,602)	\$ (46,790)
Interest expense, net	5,247	8,096	11,370	16,828
Income tax benefit	(381)	(2,751)	(3,204)	(4,138)
Depreciation and amortization	9,405	10,144	18,677	20,148
EBITDA	13,346	(28,814)	13,241	(13,952)
Transaction expenses	55	-	84	-
Loss on debt extinguishment	-	-	15,510	-
Stock-based compensation	3,350	1,383	4,022	2,850
Other income, net	(12)	(7)	(24)	(17)
Goodwill and intangibles impairment	-	43,500	-	43,500
Other adjustments	(433)	257	(1,241)	785
Adjusted EBITDA	<u>\$ 16,306</u>	<u>\$ 16,319</u>	<u>\$ 31,592</u>	<u>\$ 33,166</u>

<i>(in thousands)</i>	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
U.K. Operations				
Net income (loss)	\$ 402	\$ (15,955)	\$ (129)	\$ (16,848)
Interest expense, net	782	669	1,559	1,440
Income tax expense (benefit)	79	509	(98)	394
Depreciation and amortization	2,071	2,065	4,081	4,261
EBITDA	3,334	(12,712)	5,413	(10,753)
Transaction expenses	-	-	-	-
Loss on debt extinguishment	-	-	-	-
Stock-based compensation	-	-	-	-
Other income, net	(12)	(26)	(26)	(86)
Goodwill and intangibles impairment	-	14,444	-	14,444
Other adjustments	792	810	1,474	1,522
Adjusted EBITDA	<u>\$ 4,114</u>	<u>\$ 2,516</u>	<u>\$ 6,861</u>	<u>\$ 5,127</u>

<i>(in thousands)</i>	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
U.S. Concrete Waste Management Services				
Net income (loss)	\$ 833	\$ 859	\$ 1,450	\$ 1,225
Interest expense, net	-	-	-	-
Income tax expense (benefit)	348	34	584	239
Depreciation and amortization	2,323	2,660	4,670	5,339
EBITDA	3,504	3,553	6,704	6,803
Transaction expenses	-	-	-	-
Loss on debt extinguishment	-	-	-	-
Stock-based compensation	-	-	-	-
Other income, net	(2)	-	(2)	-
Goodwill and intangibles impairment	-	-	-	-
Other adjustments	500	502	1,000	1,001
Adjusted EBITDA	<u>\$ 4,002</u>	<u>\$ 4,055</u>	<u>\$ 7,702</u>	<u>\$ 7,804</u>

<i>(in thousands)</i>	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Corporate				
Net income	\$ (11,163)	\$ 3,685	\$ (10,862)	\$ 3,563
Interest expense, net	-	-	-	-
Income tax expense (benefit)	124	(13)	240	137
Depreciation and amortization	208	207	416	414
EBITDA	(10,831)	3,879	(10,206)	4,114
Transaction expenses	-	-	-	-
Loss on debt extinguishment	-	-	-	-
Stock-based compensation	-	-	-	-
Change in fair value of warrant liabilities	11,456	(3,254)	11,456	(2,864)
Other income, net	-	-	-	-
Goodwill and intangibles impairment	-	-	-	-
Other adjustments	-	-	-	-
Adjusted EBITDA	<u>\$ 625</u>	<u>\$ 625</u>	<u>\$ 1,250</u>	<u>\$ 1,250</u>

JOBS Act

On April 5, 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, relax certain reporting requirements for qualifying public companies. We have previously elected to delay the adoption of new or revised accounting standards, and as a result, we may not comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates. If we were to subsequently elect instead to comply with these public company effective dates, such election would be irrevocable pursuant to Section 107 of the JOBS Act.

Critical Accounting Policies and Estimates

In presenting our financial statements in conformity with U.S. GAAP, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events. However, events that are outside of our control cannot be predicted and, as such, they cannot be contemplated in evaluating such estimates and assumptions. If there is a significant unfavorable change to current conditions, it could result in a material impact to our consolidated and combined results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time. Presented below are those accounting policies that we believe require subjective and complex judgments that could potentially affect reported results. However, the majority of our business activities are in environments where we are paid a fee for a service performed, and therefore the results of the majority of our recurring operations are recorded in our financial statements using accounting policies that are not particularly subjective, nor complex.

Listed below are those estimates that we believe are critical and require the use of complex judgment in their application.

Goodwill and Intangible Assets

In accordance with ASC Topic 350, *Intangibles—Goodwill and Other* (“ASC 350”), the Company evaluates goodwill for possible impairment annually, generally as of August 31st, or more frequently if events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company uses a two-step process to assess the realizability of goodwill. The first step is a qualitative assessment that analyzes current economic indicators associated with a particular reporting unit. For example, the Company analyzes changes in economic, market and industry conditions, business strategy, cost factors, and financial performance, among others, to determine if there are indicators of a significant decline in the fair value of a particular reporting unit. If the qualitative assessment indicates a stable or improved fair value, no further testing is required. If a qualitative assessment indicates it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company will proceed to the quantitative second step where the fair value of a reporting unit is calculated based on weighted income and market-based approaches. If the fair value of a reporting unit is lower than its carrying value, an impairment to goodwill is recorded, not to exceed the carrying amount of goodwill in the reporting unit.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates and market factors. Estimating fair value of individual reporting units and indefinite-lived intangible assets requires us to make assumptions and estimates regarding our future plans, as well as industry and economic conditions including those relating to the duration and severity of COVID-19. These assumptions and estimates include projected revenue, royalty rate, discount rate, tax amortization benefit and other market factors outside of our control. The Company elects to perform a qualitative assessment for the other quarterly reporting periods throughout the fiscal year.

During the second quarter of fiscal year 2020, the Company identified a triggering event from the recent decline in its stock price and deterioration in general economic conditions resulting from the COVID-19 pandemic. As a result, the Company performed an interim step one goodwill impairment analysis in accordance with ASU 2017-04, *Intangibles — Goodwill and Other (ASC 350): Simplifying the Test for Goodwill Impairment* (“ASU 2017-04”) and recorded a goodwill and intangibles impairment charge of \$57.9 million. No such impairment was required during fiscal 2021.

When we perform any goodwill impairment test, the estimated fair value of our reporting units are determined using an income approach that utilizes a discounted cash flow (“DCF”) model and a market approach that utilizes the guideline public company method (“GPC”), both of which are weighted for each reporting unit and are discussed below in further detail. In accordance with ASC Topic 820, *Fair Value Measurement* (“ASC 820”), we evaluated the methods for reasonableness and reliability and assigned weightings accordingly. A mathematical weighting is not prescribed by ASC 820, rather it requires judgement. As such, each of the valuation methods were weighted by accounting for the relative merits of each method and considered, among other things, the reliability of the valuation methods and the inputs used in the methods. In addition, in order to assess the reasonableness of the fair value of our reporting units as calculated under both approaches, we also compare the Company’s total fair value to its market capitalization and calculate an implied control premium (the excess sum of the reporting unit’s fair value over its market capitalization). We evaluate the implied control premium by comparing it to control premiums of recent comparable market transactions, as applicable.

Under the income approach, the DCF model is based on expected future after-tax operating cash flows of the reporting unit, discounted to a present value using a risk-adjusted discount rate. Estimates of future cash flows require management to make significant assumptions concerning (i) future operating performance, including future sales, long-term growth rates, operating margins, variations in the amount and timing of cash flows and the probability of achieving the estimated cash flows, (ii) the probability of regulatory approvals, and (iii) future economic conditions, including the extent and duration of the COVID-19 pandemic, all of which may differ from actual future cash flows. These assumptions are based on significant inputs not observable in the market and thus represent Level 3 measurements within the fair value hierarchy. The discount rate, which is intended to reflect the risks inherent in future cash flow projections, used in the DCF model, is based on estimates of the weighted average cost of capital (“WACC”) of market participants relative to our reporting unit. Financial and credit market volatility can directly impact certain inputs and assumptions used to develop the WACC. Any changes in these assumptions may affect our fair value estimate and the result of an impairment test. The discount rates and other inputs and assumptions are consistent with those that a market participant would use.

The GPC method provides an estimate of value using multiples derived from the stock prices of publicly traded companies. This method requires a selection of comparable publicly-traded companies on major exchanges and involves a certain degree of judgment, as no two companies are entirely alike. These companies should be engaged in the same or a similar line of business as the reporting units to be evaluated. Once comparable companies are selected, the application of the GPC method includes (i) analysis of the guideline public companies’ financial and operating performance, growth, intangible asset’s value, size, leverage, and risk relative to the respective reporting unit, (ii) calculation of valuation multiples for the selected guideline companies, and (iii) application of the valuation multiples to each reporting unit’s selected operating metrics to arrive at an indication of value. Market multiples for the selected guideline public companies are developed by dividing the business enterprise value of each guideline public company by a measure of its financial performance (e.g., earnings). The business enterprise value is calculated taking the market value of equity (share price times fully-diluted shares outstanding) plus total interest bearing debt net of cash, preferred stock and minority interest. The market value of equity is based upon the stock price of equity as of the valuation date, and the debt figures are taken from the most recently available financial statements as of the valuation date. In selecting appropriate multiples to apply to each reporting unit, we perform a comparative analysis between the reporting units and the guideline public companies. In making a selection, we consider the revenue growth, profitability and the size of the reporting unit compared to the guideline public companies, and the overall EBITDA multiples implied from the transaction price. In addition, we consider a control premium for purposes of estimating the fair value of our reporting units as we believe that a market participant buyer would be required to pay a premium for control of our business. The control premium utilized is based on control premiums observed in recent comparable market transactions.

The impairment charges were primarily due to COVID-19, which negatively impacted our market capitalization, drove an increase in the discount rate that is utilized in our DCF models, and negatively impacted near-term cash flow expectations.

Income Taxes

We are subject to income taxes in the U.S., U.K. and other jurisdictions. Significant judgment is required in determining our provision for income tax, including evaluating uncertainties in the application of accounting principles and complex tax laws.

Income taxes include federal, state and foreign taxes currently payable and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes. Deferred tax assets and liabilities are determined based on the differences between the financial statement balances and the tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to amounts expected to be realized.

Stock-Based Compensation.

ASC Topic 718, *Compensation—Stock Compensation* (“ASC 718”) requires that share-based compensation expense be measured and recognized at an amount equal to the fair value of share-based payments granted under compensation arrangements. The fair value of each restricted stock award or stock option awards (with an exercise price of \$0.01) that only contains a time-based vesting condition is equal to the market value of our common stock on the date of grant. A substantial portion of the Company's stock awards contain a market condition. For those awards, we estimate the fair value using a Monte Carlo simulation model whereby the fair value of the awards is fixed at grant date and amortized over the longer of the remaining performance or service period. The Monte Carlo Simulation valuation model incorporates the following assumptions: expected stock price volatility, the expected life of the awards, a risk-free interest rate and expected dividend yield. Significant judgment is required in determining the expected volatility of our common stock. Due to the limited history of trading of the Company's common stock, the Company determined expected volatility based on a peer group of publicly traded companies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of April 30, 2021. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as a result of a material weakness in internal control over financial reporting, our disclosure controls and procedures were not effective as of April 30, 2021, specifically, related to errors in our accounting for the warrants issued in connection with our IPO and a simultaneous private placement that continue to impact the Company.

In response to this material weakness in internal control over financial reporting related to errors in our accounting for the warrants issued in connection with our IPO and a simultaneous private placement, we are implementing a new control to assess complex accounting issues reached in the past that continue to impact the Company to ensure those conclusions reached are still appropriate. Our plans include increased communication among our personnel and third-party professionals with whom we consult regarding the application of complex accounting transactions. Our remediation plan can only be accomplished over time and will be continually reviewed to determine that it is achieving its objectives. We can offer no assurance that these initiatives will ultimately have the intended effects.

This error was identified and corrected prior to release of the Company's fiscal 2021 second quarter Form 10-Q.

Changes in Internal Control Over Financial Reporting

Other than the discussion above, there have been no changes in our internal control over financial reporting that occurred during our second quarter of fiscal 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II

Item 1. Legal Proceedings.

From time to time, we may have been and may again become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any litigation that we believe to be material and we are not aware of any pending or threatened litigation against us that we believe could have a material adverse effect on our business, operating results, financial condition, or cash flows.

Item 1A. Risk Factors.

There have been no material changes to the Risk Factors previously disclosed in our Annual Report on Form 10-K for the year ended October 31, 2020 filed with the SEC on January 12, 2021 (the “Form 10-K”) as amended by Form 10-K/A filed on June 11, 2021. For a detailed discussion of the other risks that affect our business, please refer to the entire section entitled “Risk Factors” in the Form 10-K/A.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

- (a) None
- (b) None

Item 6. Exhibits.

The documents set forth below are filed herewith or incorporated herein by reference to the location indicated.

Exhibit No.	Description
31.1	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule15d-14(a).
31.2	Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule15d-14(a).
32.1	Certification of the Chief Executive Officer required by Rule 13a-14(b) or Rule15d-14(b) and 18 U.S.C. Section 1350.
32.2	Certification of the Chief Financial Officer required by Rule 13a-14(b) or Rule15d-14(b) and 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CONCRETE PUMPING HOLDINGS, INC.

By: /s/ Iain Humphries
Name: Iain Humphries
Title: Chief Financial Officer and Secretary
(Authorized Signatory)

Dated: June 14, 2021

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Bruce Young, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended April 30, 2021 of Concrete Pumping Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 14, 2021

/s/ Bruce Young
Bruce Young, Chief Executive Officer and Director
(principal executive officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Iain Humphries, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended April 30, 2021 of Concrete Pumping Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 14, 2021

/s/ Iain Humphries

Iain Humphries, Chief Financial Officer and Director
(principal financial and accounting officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I the undersigned Chief Executive Officer of Concrete Pumping Holdings, Inc. (the "Company") hereby certify that to my knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended April 30, 2021 (the "Report") accompanying this certification, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 14, 2021

/s/ Bruce Young

Bruce Young, Chief Executive Officer and Director
(principal executive officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I the undersigned Chief Financial Officer of Concrete Pumping Holdings, Inc. (the "Company") hereby certify that to my knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended April 30, 2021 (the "Report") accompanying this certification, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 14, 2021

/s/ Iain Humphries

Iain Humphries, Chief Financial Officer and Director
(principal financial and accounting officer)