

**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 July 31, 2020

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	BCBP	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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected 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 September 8, 2020, the registrant had 58,200,084 shares of common stock outstanding.

**CONCRETE PUMPING HOLDINGS, INC.
FORM 10-Q
FOR THE QUARTER ENDED JULY 31, 2020**

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PART I

ITEM 1. Unaudited Consolidated Financial Statements

**Concrete Pumping Holdings, Inc.
Consolidated Balance Sheets**

	(Unaudited) July 31, 2020	October 31, 2019
<i>(in thousands except per share amounts)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,131	\$ 7,473
Trade receivables, net	44,365	45,957
Inventory	5,339	5,254
Income taxes receivable	4,766	697
Prepaid expenses and other current assets	4,631	3,378
Total current assets	63,232	62,759
Property, plant and equipment, net	305,896	307,415
Intangible assets, net	192,228	222,293
Goodwill	223,565	276,088
Other non-current assets	1,782	1,813
Deferred financing costs	814	997
Total assets	\$ 787,517	\$ 871,365
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving loan	\$ 12,990	\$ 23,555
Term loans, current portion	20,888	20,888
Current portion of capital lease obligations	95	91
Accounts payable	5,910	7,408
Accrued payroll and payroll expenses	11,183	9,177
Accrued expenses and other current liabilities	21,493	28,106
Income taxes payable	1,348	1,153
Deferred consideration	-	1,708
Total current liabilities	73,907	92,086
Long term debt, net of discount for deferred financing costs	348,183	360,938
Capital lease obligations, less current portion	405	477
Deferred income taxes	69,257	69,049
Total liabilities	491,752	522,550

Zero-dividend convertible perpetual preferred stock, \$0.0001 par value, 2,450,980 shares issued and outstanding as of July 31, 2020 and October 31, 2019	25,000	25,000
Stockholders' equity		
Common stock, \$0.0001 par value, 500,000,000 shares authorized, 58,200,084 and 58,253,220 issued and outstanding as of July 31, 2020 and October 31, 2019, respectively	6	6
Additional paid-in capital	354,696	350,489
Treasury stock	(131)	-
Accumulated other comprehensive income (loss)	1,008	(599)
(Accumulated deficit)	(84,814)	(26,081)
Total stockholders' equity	<u>270,765</u>	<u>323,815</u>
Total liabilities and stockholders' equity	<u>\$ 787,517</u>	<u>\$ 871,365</u>

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

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

	Successor				Predecessor
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018
<i>(in thousands, except share and per share amounts)</i>					
Revenue	\$ 77,131	\$ 78,655	\$ 225,111	\$ 174,613	\$ 24,396
Cost of operations	39,330	39,665	123,295	98,396	14,027
Gross profit	<u>37,801</u>	<u>38,990</u>	<u>101,816</u>	<u>76,217</u>	<u>10,369</u>
General and administrative expenses	26,954	28,159	79,941	63,693	4,936
Goodwill and intangibles impairment	-	-	57,944	-	-
Transaction costs	-	176	-	1,458	14,167
Income (loss) from operations	<u>10,847</u>	<u>10,655</u>	<u>(36,069)</u>	<u>11,066</u>	<u>(8,734)</u>
Other income (expense):					
Interest expense, net	(8,364)	(9,843)	(26,632)	(24,753)	(1,644)
Loss on extinguishment of debt	-	-	-	-	(16,395)
Other income, net	36	28	139	59	6
Total other expense	<u>(8,328)</u>	<u>(9,815)</u>	<u>(26,493)</u>	<u>(24,694)</u>	<u>(18,033)</u>
Income (loss) before income taxes	2,519	840	(62,562)	(13,628)	(26,767)
Income tax expense (benefit)	(462)	(1,922)	(3,829)	(3,115)	(4,192)
Net income (loss)	2,981	2,762	(58,733)	(10,513)	(22,575)
Less accretion of liquidation preference on preferred stock	(489)	(456)	(1,432)	(1,159)	(126)
Income (loss) available to common shareholders	<u>\$ 2,492</u>	<u>\$ 2,306</u>	<u>\$ (60,165)</u>	<u>\$ (11,672)</u>	<u>\$ (22,701)</u>
Weighted average common shares outstanding					
Basic	52,782,663	49,940,411	52,752,884	37,155,182	7,576,289
Diluted	55,892,193	53,122,690	52,752,884	37,155,182	7,576,289
Net income (loss) per common share					
Basic	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ (1.14)</u>	<u>\$ (0.31)</u>	<u>\$ (3.00)</u>
Diluted	<u>\$ 0.04</u>	<u>\$ 0.05</u>	<u>\$ (1.14)</u>	<u>\$ (0.31)</u>	<u>\$ (3.00)</u>

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

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

	Successor				Predecessor
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018
<i>(in thousands)</i>					
Net income (loss)	\$ 2,981	\$ 2,762	\$ (58,733)	\$ (10,513)	\$ (22,575)

Other comprehensive income (loss):					
Foreign currency translation adjustment	3,821	(4,535)	1,607	(6,441)	(674)
Total comprehensive income (loss)	<u>\$ 6,802</u>	<u>\$ (1,773)</u>	<u>\$ (57,126)</u>	<u>\$ (16,954)</u>	<u>\$ (23,249)</u>

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

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

(PREDECESSOR)
October 31, 2018 through December 5, 2018

<i>(in thousands)</i>	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (loss)	Retained Earnings (Accumulated Deficit)	Total
Balance at October 31, 2018	\$ 8	\$ 18,724	\$ 584	\$ 26,704	\$ 46,020
Net loss	-	-	-	(22,575)	(22,575)
Stock-based compensation	-	27	-	-	27
Foreign currency translation adjustment	-	-	(674)	-	(674)
Balance at December 5, 2018	<u>\$ 8</u>	<u>\$ 18,751</u>	<u>\$ (90)</u>	<u>\$ 4,129</u>	<u>\$ 22,798</u>

(SUCCESSOR)
December 6, 2018 through July 31, 2019

<i>(in thousands)</i>	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total
	Class A	Class B				
Balance at December 6, 2018	\$ -	\$ 1	\$ 12,433	\$ -	\$ (7,434)	\$ 5,000
Redemption of Class A common stock	-	-	(12,433)	-	(3,577)	(16,010)
Issuance of Class A common stock	1	-	96,900	-	-	96,901
Rollover of Class A common stock as a result of the Business Combination	1	-	164,908	-	-	164,909
Conversion of Class B common stock	1	(1)	-	-	-	-
Net loss	-	-	-	-	(3,630)	(3,630)
Foreign currency translation adjustment	-	-	-	(557)	-	(557)
Balance at January 31, 2019	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 261,808</u>	<u>\$ (557)</u>	<u>\$ (14,641)</u>	<u>\$ 246,613</u>
Shares issued to acquire business	-	-	1,150	-	-	\$ 1,150
Stock-based compensation expense	-	-	361	-	-	361
Shares issued upon exercise of stock options and warrants	-	-	1,370	-	-	1,370
Shares issued upon awards of restricted stock	1	-	(1)	-	-	-
Issuance of shares in exchange for warrants	-	-	5,158	-	(5,158)	-
Net loss	-	-	-	-	(9,645)	(9,645)
Foreign currency translation adjustment	-	-	-	(1,349)	-	(1,349)
Balance at April 30, 2019	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 269,846</u>	<u>\$ (1,906)</u>	<u>\$ (29,444)</u>	<u>\$ 238,500</u>
Shares issued upon public offering Class A common stock	2	-	77,385	-	-	\$ 77,387
Stock-based compensation expense	-	-	1,625	-	-	1,625
Net income	-	-	-	-	2,762	2,762
Foreign currency translation adjustment	-	-	-	(4,535)	-	(4,535)
Balance at July 31, 2019	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 348,856</u>	<u>\$ (6,441)</u>	<u>\$ (26,682)</u>	<u>\$ 315,739</u>

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(SUCCESSOR)
October 31, 2019 through July 31, 2020

<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	\$ 350,489	\$ -	\$ (599)	\$ (26,081)	\$ 323,815
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	-	-	-	-	(2,746)	(2,746)
Foreign currency translation adjustment	-	-	-	1,971	-	1,971
Balance at January 31, 2020	<u>\$ 6</u>	<u>\$ 351,956</u>	<u>\$ (131)</u>	<u>\$ 1,372</u>	<u>\$ (28,827)</u>	<u>\$ 324,376</u>

Stock-based compensation expense	-	1,383	-	-	-	\$ 1,383
Net loss	-	-	-	-	(58,968)	(58,968)
Foreign currency translation adjustment	-	-	-	(4,185)	-	(4,185)
Balance at April 30, 2020	<u>\$ 6</u>	<u>\$ 353,339</u>	<u>\$ (131)</u>	<u>\$ (2,813)</u>	<u>\$ (87,795)</u>	<u>\$ 262,606</u>
Stock-based compensation expense	-	1,357	-	-	-	\$ 1,357
Net income	-	-	-	-	2,981	2,981
Foreign currency translation adjustment	-	-	-	3,821	-	3,821
Balance at July 31, 2020	<u>\$ 6</u>	<u>\$ 354,696</u>	<u>\$ (131)</u>	<u>\$ 1,008</u>	<u>\$ (84,814)</u>	<u>\$ 270,765</u>

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

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

	Successor		Predecessor
	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018
<i>(in thousands)</i>			
Net loss	\$ (58,733)	\$ (10,513)	\$ (22,575)
Adjustments to reconcile net income to net cash provided by operating activities:			
Goodwill and intangibles impairment	57,944	-	-
Depreciation	19,537	14,125	2,060
Deferred income taxes	92	(2,983)	(4,355)
Amortization of deferred financing costs	3,094	1,385	152
Write off deferred debt issuance costs	-	-	3,390
Amortization of debt premium	-	-	(11)
Amortization of intangible assets	25,290	22,235	653
Stock-based compensation expense	4,207	1,986	27
Prepayment penalty on early extinguishment of debt	-	-	13,004
Net (loss) gain on the sale of property, plant and equipment	(944)	420	(166)
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	1,668	(4,346)	485
Inventory	(63)	(143)	(294)
Prepaid expenses and other current assets	(3,520)	(4,209)	(1,283)
Income taxes payable, net	(3,899)	(279)	203
Accounts payable	(1,489)	(7,666)	(654)
Accrued payroll, accrued expenses and other current liabilities	10,826	(8,587)	17,280
Net cash provided by operating activities	<u>53,484</u>	<u>1,425</u>	<u>7,916</u>
Cash flows from investing activities:			
Purchases of property, plant and equipment	(36,658)	(29,700)	(503)
Proceeds from sale of property, plant and equipment	6,392	1,546	364
Cash withdrawn from Industrea Trust Account	-	238,474	-
Acquisition of net assets, net of cash acquired - CPH acquisition	-	(449,434)	-
Acquisition of net assets, net of cash acquired - Capital acquisition	-	(129,218)	-
Acquisition of net assets, net of cash acquired - Other Business Combinations	-	(2,257)	-
Net cash (used in) investing activities	<u>(30,266)</u>	<u>(370,589)</u>	<u>(139)</u>

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

	Successor		Predecessor
	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018
<i>(in thousands)</i>			
Cash flows from financing activities:			
Proceeds on long term debt	-	417,000	-
Payments on long term debt	(15,666)	(9,747)	-
Proceeds on revolving loan	206,420	161,123	4,693
Payments on revolving loan	(217,162)	(128,932)	(20,056)
Payment of debt issuance costs	-	(23,708)	-
Redemption of common shares	-	(231,415)	-
Payments on capital lease obligations	(67)	(56)	(7)
Purchase of treasury stock	(131)	-	-
Issuance of preferred shares	-	25,000	-
Payment of underwriting fees	-	(8,050)	-
Issuance of common shares - Dec 2018	-	96,900	-
Issuance of common shares - May 2019	-	77,387	-
Payment of contingent consideration established in purchase accounting	(1,161)	-	-
Proceeds on exercise of rollover incentive options	-	1,370	-
Net cash provided by (used in) financing activities	<u>(27,767)</u>	<u>376,872</u>	<u>(15,370)</u>

Effect of foreign currency exchange rate on cash	1,207	(3,183)	(70)
Net increase (decrease) in cash	(3,342)	4,525	(7,663)
Cash:			
Beginning of period	7,473	4	8,621
End of period	<u>\$ 4,131</u>	<u>\$ 4,529</u>	<u>\$ 958</u>

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

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

	Successor		Predecessor
	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018
<i>(in thousands)</i>			
Supplemental cash flow information:			
Cash paid for interest	\$ 24,017	\$ 20,696	\$ 201
Cash paid for income taxes	\$ 343	\$ 1,860	\$ -
Non-cash investing and financing activities:			
Fair value of rollover equity for Business Combination	\$ -	\$ 164,909	\$ -
Equipment purchases included in accrued expenses and accounts payable	\$ 2,397	\$ 7,658	\$ -
Shares issued to acquire a business	\$ -	\$ 1,150	\$ -
Holdbacks related to the acquisition of a business	\$ -	\$ 181	\$ -

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

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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. (“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. The financial results described herein for the dates and periods prior to the Business Combination relate to the operations of CPH prior to the consummation of the Business Combination. See Note 4 – Business Combinations for further discussion.

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 contractor 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 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 16 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 year and higher revenue volumes in the second half of each year. Such seasonality also causes the Company’s working capital cash flow requirements to vary from first half to second half of the 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 December 2019, a novel strain of coronavirus (“COVID-19”) emerged and has spread around the world. On March 11, 2020, the World Health Organization declared COVID-19 to be a global pandemic and recommended containment and mitigation measures worldwide. On March 13, 2020, U.S. President Trump announced a National Emergency relating to the pandemic. Government authorities in the U.S. and U.K. have recommended or imposed various social distancing, quarantine, and isolation measures on large portions of the population, which include limitations on travel and mandatory cessation of certain business activities. 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. The extent to which the COVID-19 pandemic will impact the Company’s business, financial condition, and results of operations 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; 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.

In the final month of the second quarter of fiscal 2020, our operations in the Seattle and U.K. markets were negatively impacted due to COVID-19-imposed construction site shutdowns. These restrictions were, for the most part, lifted during the third quarter ended July 31, 2020. As a result of the pandemic, the Company has implemented certain short-term cost reductions, including headcount reductions, modified work schedules reducing hours where needed, and furloughs in limited locations. The Company had previously suspended any remaining uncommitted 2020 capital expenditure investments, but that has since been lifted as its overall liquidity and operations have improved. While the Company believes these disruptions will be temporary, it is difficult to predict how long they will last and the impact they will have on the Company in future periods. The Company will continue to evaluate the effect of COVID-19 on its business.

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. There were no triggering events during the fiscal 2020 third quarter. Refer to Notes 2 and 8 for further discussion. 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.

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 Securities and Exchange Commission ("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 July 31, 2020 and for all periods presented. All intercompany balances and transactions have been eliminated in consolidation.

As a result of the Business Combination, the Company is the acquirer for accounting purposes and CPH is the acquiree and accounting predecessor. The Company's financial statement presentation distinguishes the Company's financial performance into two distinct periods, the period up to the Closing Date (labeled "Predecessor") and the period including and after that date (labeled "Successor").

The Business Combination was accounted for as a business combination using the acquisition method of accounting, and the Successor financial statements reflect a new basis of accounting that is based on the fair value of the net assets acquired.

Determining the fair value of certain assets and liabilities assumed is judgmental in nature and often involves the use of significant estimates and assumptions. See Note 4 – Business Combinations for a discussion of the estimated fair values of assets and liabilities recorded in connection with the Company's acquisition of CPH.

As a result of the application of the acquisition method of accounting as of the Closing Date of the Business Combination, the accompanying Consolidated Financial Statements include a black line division which indicates that the Predecessor and Successor reporting entities shown are presented on a different basis and are therefore, not comparable.

The historical financial information of Industrea prior to the Business Combination (a special purpose acquisition company, or "SPAC") has not been reflected in the Predecessor financial statements as these historical amounts have been determined to be not useful information to a user of the financial statements. SPACs deposit the proceeds from their initial public offerings into a segregated trust account until a business combination occurs, where such funds are then used to pay consideration for the acquiree and/or to pay stockholders who elect to redeem their shares of common stock in connection with the business combination. The operations of a SPAC, until the closing of a business combination, other than income from the trust account investments and transaction expenses, are nominal. Accordingly, no other activity in the Company was reported for periods prior to December 6, 2018 besides CPH's operations as Predecessor.

Principles of consolidation

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

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 million as of July 31, 2020 and October 31, 2019, 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 July 31, 2020 or October 31, 2019.

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 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 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.

During the second quarter of fiscal year 2020, the Company identified a triggering event from the recent decline in its stock price resulting from the COVID19 pandemic (“COVID-19”). 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”)*. Refer to Note 8 for further discussion.

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. As noted above, the Company identified a triggering event during the second fiscal quarter of 2020 from the recent decline in its stock price and elected to perform an interim impairment test on its indefinite-lived trade names. Refer to Note 8 for further discussion.

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. Based on the results of the Company's analysis, long-lived assets were not impaired. No indicators of impairment were identified as of July 31, 2020. As noted above, the Company identified a triggering event during the second fiscal quarter of 2020 from the recent decline in its stock price and assessed its long-lived assets for impairment.

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 a 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.

The Company's U.K. Operations segment files income tax returns in the U.K. and 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 ASC260, *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. The Company has two classes of stock: (1) Common Stock (comprised of shareholder owned common stock and shares of unvested restricted stock held by participating security holders) and (2) Participating Preferred Stock ("Preferred Stock").

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 July 31, 2020, and October 31, 2019, there were two 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 Predecessor and Successor periods described above, no customer represented 10 percent or more of sales or trade receivables.

Note 3. New Accounting Pronouncements

The Company has 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.

Newly adopted accounting pronouncements

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (ASC 805): Clarifying the Definition of a Business* (“ASU 2017-01”), which provides guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. ASU 2017-01 requires entities to use a screen test to determine when an integrated set of assets and activities is not a business or if the integrated set of assets and activities needs to be further evaluated against the framework. The new standard will be applied prospectively to any transactions occurring within the period of adoption and is effective for entities other than public business entities for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Company adopted this ASU in the first quarter of 2020. As there have been no new business combinations, this ASU has not had an effect on the Company’s consolidated financial statements. The Company will continue to evaluate this ASU as new business combinations occur.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (“ASU 2016-15”) related to how certain cash receipts and payments are presented and classified in the statement of cash flows. These cash flow issues include debt prepayment or extinguishment costs, settlement of zero-coupon debt, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows. ASU 2016-15 is effective for emerging growth companies in annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Company early adopted this ASU in the first quarter of 2020 on a retrospective basis and the adoption did not have a material impact on the consolidated financial statements.

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, 2019 and interim reporting periods within annual reporting periods beginning after December 15, 2020 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 pending adoption of the new standard 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. Business Combinations**May 2019 Acquisition of Capital Pumping**

On May 15, 2019, the Company acquired Capital Pumping, LP and its affiliates (“Capital”), a concrete pumping provider based in Texas for a purchase price of \$129.2 million, which was paid using proceeds from the Company’s public offering of common stock and additional borrowings on its term loan facility. This acquisition qualified as a business combination under ASC 805. Accordingly, the Company recorded all assets acquired and liabilities assumed at their acquisition-date fair values, with any excess recognized as goodwill. Goodwill recorded from the transaction represents expected synergies from combining operations and the assembled workforce.

The following table represents the final allocation of consideration to the assets acquired and liabilities assumed at their estimated acquisition-date fair values with any measurement-period adjustments included:

Consideration paid:	\$	129,218
Net assets acquired:		
Current assets	\$	748
Intangible assets		45,500

Property and equipment	56,467
Liabilities assumed	<u>(63)</u>
Total net assets acquired	<u>102,652</u>
Goodwill	<u>\$ 26,566</u>

Identifiable intangible assets acquired consist of customer relationships of \$40.0 million and a trade name valued at \$5.5 million. The customer relationships were valued using the multi-period excess earnings method. The Company determined the useful life of the customer relationships to be 15 years. The trade name was valued using the relief-from-royalty method and the Company determined the trade name associated with Capital to be indefinite.

December 2018 Acquisition of CPH

On December 6, 2018, the Company consummated the Business Combination. This acquisition qualified as a business combination under ASC 805. Accordingly, the Company recorded all assets acquired and liabilities assumed at their acquisition-date fair values, with any excess recognized as goodwill. Goodwill recorded from the transaction represents the value provided by the Company's leading market share in a highly-fragmented industry.

The following table represents the final allocation of consideration to the assets acquired and liabilities assumed at their estimated acquisition-date fair values with any measurement-period adjustments included (see paragraph below for any measurement-period adjustments included):

Consideration paid:	
Cash	\$ 445,386
Fair value of rollover equity	164,908
Net working capital adjustment	4,050
Total consideration paid	<u>\$ 614,344</u>
Net assets acquired:	
Current assets	\$ 48,912
Intangible assets	208,063
Property and equipment	219,467
Liabilities assumed	<u>(110,245)</u>
Total net assets acquired	<u>366,197</u>
Goodwill	<u>\$ 248,147</u>

Note: Cash in table above is net of \$1.0 million in cash acquired

Identifiable intangible assets acquired consist of customer relationships of \$152.7 million and trade names of \$55.4 million. The customer relationships were valued using the multi-period excess earnings method. The Company determined the useful life of the customer relationships to be 15 years. The trade names were valued using the relief-from-royalty method. The Company determined the useful life of the trade name associated with Camfaud to be 10 years. The Company determined the trade names associated with Brundage-Bone and Eco-Pan to be indefinite.

During the Successor period from December 6, 2018 through October 31, 2019, the Company recorded an out of period adjustment related to the reduction of sales tax accrual of \$3.4 million that resulted in changes to goodwill and liabilities assumed in the transaction. The impact of the adjustment was not considered material to the Company's previously issued financial statements.

CPH incurred transaction costs of \$14.2 million and debt extinguishment costs of \$16.4 million independently prior to the Business Combination.

Additional costs consisting of stock option and other compensation related expenses were recorded in connection with the Business Combination. These costs were solely contingent upon the completion of the business combination and did not include any future service requirements. As such, these costs will be presented "on the line" and are not reflected in either Predecessor or Successor financial statements. "On the line" describes those expenses triggered by the consummation of a business combination that were incurred by the acquiree, i.e. CPH, that are not recognized in the Statement of Operations of either the Predecessor or Successor as they are not directly attributable to either period but instead were contingent on the Business Combination.

In conjunction with the Business Combination, there were \$15.6 million of transaction bonuses and, as a result of a change in control provision for stock-based awards, certain unvested stock-based awards immediately vested, resulting in the recognition of compensation expense of approximately \$0.6 million. These expenses were not reflected in either the Predecessor or Successor consolidated statement of operations and comprehensive loss periods.

Unaudited Pro Forma Financial Information

The following unaudited pro forma financial information presents the combined results of operations for the Company and gives effect to the CPH and Capital business combinations discussed above as if they had occurred on November 1, 2018. The unaudited pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations that would have been realized if the CPH and Capital business combinations had been completed on November 1, 2018, nor does it purport to project the results of operations of the combined company in future periods. The unaudited pro forma financial information does not give effect to any anticipated integration costs related to the acquired company.

The unaudited pro forma financial information is as follows:

<i>(in thousands)</i>	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019
Revenue	\$ 225,111	\$ 24,396
Pro forma revenue adjustments by Business Combination		
Capital	-	26,829
CPH	-	174,613
Total pro forma revenue	<u>\$ 225,111</u>	<u>\$ 225,838</u>

<i>(in thousands)</i>	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019
Net loss	\$ (58,733)	\$ (22,575)
Pro forma net income (loss) adjustments by Business Combination		
Capital	-	2,868
CPH	-	(10,513)
Total pro forma net loss	<u>\$ (58,733)</u>	<u>\$ (30,220)</u>

Note 5. 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 as recorded due to the short-term maturity of these instruments, which approximates fair value. 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.

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 July 31, 2020 and at October 31, 2019 is presented in the table below based on the prevailing interest rates and trading activity of the Term loans.

<i>(in thousands)</i>	July 31, 2020		October 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Term loans	\$ 386,427	\$ 359,377	\$ 402,094	\$ 394,052
Capital lease obligations	500	500	568	568

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 ASC 805, 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 fair value of the deferred consideration was \$1.7 million at October 31, 2019, which also represented the date at which the 3-year earnout period ended. The deferred consideration was paid out during the fiscal 2020 first quarter and as such, the liability no longer exists at July 31, 2020.

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 6. Prepaid Expenses and Other Current Assets

The significant components of prepaid expenses and other current assets at July 31, 2020 and at October 31, 2019 are comprised of the following:

<i>(in thousands)</i>	July 31, 2020	October 31, 2019
Prepaid insurance	\$ 3,358	\$ 1,416
Prepaid licenses and deposits	363	528
Prepaid rent	533	485
Other prepaids	377	949
Total prepaid expenses and other current assets	\$ 4,631	\$ 3,378

Note 7. Property, Plant and Equipment

The significant components of property, plant and equipment at July 31, 2020 and at October 31, 2019 are comprised of the following:

<i>(in thousands)</i>	July 31, 2020	October 31, 2019
Land, building and improvements	\$ 26,682	\$ 26,085
Capital leases—land and buildings	828	828
Machinery and equipment	311,903	295,741
Transportation equipment	2,213	2,223
Furniture and office equipment	1,184	1,209
Property, plant and equipment, gross	342,810	326,086
Less accumulated depreciation	(36,914)	(18,671)
Property, plant and equipment, net	\$ 305,896	\$ 307,415

Depreciation expense for the three and nine-month periods ended July 31, 2020 was \$6.5 million and \$19.5 million, respectively. Depreciation expense for the Successor for the three-month period ended July 31, 2019 and the period from December 6, 2018 to July 31, 2019 was \$5.5 million and \$14.1 million, respectively. Depreciation expense for the Predecessor from November 1, 2018 to December 5, 2018 was \$2.1 million. Depreciation expense related to revenue producing machinery and equipment is recorded in cost of operations and an immaterial amount of depreciation expense related to the Company's capital leases and furniture and fixtures is included in general and administrative expenses.

Note 8. Goodwill and Intangible Assets

The Company recognized goodwill and certain intangible assets in connection with business combinations (see Note 4 - Business Combinations).

During the second quarter of fiscal year 2020, the Company identified a triggering event from the recent 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 in its consolidated statements of operations for both the three and six-month periods ended April 30, 2020. The impaired trade name has a remaining value of \$37.3 million as of July 31, 2020. In addition, the Company concluded that the fair values of its Eco-Pan and Capital Pumping trade names exceeded their carrying values by approximately 7.8% and 109.1%, respectively, and their remaining values are \$7.7 million and \$5.5 million as of July 31, 2020, respectively.

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 in its consolidated statements of operations for both the three and six-month periods ended April 30, 2020. In addition, the Company concluded that the fair value of its U.S. Concrete Waste Management Services reporting unit exceeded its carrying value by approximately 4.5% and, as such, no impairment charge was recorded.

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 2020 third quarter. 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 July 31, 2020 and at October 31, 2019:

<i>(in thousands)</i>	July 31, 2020					October 31, 2019				
	Gross Carrying Value	Impairments	Accumulated Amortization	Foreign Currency Translation Adjustment	Net Carrying Amount	Gross Carrying Value	Accumulated Amortization	Foreign Currency Translation Adjustment	Net Carrying Amount	
Customer relationship	\$ 193,913	\$ -	\$ (56,721)	\$ (216)	\$ 136,976	\$ 193,594	\$ (31,861)	\$ (62)	\$ 161,671	
Trade name	5,516	-	(883)	(29)	4,604	5,434	(483)	(7)	4,944	
Trade name (indefinite life)	55,500	(5,000)	-	-	50,500	55,500	-	-	55,500	
Noncompete agreements	200	-	(52)	-	148	200	(22)	-	178	
Total intangibles	\$ 255,129	\$ (5,000)	\$ (57,656)	\$ (245)	\$ 192,228	\$ 254,728	\$ (32,366)	\$ (69)	\$ 222,293	

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Amortization expense for the three and nine-month periods ended July 31, 2020 was \$8.1 million and \$25.3 million, respectively. Amortization expense for the Successor for the three-month period ended July 31, 2019 and the period from December 6, 2018 to July 31, 2019 was \$10.4 million and \$22.2 million, respectively. Amortization expense for the Predecessor from November 1, 2018 to December 5, 2018 was \$0.7 million. The estimated aggregate amortization expense for intangible assets over the next five fiscal years ending October 31 and thereafter is as follows:

(in thousands)

2020 (excluding the period from November 1, 2019 to July 31, 2020)	\$	8,077
2021		26,831
2022		21,589
2023		17,159
2024		13,779
Thereafter		54,293
Total	\$	141,728

The changes in the carrying value of goodwill by reportable segment for the quarter ended July 31, 2020 are as follows:

<i>(in thousands)</i>	U.S. Concrete Pumping	U.K. Operations	U.S. Concrete Waste Management Services	Corporate	Total
Balance at October 31, 2019	\$ 185,782	\$ 41,173	\$ 49,133	\$ -	\$ 276,088
Measurement-period adjustments	200	-	-	-	200
Impairments	(38,500)	(14,444)	-	-	(52,944)
Foreign currency translation	-	221	-	-	221
Balance at July 31, 2020	\$ 147,482	\$ 26,950	\$ 49,133	\$ -	\$ 223,565

Note 9. Long Term Debt and Revolving Lines of CreditSuccessor

As part of the Business Combination, the Predecessor's Revolver, U.K. Revolver, Senior secured notes, and Seller notes (see Predecessor section below for a discussion of these agreements) were all extinguished and the Company entered into (i) a term loan agreement, dated December 6, 2018, among the Company, certain subsidiaries of the Company, Credit Suisse AG, Cayman Islands Branch as administrative agent and Credit Suisse Loan Funding LLC, Jefferies Finance LLC and Stifel Nicolaus & Company Incorporated LLC as joint lead arrangers and joint bookrunners, and the other Lenders party thereto and (the "Term Loan Agreement") (ii) a Credit Agreement, dated December 6, 2018, 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, and the other parties thereto ("ABL Credit Agreement"). In addition, in order to finance the acquisition of Capital, the Company added \$60.0 million of incremental term loans under the Term Loan Agreement in May 2019. Summarized terms of these facilities are included below.

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 Credit Agreement priority collateral and (ii) a second priority perfected lien on substantially all ABL Credit Agreement priority collateral, in each case subject to customary exceptions and limitations;
- The Term Loan Agreement includes certain non-financial covenants.

The outstanding balance under the Term Loan Agreement as of July 31, 2020 was \$386.4 million and as of that date, the Company was in compliance with all debt covenants. The Company's interest on borrowings under the Term Loan Agreement bear interest using the London Interbank Offered Rate (LIBOR) as the base rate plus an applicable margin in line with the summarized terms of the Term Loan Agreement as described above.

Future maturities of the term loans for fiscal years ending October 31 and thereafter is as follows:

(in thousands)

2020 (excluding the period from November 1, 2019 to July 31, 2020)	\$	5,222
2021		20,888
2022		20,888
2023		20,888
2024		20,888
Thereafter		297,653
Total	\$	386,427

ABL Credit Agreement

Summarized terms of the ABL Credit Agreement are as follows:

- Borrowing availability in U.S. Dollars and GBP up to a maximum of \$60.0 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;
- All loans advanced will mature and be due and payable in full five years after the Closing Date;
- Amounts borrowed may be repaid at any time, subject to the terms and conditions of the agreement;
- Borrowings in U.S. Dollars and GBP under the ABL Credit Agreement will 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 Credit Agreement is subject to two step-downs of 0.25% and 0.50% based on excess availability levels;
- U.S. ABL Credit Agreement 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;
- U.K. ABL Credit Agreement 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
- The ABL Credit Agreement 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 ABL Credit Agreement as of July 31, 2020 was \$13.0 million and as of that date, the Company was in compliance with all debt covenants.

Predecessor*Revolving line of credit*

The Predecessor had a revolving loan agreement (the "Revolver"). Summarized terms of the Revolver were as follows:

- Maximum borrowing capacity of \$65.0 million with a maturity date of September 8, 2022;

[Table of Contents](#)*U.K. Revolver*

The Predecessor had a revolving loan agreement (the “U.K. Revolver”) associated with the acquisition of Camfaud in November 2016. The U.K. Revolver had a maximum borrowing capacity of approximately \$28.0 million and bore interest at LIBOR plus 2.00%. The U.K. Revolver required the Predecessor maintain a maximum ratio of total fixed charges.

Senior secured notes

In August 2014, the Predecessor issued \$140.0 million in senior secured notes through a high-yield bond offering under SEC Rule 144A (“Senior Notes”). In November 2016, the Predecessor issued additional senior secured notes of \$40.0 million as an incremental borrowing with the same terms and form as the original Senior Notes.

Summarized terms of the Senior Notes were as follows:

- Maturity date on September 1, 2021. Principal due upon maturity;
- Interest rate of 10.375% per annum, payments due every March 1 and September 1 commencing March 1, 2015;
- The Senior Notes were secured by substantially all of the assets of the Company and contain various non-financial covenants.

Over the period of January 2016 through September 2017, the Predecessor repurchased and retired approximately \$26.0 million, in the aggregate, of principal of the Senior Notes.

In September 2017, the Predecessor completed an exchange of substantially all outstanding existing Senior Notes for newly issued senior secured notes (“New Senior Notes”). The terms of the New Senior Notes were identical to the Senior Notes except that the maturity date was extended to September 1, 2023.

In April 2018, the Predecessor issued additional New Senior Notes with a principal amount of \$15.0 million at a 104 percent premium for a total purchase price of \$15.6 million. The \$0.6 million was recorded by the Predecessor as a debt premium and was amortized over the life of the New Senior Notes using the effective interest method.

Seller notes

In connection with the acquisitions of the Camfaud and Reilly Concrete Pumping Limited (“Reilly”) in November 2016 and July 2017, respectively, the Predecessor entered into separate loan agreements with the former owners of Camfaud and Reilly for \$6.2 million and \$1.9 million, respectively (collectively, the “Seller Notes”). The Seller Note with respect to Camfaud bore interest at 5.0% per annum and all principal plus accrued interest was due upon the earlier of: (1) 6 months after the U.K. Revolver is repaid in full, (2) 42 months after the acquisition date (May 2020) or (3) the date on which the Predecessor suffers an insolvency event. The Seller Note with respect to Reilly bore interest at 5.0% per annum and all principal plus accrued interest are due three years after the acquisition date (July 2020). The Seller Notes were unsecured.

In connection with the Business Combination, the Company repaid its existing credit facilities in full and replaced them with the Term Loan Agreement and the ABL Credit Agreement. The Company also incurred an aggregate of \$16.4 million of costs related to the extinguishment of its existing debts, including the write-off of unamortized borrowing costs and an early extinguishment fee paid to its lenders. The amount has been reflected as debt extinguishment costs in the Predecessor’s consolidated statement of income for the period ended December 5, 2018.

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The table below is a summary of the composition of the Company’s long-term debt balances at July 31, 2020 and at October 31, 2019.

<i>(in thousands)</i>	July 31, 2020	October 31, 2019
Short term portion of term loan	\$ 20,888	\$ 20,888
Long term portion of term loan	365,539	381,206
Total term loan	386,427	402,094
Less unamortized deferred financing costs	(17,356)	(20,268)
Total debt	<u>\$ 369,071</u>	<u>\$ 381,826</u>

Note 10. Accrued Payroll and Payroll Expenses

The following table summarizes accrued payroll and expenses at July 31, 2020 and at October 31, 2019:

<i>(in thousands)</i>	July 31, 2020	October 31, 2019
Accrued vacation	\$ 3,468	\$ 4,638
Accrued bonus	3,502	3,177
Other accrued	4,213	1,362
Total accrued payroll and payroll expenses	<u>\$ 11,183</u>	<u>\$ 9,177</u>

Note 11. Accrued Expenses and Other Current Liabilities

The following table summarizes accrued expenses and other current liabilities at July 31, 2020 and at October 31, 2019:

July 31,	October 31,
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<i>(in thousands)</i>	2020	2019
Accrued insurance	\$ 8,397	\$ 6,105
Accrued interest	2,543	3,049
Accrued equipment purchases	2,397	15,343
Accrued sales and use tax	311	311
Accrued property taxes	723	915
Accrued professional fees	1,949	1,729
Accrued due to related party (refer to Note 12)	2,000	-
Other	3,173	654
Total accrued expenses and other liabilities	\$ 21,493	\$ 28,106

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Note 12. Income Taxes

For the third fiscal quarter ended July 31, 2020, the Company recorded an income tax benefit of \$0.5 million on pretax income of \$2.5 million. For the same quarter a year ago, the Company recorded an income tax benefit of \$1.9 million on pretax income of \$0.8 million.

For the first nine months of fiscal 2020, the Company recorded an income tax benefit of \$3.8 million on a pretax loss of \$62.6 million. For the Successor period from December 6, 2018 to July 31, 2019, the Company recorded an income tax benefit of \$3.1 million on a pretax loss of \$13.6 million. For the Predecessor period from November 1, 2018 to December 5, 2018, the Company recorded an income tax benefit of \$4.2 million on a pretax loss of \$26.8 million. The effective tax rates for the periods presented were not meaningful.

The factors impacting comparability between our effective tax rates for the periods discussed above are as follows:

- (1) For the period ended December 5, 2018, the Predecessor recorded nondeductible transaction related costs that resulted in a \$1.4 million permanent tax difference;
- (2) The Successor included \$0.2 million of tax benefit in the estimated annual effective rate for the period ended July 31, 2019 related to foreign income inclusions compared to \$0.3 million of tax expense for the period ended July 31, 2020 and \$0.0 for the Predecessor period ended December 5, 2018;
- (3) The Successor included \$0.9 million of tax expense related to the increase in the deferred statutory U.K. corporate tax rate from 17% to 19% in the period ended July 31, 2020
- (4) Of the \$57.9 million of impairments recorded for goodwill and intangibles by the Company during the second quarter of fiscal 2020, only \$11.9 million was deductible for tax purposes (\$2.9 million tax benefit to the Company) as the remaining impairment was related to nondeductible goodwill;
- (5) The Successor included a tax benefit of \$1.4 million in the period ended July 31, 2020 related to write-up in the carrying value of certain net operating losses (“NOL”) carryforwards as it was determined that those NOLs would be carried back to prior years pursuant to the provisions included in the CARES Act (see below for further details);
- (6) For the period ended July 31, 2020, the Successor recorded nondeductible expenses related to a contingent liability (see discussion below for further detail) that resulted in a \$0.4 million permanent tax difference; and
- (7) Changes in our estimated full year income before tax and the related impact on our estimated full year effective tax rate that was applied to year to date losses for the Successor periods ended July 31, 2020 and 2019.

At July 31, 2020 and October 31, 2019, we had deferred tax liabilities, net of deferred tax assets, of \$69.3 million and \$69.0 million, respectively. The Company has a valuation allowance of \$0.1 million as of both July 31, 2020 and October 31, 2019 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 \$1.6 million and \$1.7 million as of July 31, 2020 and October 31, 2019, respectively. If recognized, none of these benefits would favorably impact the Company's income tax expense.

On March 17, 2020, the House of Commons in the U.K. passed a Budget Resolution under the Provisional Collection of Taxes Act of 1968 (the “Budget Resolution”). The Budget Resolution substantively enacted an increase in the U.K. corporate tax rate for tax periods after March 31, 2020 from 17% to 19%. As a result of the Budget Resolution, the Company recorded tax expense of \$0.9 million related to the remeasurement of deferred tax assets and liabilities to reflect the increase in the U.K. corporate tax rate.

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On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security “CARES” Act into law. The CARES Act includes several significant business tax provisions that, among other things, would eliminate the taxable income limit for certain net operating losses (“NOL”) and allow businesses to carry back NOLs arising in 2018, 2019 and 2020 to the five prior years, accelerate refunds of previously generated corporate alternative minimum tax credits, generally loosen the business interest limitation under IRC section 163(j) from 30 percent to 50 percent among other technical corrections included in the Tax Cuts and Jobs Act tax provisions. The Company has performed the analysis of the CARES Act and with the exception of carrying back certain NOLs discussed in the paragraph below, the Company has concluded that there is no impact as of July 31, 2020. The Company will continue to evaluate how the CARES Act may impact future periods. Also, refer to Note 13.

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 NOLs to the fiscal 2016 and 2017 tax returns. On March 31, 2020, the Company received a demand letter alleging that the Company is required to apply for and remit to the Predecessor’s shareholders certain tax refunds from carrying back certain tax net operating loss carryforwards that were made available as a result of the recent passage of the CARES Act. In the fiscal 2020 third quarter, the Company carried back all NOLs that were generated in fiscal year 2018. Furthermore, in August 2020, the Company carried back a portion of the NOLs accumulated during the fiscal 2019 year. As of the date of filing, no agreement has been reached between the Company and the Predecessor’s shareholders. However, the Company has recorded a \$2.0 million estimated loss related to this contingent liability that is included in general and administrative expenses in the accompanying consolidated statements of operations. Following the \$1.4 million write-up in the carrying value of the NOL’s as a result of the carryback benefit at a higher tax rate, the net estimated financial impact to the Company is a \$0.6 million loss. The corresponding due to related party is included in accrued expenses and other current liabilities in the accompanying consolidated balance sheets.

Note 13. Commitments and Contingencies

Insurance

As of July 31, 2020 and October 31, 2019, the Company was partially insured for automobile, general and worker's compensation liability with the following deductibles:

	Deductible
General liability	\$ 250,000
General liability (in the case of accident and driver has completed NationsBuilders Insurance Services driver training)	\$ 125,000
Automobile	\$ 100,000
Workers' compensation	\$ 250,000

We had accrued \$6.5 million and \$5.0 million, as of July 31, 2020 and October 31, 2019, 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 July 31, 2020 and October 31, 2019, the Company had accrued \$1.9 million and \$1.1 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 \$0.2 million and \$0.3 million, as of July 31, 2020 and October 31, 2019, 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 Credit Agreement provides for up to \$7.5 million of standby letters of credit. As of July 31, 2020, total outstanding letters of credit totaled \$1.2 million, the vast majority of which had been committed to the Company's general liability insurance provider.

Note 14. Stockholders' Equity

In conjunction with the Business Combination, all common and preferred shares that were in existence for the Predecessor were settled and no longer outstanding subsequent to December 5, 2018. On December 6, 2018, in connection with the closing of the Business Combination, the Company redeemed a total of 22,337,322 shares of its Class A common stock pursuant to the terms of its certificate of incorporation, resulting in a total cash payment from the Company's trust account to redeeming stockholders of \$231.4 million.

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; 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 18,098,166 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 1,707,175 shares of common stock were issued in exchange for the Company's private warrants. After the completion of the warrant exchange and as of July 31, 2020, 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 Industrea's initial public offering on April 17, 2017 (the "private warrants") the opportunity 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 no agreement was modified as a result of the exchange, we concluded that the exchange of Company common stock for the warrants was analogous to a share repurchase. The Company recorded a loss on repurchase of the warrants of \$5.2 million in the 2019 second quarter, all of which was included as an adjustment to retained earnings. The \$5.2 million loss reflects the par value of the warrants in APIC of \$21.1 million less the fair value of the common stock that was issued in exchange for the warrants of \$26.3 million. After the completion of the Warrant Exchange and as of July 31, 2020, 13,017,777 public warrants and no private warrants were outstanding.

Note 15. Stock-Based Compensation

Successor

The Company rolled forward certain vested options from the Predecessor (see discussion below) to 2,783,479 equivalent vested options in the Successor. 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 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 vest pursuant to one of the following four 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 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 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 days. Once the first vesting condition is achieved, the stock award will then vest 1/3 annually over a three-year period.

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Included in the table below is a summary of the awards granted, including the location, type of award, fair value of awards, and the date that expense will be recognized through. In accordance with ASC 718, the market-based awards were assigned the fair values in the table below using a Monte Carlo simulation model. In addition, while the table below provides a date through which expense will be recognized on a straight-line basis, if at such time these market-based stock awards vest under both vesting conditions, expense recognition will be accelerated. Stock-based compensation expense for the three and nine-month periods ended July 31, 2020 was \$1.4 million and \$4.2 million, respectively. Stock-based compensation expense for the three-month period ending July 31, 2019 and the Successor period from December 6, 2018 through July 31, 2019 was \$1.6 million and \$2.0 million, respectively.

Location	Type of Award	Shares Awarded	Fair Value of Awards Per Share	Total Fair Value of Awards	Date Expense will be Recognized Through (Straight- Line Basis)
U.S.	Time Based Only	1,156,630	\$ 6.67	\$ 7,714,722	12/6/2023
U.S.	\$13 Market/Time- Based	1,543,044	\$ 4.47	\$ 6,904,032	5/4/2024
U.S.	\$16 Market/Time- Based	1,543,044	\$ 3.85	\$ 5,940,038	8/27/2024
U.S.	\$19 Market/Time- Based	1,543,091	\$ 3.34	\$ 5,149,194	11/19/2024
U.S.	Time Based Only	25,000	\$ 4.05	\$ 101,250	12/6/2023
U.S.	\$13 Market/Time- Based	25,000	\$ 2.72	\$ 67,919	5/4/2024
U.S.	\$16 Market/Time- Based	25,000	\$ 2.34	\$ 58,436	8/27/2024
U.S.	\$19 Market/Time- Based	25,000	\$ 2.03	\$ 50,654	11/19/2024
U.K.	Time Based Only	164,744	\$ 6.67	\$ 1,098,842	12/6/2023
U.K.	\$13 Market/Time- Based	238,808	\$ 4.46	\$ 1,066,272	5/4/2024
U.K.	\$16 Market/Time- Based	238,808	\$ 3.84	\$ 917,096	8/27/2024
U.K.	\$19 Market/Time- Based	238,833	\$ 3.33	\$ 794,772	11/19/2024
Total		6,767,002		\$ 29,863,227	

Predecessor

The Predecessor accounted for share-based awards in accordance with ASC Topic 718 *Compensation—Stock Compensation* (“ASC 718”), which requires the fair value of stock-based compensation awards to be amortized as an expense over the vesting period. Stock-based compensation awards are valued at fair value on the date of grant. As a result of the Business Combination, the acceleration clause within the original award agreements was triggered and all unvested awards immediately vested, resulting in an amount of \$0.6 million of stock-based compensation expense presented “on the line” (see Note 4 - Business Combinations). Stock-based compensation for the Predecessor period from November 1, 2018 to December 5, 2018 totaled \$0.1 million, and has been included in general and administrative expenses on the accompanying consolidated statements of operations.

Note 16. 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.

Successor

At July 31, 2020 (Successor), the Company had outstanding (1) 13,017,777 million warrants to purchase shares of common stock at an exercise price of \$ 1.50, (2) 5.5 million outstanding unvested restricted stock awards, (3) 1.2 million outstanding vested incentive stock options, (4) 0.8 million outstanding unvested non-qualified stock options, and (5) 2.5 million shares of Series A Preferred Stock, all of which could potentially be dilutive. For the Successor period presented, the weighted-average dilutive impact, if any, of these shares was excluded from the calculation of diluted earnings (loss) per common share because their inclusion would have been anti-dilutive. As a result, dilutive earnings (loss) per share is equal to basic earnings (loss) per share.

The table below shows our basic and diluted EPS calculations for the three and nine-month periods ended July 31, 2020, the three-month period ended July 31, 2019, and the Successor period from December 6, 2018 through July 31, 2019:

	Successor			
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019
<i>(in thousands, except share and per share amounts)</i>				
Net income (loss) (numerator):				
Net loss attributable to Concrete Pumping Holdings, Inc.	\$ 2,981	\$ 2,762	\$ (58,733)	\$ (10,513)
Less: Accretion of liquidation preference on preferred stock	(489)	(456)	(1,432)	(1,159)
Less: Undistributed earnings allocated to participating securities	(42)	(53)	-	-
Net loss attributable to common stockholders (numerator for basic earnings per share)	<u>\$ 2,450</u>	<u>\$ 2,253</u>	<u>\$ (60,165)</u>	<u>\$ (11,672)</u>
Add back: Accretion of liquidation preference on preferred stock	489	456	-	-
Add back: Undistributed earnings allocated to participating securities	42	53	-	-
Less: Undistributed earnings reallocated to participating securities	(41)	(51)	-	-
Numerator for diluted earnings (loss) per share	\$ 2,940	\$ 2,711	\$ (60,165)	\$ (11,672)
Weighted average shares (denominator):				
Weighted average shares - basic	52,782,663	49,940,411	52,752,884	37,155,182
Weighted average shares - diluted	55,892,193	53,122,690	52,752,884	37,155,182
Basic income (loss) per share	\$ 0.05	\$ 0.05	\$ (1.14)	\$ (0.31)
Diluted income (loss) per share	\$ 0.04	\$ 0.05	\$ (1.14)	\$ (0.31)

Predecessor

Under the terms and conditions of the Company's Participating Preferred Stock Agreement, the holders of the preferred stock had the right to receive dividends or dividend equivalents should the Company declare dividends on its common stock on a one-for-one per-share basis. Under the two-class method, undistributed earnings was calculated by the earnings for the period less the cumulative preferred stock dividends earned for the period. The undistributed earnings were then allocated on a pro-rata basis to the common and preferred stockholders on a one-for-one per-share basis. The weighted-average number of common and preferred shares outstanding during the period was then used to calculate basic EPS for each class of shares. As a result, the undistributed earnings available to common shareholders was calculated by earnings (loss) for the period less the cumulative preferred stock dividends earned for the period less undistributed earnings allocated to the holders of the preferred stock.

In periods in which the Company had a net loss or undistributed net loss, basic loss per share was calculated by dividing the loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period. The two-class method was not used, because the holders of the preferred stock did not participate in losses.

The table below shows our basic and diluted EPS calculations for the Predecessor periods from November 1, 2018 through December 5, 2018:

	<u>Predecessor</u> <u>November 1, 2018</u> <u>through</u> <u>December 5,</u> <u>2018</u>
<i>(in thousands, except share and per share amounts)</i>	
Net loss (numerator):	
Net loss income attributable to Concrete Pumping Holdings, Inc.	\$ (22,575)
Less: Accretion of liquidation preference on preferred stock	(126)
Less: Undistributed earnings allocated to preferred shares	-
Net (loss) available to common shareholders	<u>\$ (22,701)</u>
Weighted average shares (denominator):	
Weighted average shares - basic	7,576,289
Weighted average shares - diluted	7,576,289
Antidilutive stock options	932,746
Basic loss per share	\$ (3.00)
Diluted loss per share	\$ (3.00)

Note 17. 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 Pumping trade names.
- 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 trade names. In addition to concrete pumping, we recently started operations of waste management services in the U.K. under the Eco-Pan trade name 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 trade name.

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 Note 2. 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:

	Successor				Predecessor
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018
<i>(in thousands)</i>					
Revenue					
U.S. Concrete Pumping	\$ 58,644	\$ 58,354	\$ 171,209	\$ 124,969	\$ 16,659
U.K. Operations	9,208	12,492	28,294	30,996	5,143
U.S. Concrete Waste Management Services	9,390	7,967	25,978	18,806	2,628
Corporate	625	626	1,875	1,634	242
Intersegment	(736)	(784)	(2,245)	(1,792)	(276)
	<u>\$ 77,131</u>	<u>\$ 78,655</u>	<u>\$ 225,111</u>	<u>\$ 174,613</u>	<u>\$ 24,396</u>
Income (loss) before income taxes					
U.S. Concrete Pumping	\$ 497	\$ (1,050)	\$ (50,430)	\$ (14,946)	\$ (27,354)
U.K. Operations	(81)	1,353	(16,535)	290	207
U.S. Concrete Waste Management Services	1,685	329	3,149	(85)	225
Corporate	418	208	1,254	1,113	155
	<u>\$ 2,519</u>	<u>\$ 840</u>	<u>\$ (62,562)</u>	<u>\$ (13,628)</u>	<u>\$ (26,767)</u>

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	Successor				Predecessor
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018
<i>(in thousands)</i>					
EBITDA					
U.S. Concrete Pumping	\$ 17,862	\$ 17,934	\$ 3,911	\$ 29,283	\$ (24,565)
U.K. Operations	2,715	5,013	(8,038)	9,445	1,587
U.S. Concrete Waste Management Services	4,346	3,587	11,149	7,748	388
Corporate	625	626	1,875	1,633	180
	<u>\$ 25,548</u>	<u>\$ 27,160</u>	<u>\$ 8,897</u>	<u>\$ 48,109</u>	<u>\$ (22,410)</u>
Consolidated EBITDA reconciliation					
Net income (loss)	\$ 2,981	\$ 2,762	\$ (58,733)	\$ (10,513)	\$ (22,575)
Interest expense, net	8,364	9,843	26,632	24,753	1,644
Income tax benefit	(462)	(1,922)	(3,829)	(3,115)	(4,192)
Depreciation and amortization	14,665	16,477	44,827	36,984	2,713
EBITDA	<u>\$ 25,548</u>	<u>\$ 27,160</u>	<u>\$ 8,897</u>	<u>\$ 48,109</u>	<u>\$ (22,410)</u>

	Successor				Predecessor
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018
<i>(in thousands)</i>					
Depreciation and amortization					
U.S. Concrete Pumping	\$ 9,745	\$ 9,938	\$ 29,893	\$ 21,471	\$ 1,635
U.K. Operations	2,052	2,864	6,313	7,161	890
U.S. Concrete Waste Management Services	2,661	3,257	8,000	7,832	163
Corporate	207	418	621	520	25
	<u>\$ 14,665</u>	<u>\$ 16,477</u>	<u>\$ 44,827</u>	<u>\$ 36,984</u>	<u>\$ 2,713</u>
Interest expense, net					
U.S. Concrete Pumping	\$ (7,620)	\$ (9,046)	\$ (24,448)	\$ (22,758)	\$ (1,154)
U.K. Operations	(744)	(796)	(2,184)	(1,994)	(490)
U.S. Concrete Waste Management Services	-	(1)	-	(1)	-

Corporate	-	-	-	-	-
	<u>\$ (8,364)</u>	<u>\$ (9,843)</u>	<u>\$ (26,632)</u>	<u>\$ (24,753)</u>	<u>\$ (1,644)</u>
Transaction costs including transaction-related debt extinguishment					
U.S. Concrete Pumping	\$ -	\$ 1,458	\$ -	\$ 1,458	\$ -
Corporate	-	(1,282)	-	-	30,562
	<u>\$ -</u>	<u>\$ 176</u>	<u>\$ -</u>	<u>\$ 1,458</u>	<u>\$ 30,562</u>

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

<i>(in thousands)</i>		July 31, 2020	October 31, 2019
Total Assets			
U.S. Concrete Pumping	\$	583,810	\$ 637,384
U.K. Operations		122,986	138,435
U.S. Concrete Waste Management Services		138,718	137,646
Corporate		25,139	24,223
Intersegment		(83,136)	(66,323)
	\$	<u>787,517</u>	<u>\$ 871,365</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 July 31, 2020 and October 31, 2019 are as follows:

		Successor				Predecessor
		Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018
<i>(in thousands)</i>						
Revenues						
U.S.	\$	67,923	\$ 66,163	\$ 196,817	\$ 143,617	\$ 19,253
U.K.		9,208	12,492	28,294	30,996	5,143
	\$	<u>77,131</u>	<u>\$ 78,655</u>	<u>\$ 225,111</u>	<u>\$ 174,613</u>	<u>\$ 24,396</u>

<i>(in thousands)</i>		July 31, 2020	October 31, 2019
Long Lived Assets			
U.S.	\$	262,419	\$ 263,363
U.K.		43,477	44,052
	\$	<u>305,896</u>	<u>\$ 307,415</u>

Note 18. Related Party Transaction

Predecessor

The Predecessor had a Management Services Agreement, as amended from time to time, with PGP Advisors, LLC ("PGP"), the Predecessor's largest shareholder, to provide advisory, consulting and other professional services. Under the terms of the agreement the annual fee for these services was \$4.0 million from September of 2017 through August of 2019, and \$2.0 million annually thereafter. For the period from November 1, 2018 through December 5, 2018, the Predecessor incurred no fees related to this agreement and other agreed upon expenses. These expenses were included in general and administrative expenses on the accompanying consolidated statements of operations. In conjunction with the Business Combination, this agreement was terminated.

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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, and the potential impact of the COVID-19 pandemic on our business. 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 14, 2020](#)

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. The financial results described herein for the dates and periods prior to the Business Combination relate to the operations of CPH prior to the consummation of the Business Combination.

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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.

In May 2019, the Company, through its wholly-owned subsidiary Brundage-Bone, acquired Capital Pumping, LP and its affiliates ("Capital"), a concrete pumping provider based in Texas for a purchase price of \$129.2 million. The closing of this acquisition provided the Company with complementary assets and operations and significantly expanded its footprint and business in Texas.

U.K. Operations

Our U.K. operations consists of concrete pumping and concrete waste management services. Our concrete pumping services are primarily provided through either our Camfaud brand (operated pumping services) or our Premier Concrete Pumping brand (rental of pumping equipment on a long-term basis without an operator). Camfaud's core business is primarily the provision of concrete pumping services to general contractors and concrete finishing companies in the commercial, infrastructure and residential sectors. Camfaud currently has 30 branch locations throughout the U.K. In addition, during the 2019 third quarter, we started concrete waste management operations under our Eco-Pan brand name in the U.K. and currently operate from a shared location with one of the Camfaud branches. The U.K. operations headquarters are in Epping (near London), England.

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 16 operating locations across the United States with its corporate headquarters in Thornton, (near Denver), Colorado.

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Impacts of COVID-19

In December 2019, a novel strain of coronavirus ("COVID-19") emerged and has spread around the world. On March 11, 2020, the World Health Organization declared COVID-19 to be a global pandemic and recommended containment and mitigation measures worldwide. On March 13, 2020, U.S. President Trump announced a National Emergency relating to the pandemic. Government authorities in the U.S. and U.K. have recommended or imposed various social distancing, quarantine, and isolation measures on large portions of the population, which include limitations on travel and mandatory cessation of certain business activities. Both the outbreak and the containment and mitigation measures have had and will likely 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. The extent to which the COVID-19 pandemic will impact our business, financial condition, and results of operations 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; 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 us for services rendered; any further closures of our and our 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 our business, financial condition, and/or results of operations, including further impairment to our goodwill and intangible assets.

In the final month of the second quarter of fiscal 2020, our operations in the Seattle and U.K. markets were negatively impacted due to COVID-19-imposed construction site shutdowns. These restrictions were, for the most part, lifted during the third quarter ended July 31, 2020. As a result of the pandemic, we have implemented certain short-term cost reductions, including headcount reductions, modified work schedules reducing hours where needed, and furloughs in limited locations. While we

believe these disruptions will be temporary, it is difficult to predict how long they will last and the impact they will have on the Company in future periods. We will continue to evaluate the effect of COVID-19 on our business.

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 second quarter of fiscal 2020, 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 and recorded \$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. No additional impairments were required during the third quarter of fiscal 2020.

In an effort to maintain the safety and welfare of our employees and customers, we have implemented various employee safety measures to contain the spread of COVID-19, including domestic and international travel restrictions, the promotion of social distancing and work-from-home practices, extensive cleaning protocols, daily symptom assessments, and enhanced use of personal protective equipment such as masks. We are closely monitoring all guidance provided by public agencies such as the Centers for Disease Control and Prevention in the U.S. and the U.K. department of health to ensure the safety of our employees, vendors, and customers.

Results of Operations

To reflect the application of different bases of accounting as a result of the Business Combination, the tables provided below separate the Company's results via a black line into two distinct periods as follows: (1) up to and including the Business Combination closing date (labeled "Predecessor") and (2) the period after that date (labeled "Successor"). The periods after December 5, 2018 are the "Successor" periods while the periods before December 6, 2018 are the "Predecessor" periods.

The historical financial information of Industrea prior to the Business Combination (a special purpose acquisition company, or "SPAC") has not been reflected in the Predecessor financial statements as these historical amounts have been determined to be not useful information to a user of the financial statements. SPACs deposit the proceeds from their initial public offerings into a segregated trust account until a business combination occurs, where such funds are then used to pay consideration for the acquiree and/or to pay stockholders who elect to redeem their shares of common stock in connection with the business combination. The operations of a SPAC, until the closing of a business combination, other than income from the trust account investments and transaction expenses, are nominal. Accordingly, no other activity in the Company was reported for periods prior to December 6, 2018 besides CPH's operations as Predecessor.

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As Industrea's historical financial information is excluded from the Predecessor financial information, the business, and thus financial results, of the Successor and Predecessor entities, are expected to be largely consistent, excluding the impact on certain financial statement line items that were impacted by the Business Combination. Management believes reviewing our operating results for the nine-months ended July 31, 2019 by combining the results of the Predecessor and Successor periods ("S/P Combined") is more useful in discussing our overall operating performance when compared to the same period in the current year. Accordingly, in addition to presenting our results of operations as reported in our consolidated financial statements in accordance with GAAP, the tables below present the non-GAAP combined results for the year.

	Successor				Predecessor	S/P Combined (non-GAAP)
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018	Nine Months Ended July 31, 2019
<i>(dollars in thousands)</i>						
Revenue	\$ 77,131	\$ 78,655	\$ 225,111	\$ 174,613	\$ 24,396	\$ 199,009
Cost of operations	39,330	39,665	123,295	98,396	14,027	112,423
Gross profit	37,801	38,990	101,816	76,217	10,369	86,586
Gross margin	49.0%	49.6%	45.2%	43.6%	42.5%	43.5%
General and administrative expenses	26,954	28,159	79,941	63,693	4,936	68,629
Goodwill and intangibles impairment	-	-	57,944	-	-	-
Transaction costs	-	176	-	1,458	14,167	15,625
Income (loss) from operations	10,847	10,655	(36,069)	11,066	(8,734)	2,332
Other income (expense):						
Interest expense, net	(8,364)	(9,843)	(26,632)	(24,753)	(1,644)	(26,397)
Loss on extinguishment of debt	-	-	-	-	(16,395)	(16,395)
Other income, net	36	28	139	59	6	65
Total other expense	(8,328)	(9,815)	(26,493)	(24,694)	(18,033)	(42,727)
Income (loss) before income taxes	2,519	840	(62,562)	(13,628)	(26,767)	(40,395)
Income tax expense (benefit)	(462)	(1,922)	(3,829)	(3,115)	(4,192)	(7,307)
Net income (loss)	2,981	2,762	(58,733)	(10,513)	(22,575)	(33,088)
Less accretion of liquidation preference on preferred stock	(489)	(456)	(1,432)	(1,159)	(126)	(1,285)
Net income (loss) available to common shareholders	\$ 2,492	\$ 2,306	\$ (60,165)	\$ (11,672)	\$ (22,701)	\$ (34,373)

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Three Months Ended July 31, 2020

For the three months ended July 31, 2020, our net income was \$3.0 million, or an increase of \$0.2 million when compared to the net income of \$2.8 million in the same period a year ago. We had a 1.9% decline in revenue year-over-year from \$78.7 million in the fiscal 2019 third quarter to \$77.1 million in the third quarter of fiscal 2020, driven mostly by the 26.3% decline in our U.K. Operations segment as a result of construction site shutdowns due to COVID-19. This was mostly offset up by robust year-over-year revenue growth of 17.9% from our U.S Concrete Waste Management Services segment. Net income in the third quarter of fiscal 2020, when compared to the same period a year ago was also impacted by lower interest expense of \$1.5 million, lower general and administrative expenses of \$1.2 million, and a \$1.5 million lesser income tax benefit.

Nine Months Ended July 31, 2020

For the nine months ended July 31, 2020, our net loss was \$58.7 million, or an increase of \$25.6 million when compared to the net loss of \$33.1 million in the S/P combined period a year ago. The higher net loss is primarily attributable to goodwill and intangible impairment charges totaling \$57.9 million resulting from the significant decline in the Company's stock price during the second quarter driven by the COVID-19 pandemic. Despite the impact from COVID-19, we had a 13.1% improvement in revenue year-over-year, driven mostly by the additional assets we obtained from the acquisition of Capital, which supported the operations in our Texas market, and strong revenue growth of 21.2% from our U.S. Concrete Waste Management Services segment. Our improved revenue was slightly offset by a 21.7% year-over-year decline in revenue from our U.K. Operations segment which has been heavily impacted from construction site shutdowns due to COVID-19. Net income for the nine-months ended July 31, 2020, when compared to the S/P combined period a year ago, was also impacted by (1) lower transaction costs of \$15.6 million, most of which related to the Business Combination, (2) lower loss on extinguishment of debt of \$16.4 million, all of which were the result of the Business Combination, and (3) \$11.3 million in higher general and administrative expenses.

Total Assets

<i>(in thousands)</i>	July 31, 2020	October 31, 2019
Total Assets		
U.S. Concrete Pumping	\$ 583,810	\$ 637,384
U.K. Operations	122,986	138,435
U.S. Concrete Waste Management Services	138,718	137,646
Corporate	25,139	24,223
Intersegment	(83,136)	(66,323)
	<u>\$ 787,517</u>	<u>\$ 871,365</u>

Total assets decreased from \$871.4 million as of October 31, 2019 to \$787.5 million as of July 31, 2020. The decrease is primarily attributable to the goodwill and intangibles impairment charges of \$57.9 million that were recorded during the second quarter of fiscal 2020. The remainder is attributable to depreciation and amortization of long lived assets.

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Revenue

<i>(in thousands)</i>	Successor		Change	
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	\$	%
Revenue				
U.S. Concrete Pumping	\$ 58,644	\$ 58,354	\$ 290	0.5%
U.K. Operations	9,208	12,492	(3,284)	-26.3%
U.S. Concrete Waste Management Services	9,390	7,967	1,423	17.9%
Corporate	625	626	(1)	NM ¹
Intersegment	(736)	(784)	48	NM ¹
	<u>\$ 77,131</u>	<u>\$ 78,655</u>	<u>\$ (1,524)</u>	<u>-1.9%</u>

(1) Not meaningful

<i>(in thousands)</i>	Successor		Predecessor	S/P Combined (non-GAAP)	Change	
	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018	Nine Months Ended July 31, 2019	\$	%
Revenue						
U.S. Concrete Pumping	\$ 171,209	\$ 124,969	\$ 16,659	\$ 141,628	\$ 29,581	20.9%
U.K. Operations	28,294	30,996	5,143	36,139	(7,845)	-21.7%
U.S. Concrete Waste Management Services	25,978	18,806	2,628	21,434	4,544	21.2%
Corporate	1,875	1,634	242	1,876	(1)	NM ¹
Intersegment	(2,245)	(1,792)	(276)	(2,068)	(177)	NM ¹
	<u>\$ 225,111</u>	<u>\$ 174,613</u>	<u>\$ 24,396</u>	<u>\$ 199,009</u>	<u>\$ 26,102</u>	<u>13.1%</u>

(1) Not meaningful

U.S. Concrete Pumping

Revenue for our U.S. Concrete Pumping segment increased by 0.5%, or \$0.3 million, from \$58.4 million in the 2019 third fiscal quarter to \$58.6 million in the third quarter of fiscal 2020. Modest organic growth in many of our markets were mostly offset by COVID-19 driven declines in certain other markets.

Revenue for our U.S. Concrete Pumping segment increased by 20.9%, or \$29.6 million, from \$141.6 million in the S/P combined nine months ended July 31, 2019 to \$171.2 million in the first nine-months of 2020. The incremental benefit of the acquisition of Capital, which added additional pumping capacity to Texas, drove \$26.7 million of the increase in revenue. The remaining increase was the result of organic growth in the majority of our other regional markets.

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U.K. Operations

Revenue for our U.K. Operations segment decreased by 26.3%, or \$3.3 million, from \$12.5 million in the fiscal 2019 third quarter to \$9.2 million in the third quarter of fiscal 2020. Excluding the impact from foreign currency translation, revenue was down 25.3% year over year. For the nine-months ended July 31, 2020, revenue for this segment decreased by 21.7%, or \$7.8 million, from \$36.1 million in the S/P combined nine-months ended July 31, 2019 to \$28.3 million. Excluding the impact from foreign currency translation, revenue was down 20.7% year over year. The decline in revenue during both periods was largely attributable to the impact of COVID-19, which drove complete lockdowns on our U.K. business operations in the month of April and negatively impacted operations throughout the third quarter of fiscal 2020.

U.S. Concrete Waste Management Services

Revenue for the U.S. Concrete Waste Management Services segment increased by 17.9%, or \$1.4 million, from \$8.0 million in the 2019 third fiscal quarter to \$9.4 million in the 2020 third quarter. For the nine-months ended July 31, 2020, revenue for the U.S. Concrete Waste Management Services segment increased by 21.2%, or \$4.5 million, from \$21.4 million in the S/P combined nine-months ended July 31, 2019 to \$26.0 million. The increase in revenue during both periods was primarily due to robust organic growth, pricing improvements, new product offerings, and continuing momentum in the newer branch locations established over the last year.

Corporate

There was limited movement in revenue for our Corporate segment for the periods presented. Any year-over-year changes for our Corporate segment was primarily related to the intercompany leasing of real estate to certain of our U.S. Concrete Pumping branches. These revenues are eliminated in consolidation through the Intersegment line included above.

Gross Margin

Gross margin for the third quarter of fiscal 2020 decreased 60 basis points from 49.6% in the 2019 third quarter to 49.0%. The limited decline in gross margin was driven by our U.K. Operations segment, which has realized lower gross margins as a result of the continuing impacts from COVID-19.

Gross margin for the first nine months of 2020 increased 170 basis points from 43.5% in the S/P combined nine-months ended July 31, 2019 to 45.2%. The increase in gross margin for the nine-months ended July 31, 2020 was primarily due to the post-acquisition contribution from Capital, more favorable fuel pricing and improvement in the Company's procurement costs.

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General and Administrative Expenses

G&A expenses for the third quarter of fiscal 2020 were \$27.0 million, a decrease of \$1.2 million from \$28.2 million in the third quarter of fiscal 2019. As a percentage of revenue, G&A expenses were 34.9% for the 2020 third quarter compared to 35.8% for the 2019 third quarter. Excluding non-cash costs for depreciation expense, amortization of intangibles, and stock-based compensation expense G&A expenses, as a percentage of revenue, were 14.2% for the 2020 third quarter compared to 13.6% for the 2019 third quarter. As a result of COVID-19, we have significantly reduced various G&A expenses such as travel, meals and entertainment expense by \$0.5 million. In addition, we had lower amortization of intangible assets expense of \$2.3 million and stock-based compensation expense of \$0.3 million. These amounts were partially offset by an estimated \$2.0 million contingent liability charge for a potential settlement between the Company and our previous shareholders as a result of carrying back certain net operating loss carryforwards and remitting them to the prior shareholders.

G&A expenses for the first nine-months of fiscal 2020 were \$79.9 million, an increase of \$11.3 million from \$68.6 million in the S/P combined nine-months ended July 31, 2019. As a percent of revenue, G&A expenses were 35.5% for the first nine-months of 2020 compared to 34.5% for the same period a year ago. Excluding non-cash costs for depreciation expense, amortization of intangibles, and stock-based compensation expense G&A expenses, as a percentage of revenue, were 13.7% for the first nine-months of 2020 compared to 13.8% for the same period a year ago. The overall increase was largely due to higher amortization of intangible assets expense of \$2.4 million, most of which was the result of the acquisition of Capital. In addition, we incurred an additional \$2.2 million in stock-based compensation expense as a result of a stock grant in April of 2019. Excluding amortization of intangible assets and stock-based compensation expense, G&A expenses were up \$6.7 million year-over-year. The remainder of the year-over-year increase was mostly attributable to the contingent liability charge discussed above and headcount growth, predominantly from the new team members at Capital.

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 transaction costs or debt extinguishment costs for the first nine months of 2020. Transaction costs amounted to \$0.2 million for the third quarter of 2019 and \$1.5 million for the period from December 6, 2018 through July 31, 2019, which were associated with the Capital Acquisition.

During the period from November 1, 2018 through December 5, 2018, the Predecessor incurred transaction costs of \$14.2 and debt extinguishment costs of \$16.4 million. All costs in this period were related to the Business Combination.

Interest Expense, Net

Interest expense, net for the three months ended July 31, 2020 was \$8.4 million, down \$1.5 million from the comparable period a year ago. The decrease for the three months ended July 31, 2020 was due to having lower net debt as compared to the same period a year ago. Interest expense, net for the nine months ended July 31, 2020 was \$26.6 million, up \$0.2 million from the same S/P combined period from a year ago.

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. There were no additional impairments recorded for the quarter ended July 31, 2020.

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Income Tax (Benefit) Provision

For the third fiscal quarter ended July 31, 2020, the Company recorded income tax expense of \$0.5 million on pretax income of \$2.5 million. For the same quarter a year ago, the Company recorded a income tax benefit of \$1.9 million on pretax income of \$0.1 million. For the first nine months of 2020, the Company recorded an income tax benefit of \$3.8 million on a pretax loss of \$62.6 million. For the S/P combined nine-months ended July 31, 2019, we recorded an income tax benefit of \$7.3 million on a pretax loss of \$40.4 million. The effective tax rates for the periods presented were not meaningful.

The factors impacting comparability between our effective tax rates for the periods discussed above are as follows:

- (1) For the period ended December 5, 2018, the Predecessor recorded nondeductible transaction related costs that resulted in a \$1.4 million permanent tax difference;
- (2) The Successor included \$0.2 million of tax benefit in the estimated annual effective rate for the period ended July 31, 2019 related to foreign income inclusions compared to \$0.3 million of tax expense for the period ended July 31, 2020 and \$0.0 for the Predecessor period ended December 5, 2018;

- (3) The Successor included \$0.9 million of tax expense related to the increase in the deferred statutory U.K. corporate tax rate from 17% to 19% in the period ended July 31, 2020
- (4) Of the \$57.9 million of impairments recorded for goodwill and intangibles by the Company during the second quarter of fiscal 2020, only \$11.9 million was deductible for tax purposes (\$2.9 million tax benefit to the Company) as the remaining impairment was related to nondeductible goodwill;
- (5) The Successor included a tax benefit of \$1.4 million in the period ended July 31, 2020 related to write-up in the carrying value of certain net operating losses (“NOL”) carryforwards as it was determined that those NOLs would be carried back to prior years pursuant to the provisions included in the CARES Act (see below for further details);
- (6) For the period ended July 31, 2020, the Successor recorded nondeductible expenses related to a contingent liability (see discussion in the G&A section above for further detail) that resulted in a \$0.4 million permanent tax difference; and
- (7) Changes in our estimated full year income before tax and the related impact on our estimated full year effective tax rate that was applied to year to date losses for the Successor periods ended July 31, 2020 and 2019.

Adjusted EBITDA(1)

	Successor		Change	
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	\$	%
<i>(in thousands, except percentages)</i>				
U.S. Concrete Pumping	\$ 21,170	\$ 22,029	\$ (859)	-3.9%
U.K. Operations	3,397	4,278	(881)	-20.6%
U.S. Concrete Waste Management Services	4,846	3,628	1,218	33.6%
Corporate	625	625	-	0.0%
	<u>\$ 30,038</u>	<u>\$ 30,560</u>	<u>\$ (522)</u>	<u>-1.7%</u>

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	Successor		Predecessor	S/P Combined (non-GAAP)	Change	
	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018	Nine Months Ended July 31, 2019	\$	%
<i>(in thousands)</i>						
U.S. Concrete Pumping	\$ 54,338	\$ 36,707	\$ 7,627	\$ 44,334	\$ 10,004	22.6%
U.K. Operations	8,524	9,706	1,396	11,102	(2,578)	-23.2%
U.S. Concrete Waste Management Services	12,650	8,309	388	8,697	3,953	45.5%
Corporate	1,875	1,633	177	1,810	65	3.6%
	<u>\$ 77,387</u>	<u>\$ 56,355</u>	<u>\$ 9,588</u>	<u>\$ 65,943</u>	<u>\$ 11,444</u>	<u>17.4%</u>

(1) Please see “Non-GAAP Measures (EBITDA and Adjusted EBITDA)” below for a reconciliation of these non-GAAP measures to their most comparable GAAP measures.

U.S. Concrete Pumping

Adjusted EBITDA for our U.S. Concrete Pumping segment was \$21.2 million for the three months ended July 31, 2020, down 3.9% from \$22.0 million for the same period in fiscal 2019. The slight decrease was primarily attributable to the impact from COVID-19.

Adjusted EBITDA for our U.S. Concrete Pumping segment was \$54.3 million for the first nine-months of 2020, up 22.6% from \$44.3 million for the S/P combined nine-months ended July 31, 2019. The significant year-over-year increase was due primarily to (1) the acquisition of Capital, (2) improved gross margins as a result of more favorable fuel pricing and improvement in the Company's procurement costs, and (3) volume growth across many of the U.S. markets.

U.K. Operations

Adjusted EBITDA for our U.K. Operations segment was \$3.4 million for the three-months ended July 31, 2020, down 20.6% from \$4.3 million for the third quarter of 2019. For the nine-months ended July 31, 2020, adjusted EBITDA for our U.K. Operations segment was \$8.5 million, down 23.2% from \$11.1 million for the S/P combined nine-months ended July 31, 2019. The decreases in both periods are primarily attributable to the year-over-year change in revenue due to COVID-19 discussed previously.

U.S. Concrete Waste Management Services

Adjusted EBITDA for our U.S. Concrete Waste Management Services segment was \$4.8 million for the three-months ended July 31, 2020, up 33.6% from \$3.6 million for the third quarter of 2019. For the nine-months ended July 31, 2020, adjusted EBITDA for our U.S. Concrete Waste Management Services segment was \$12.7 million, up 45.5% from \$8.7 million for the S/P combined nine-months ended July 31, 2019. The increases in both periods are primarily attributable to the year-over-year change in revenue discussed previously.

Corporate

There was limited movement in Adjusted EBITDA for our Corporate segment for both periods presented. Any year-over-year changes for our Corporate segment was primarily related to the allocation of overhead costs.

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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 Credit Agreement”), which provides for aggregate borrowings of up to \$60.0 million, subject to a borrowing base limitation. As of July 31, 2020, we had \$4.1 million of cash and cash equivalents and \$39.4 million of available borrowing capacity under the ABL Credit Agreement, providing total available liquidity of \$43.5 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 Term Loan Agreement (defined below) and (4) short-term financing under our ABL Credit Agreement. We may from time to time seek to retire or pay down borrowings on the outstanding balance of our ABL Credit Agreement or Term Loan Agreement using cash on hand. Such repayments, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

After consideration of any potential impacts from COVID-19 on our operations, we believe our existing cash and cash equivalent balances, cash flow from operations, and borrowing capacity under our ABL Credit Agreement 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 could restrict our operations.

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Term Loan Agreement and ABL Credit Agreement

As part of the Business Combination, the Predecessor's Revolver, U.K. Revolver, Senior secured notes, and Seller notes (see Predecessor section below for a discussion of these agreements) were all extinguished and the Company entered into (i) a Term Loan Agreement, dated December 6, 2018, among the Company, certain subsidiaries of the Company, Credit Suisse AG, Cayman Islands Branch as administrative agent and Credit Suisse Loan Funding LLC, Jefferies Finance LLC and Stifel Nicolaus & Company Incorporated LLC as joint lead arrangers and joint bookrunners, and the other Lenders party thereto (the "Term Loan Agreement") (ii) a Credit Agreement, dated December 6, 2018, 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 and the other parties thereto ("ABL Credit Agreement"). Summarized terms of those debt agreements are included below.

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 issuance, 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 Credit Agreement priority collateral and (ii) a second priority perfected lien on substantially all ABL Credit Agreement priority collateral, in each case subject to customary exceptions and limitations;
- The Term Loan Agreement includes certain non-financial covenants.

The outstanding balance under the Term Loan Agreement as of July 31, 2020 was \$386.4 million and the Company was in compliance with all debt covenants. The Company's interest on borrowings under the Term Loan Agreement bear interest using the London Interbank Offered Rate (LIBOR) as the base rate plus an applicable margin in line with the summarized terms of the Term Loan Agreement as described above.

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Asset Based Revolving Lending Credit Agreement

Summarized terms of the ABL Credit Agreement are as follows:

- Borrowing availability in U.S. Dollars and GBP up to a maximum of \$60.0 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;
- All loans advanced will mature and be due and payable in full five years after the issuance;
- Amounts borrowed may be repaid at any time, subject to the terms and conditions of the agreement;
- Interest on borrowings in U.S. Dollars and GBP under the ABL Credit Agreement, will 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 Credit Agreement is subject to two step-downs of 0.25% and 0.50% based on excess availability levels;
- U.S. ABL Credit Agreement 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;
- U.K. ABL Credit Agreement 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
- The ABL Credit Agreement 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 ABL Credit Agreement as of July 31, 2020 was \$13.0 million and the Company was in compliance with all debt covenants.

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Cash Flows

Successor

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 (used in) 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 nine-months ended July 31, 2020 was \$53.5 million. The Company had a net loss of \$58.7 million that included significant non-cash charges, net totaling \$110.2 million as follows: (1) Goodwill and intangibles impairment of \$57.9 million, (2) depreciation of \$19.5 million, (3) amortization of intangible assets of \$25.3 million, (4) amortization of deferred financing costs of \$3.1 million, and (5) stock-based compensation expense of \$4.2 million. In addition, we had cash inflows related to the following activity: (1) a decrease of \$1.7 million in trade receivables, and (2) an increase of \$10.8 million in accrued payroll, accrued expenses and other current liabilities. These amounts were partially offset by outflows related to the following activity: (1) a \$3.5 million increase in prepaid expenses and other current assets, (2) a \$0.5 million payment of contingent consideration in excess of amounts established in purchase accounting, (3) a decrease of \$3.9 million in income taxes payable, and (4) a decrease of \$1.5 million in accounts payable.

We used \$30.3 million to fund investing activities during the nine-months ended July 31, 2020. The Company used \$36.7 million for the purchase of property, plant and equipment, which was partially offset by proceeds from the sale of property, plant and equipment of \$6.4 million.

Net cash used in financing activities was \$27.8 million for the nine-months ended July 31, 2020. Financing activities during this period included \$10.7 million in net payments under the Company's ABL Credit Agreement, \$15.7 in payments on the Company's Term Loan Agreement, and the payment of the contingent consideration in connection with the acquisition of Camfaud of \$1.2 million.

Net cash used in operating activities during the period from December 6, 2018 through July 31, 2019 (the "Successor Period") was \$1.4 million. The Company had a net loss of \$10.5 million that included significant non-cash charges totaling \$42.7 million as follows: (1) depreciation of \$14.1 million, (2) amortization of intangible assets of \$22.2 million, (3) amortization of deferred financing costs of \$1.4 million, (4) stock-based compensation expense of \$2.0 million, and (5) an increase of \$3.0 million in our net deferred income taxes. In addition, we had cash outflows related to the following activity: (1) a \$4.2 million increase in prepaid expenses and other current assets, (2) a \$4.3 million increase in trade receivables, (3) a decrease of \$8.6 million in accrued payroll, accrued expenses and other current liabilities, (4) a decrease of \$7.7 million in accounts payable, and (5) a decrease of \$0.3 million in income taxes payable.

We used \$370.6 million to fund investing activities during the Successor Period. The Company paid \$449.4 million to fund the Business Combination, \$129.2 million to fund the acquisition of Capital and \$2.3 million to fund other business combinations. Additionally, \$29.7 million was used to purchase machinery, equipment, and other vehicles to service our business. These cash outflows were partially offset by \$238.5 million in cash withdrawn from Industrea trust account in addition to proceeds from the sale of property, plant and equipment of \$1.5 million.

Net cash provided from financing activities was \$376.9 million for the Successor Period. Financing activities during the Successor Period included \$417.0 million in proceeds from our new Term Loan Agreement, \$32.2 million in net borrowings under the Company's new ABL Credit Agreement, \$174.3 million from the issuance of common shares, \$1.4 million in proceeds from the exercise of stock options and an additional \$25.0 million from the issuance of preferred stock. All of these cash inflows were used to fund the Business Combination and other operational activity such as equipment purchases. These cash inflows were offset by payments for redemptions of common stock totaling \$231.4 million, \$23.7 million for the payment of debt issuance costs associated with the Term Loan Agreement and new ABL Credit Agreement, and \$8.1 million in payments for underwriting fees.

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Predecessor

Net cash provided by operating activities during the period from November 1, 2018 through December 5, 2018 (the "Predecessor Period") was \$7.9 million. The Company had a net loss of \$22.6 million that included significant non-cash charges totaling \$18.5 million as follows: (1) depreciation of \$2.1 million, (2) prepayment penalty on early extinguishment of debt of \$13.0 million, and (3) write off deferred debt issuance costs of \$3.4 million. The Company had cash outflows due to (1) an increase of \$0.3 million in inventory, (2) a \$1.3 million increase in prepaid expenses and other current assets, (3) an increase of \$4.4 million in our net deferred income taxes, and (4) a \$0.7 million decrease in accounts payable. The amounts were more than offset by cash inflows from an increase of \$17.3 million in accrued payroll, accrued expenses and other current liabilities.

We used \$0.1 million to fund investing activities during the Predecessor Period. We used \$0.5 million to fund purchases of machinery, equipment and other vehicles to service our business. This was offset by \$0.4 million in proceeds received from the sale of property, plant and equipment.

We used \$15.4 million to fund financing activities during the Predecessor Period and this activity was driven by \$15.4 million of net borrowings under the Revolver to operate our business and fund acquisitions.

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements that have had or are reasonably likely to have a material current or future effect on our financial condition, revenue or expenses, results of operations, liquidity, capital expenditures, or capital resources. From time to time, we enter into non-cancellable operating leases that are not reflected on our balance sheet. At July 31, 2020, we had \$1.2 million of undrawn letters of credit outstanding.

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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, 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, 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) help management to 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 make. 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 newly publicly-traded company and other non-recurring costs, which includes the \$2.0 million estimated loss recorded during the fiscal 2020 third quarter for the contingent liability related to certain of the Company's prior shareholders.

	Successor				Predecessor	S/P Combined (non-GAAP)
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018	Nine Months Ended July 31, 2019
<i>(in thousands)</i>						
Consolidated						
Net income (loss)	\$ 2,981	\$ 2,762	\$ (58,733)	\$ (10,513)	\$ (22,575)	\$ (33,088)
Interest expense, net	8,364	9,843	26,632	24,753	1,644	26,397
Income tax benefit	(462)	(1,922)	(3,829)	(3,115)	(4,192)	(7,307)
Depreciation and amortization	14,665	16,477	44,827	36,984	2,713	39,697
EBITDA	25,548	27,160	8,897	48,109	(22,410)	25,699
Transaction expenses	-	176	-	1,458	14,167	15,625
Loss on debt extinguishment	-	-	-	-	16,395	16,395
Stock-based compensation	1,357	1,625	4,208	1,986	-	1,986
Other income, net	(36)	(28)	(139)	(59)	(6)	(65)
Goodwill and intangibles impairment	-	-	57,944	-	-	-
Other adjustments	3,169	1,627	6,477	4,861	1,442	6,303
Adjusted EBITDA	\$ 30,038	\$ 30,560	\$ 77,387	\$ 56,355	\$ 9,588	\$ 65,943

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	Successor				Predecessor	S/P Combined (non-GAAP)
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018	Nine Months Ended July 31, 2019
<i>(in thousands)</i>						
U.S. Concrete Pumping						
Net income (loss)	\$ 865	\$ 1,432	\$ (45,925)	\$ (11,532)	\$ (25,252)	\$ (36,784)
Interest expense, net	7,620	9,046	24,448	22,758	1,154	23,912
Income tax benefit	(368)	(2,482)	(4,505)	(3,414)	(2,102)	(5,516)
Depreciation and amortization	9,745	9,938	29,893	21,471	1,635	23,106
EBITDA	17,862	17,934	3,911	29,283	(24,565)	4,718
Transaction expenses	-	1,458	-	1,458	14,167	15,625
Loss on debt extinguishment	-	-	-	-	16,395	16,395
Stock-based compensation	1,357	1,625	4,208	1,986	-	1,986
Other income, net	1	(26)	(16)	(57)	(6)	(63)
Goodwill and intangibles impairment	-	-	43,500	-	-	-
Other adjustments	1,950	1,038	2,735	4,037	1,636	5,673
Adjusted EBITDA	\$ 21,170	\$ 22,029	\$ 54,338	\$ 36,707	\$ 7,627	\$ 44,334

	Successor				Predecessor	S/P Combined (non-GAAP)
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018	Nine Months Ended July 31, 2019
<i>(in thousands)</i>						
U.K. Operations						
Net income (loss)	\$ (20)	\$ 999	\$ (16,868)	\$ 230	\$ 158	\$ 388
Interest expense, net	744	796	2,184	1,994	490	2,484
Income tax expense (benefit)	(61)	354	333	60	49	109
Depreciation and amortization	2,052	2,864	6,313	7,161	890	8,051
EBITDA	2,715	5,013	(8,038)	9,445	1,587	11,032
Transaction expenses	-	-	-	-	-	-
Loss on debt extinguishment	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-
Other income, net	(37)	-	(123)	-	-	-
Goodwill and intangibles impairment	-	-	14,444	-	-	-
Other adjustments	719	(735)	2,241	261	(191)	70
Adjusted EBITDA	\$ 3,397	\$ 4,278	\$ 8,524	\$ 9,706	\$ 1,396	\$ 11,102

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	Successor				Predecessor	S/P Combined (non-GAAP)
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018	Nine Months Ended July 31, 2019
<i>(in thousands)</i>						
U.S. Concrete Waste Management Services						
Net income (loss)	\$ 1,679	\$ 321	\$ 2,904	\$ (65)	\$ 2,009	\$ 1,944
Interest expense, net	-	1	-	1	-	1
Income tax expense (benefit)	6	8	245	(20)	(1,784)	(1,804)
Depreciation and amortization	2,661	3,257	8,000	7,832	163	7,995
EBITDA	4,346	3,587	11,149	7,748	388	8,136
Transaction expenses	-	-	-	-	-	-
Loss on debt extinguishment	-	-	-	-	-	-

Stock-based compensation	-	-	-	-	-	-
Other income, net	-	(2)	-	(2)	-	(2)
Goodwill and intangibles impairment	-	-	-	-	-	-
Other adjustments	500	43	1,501	563	-	563
Adjusted EBITDA	\$ 4,846	\$ 3,628	\$ 12,650	\$ 8,309	\$ 388	\$ 8,697

	Successor				Predecessor	S/P Combined (non-GAAP)
	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	December 6, 2018 through July 31, 2019	November 1, 2018 through December 5, 2018	Nine Months Ended July 31, 2019
<i>(in thousands)</i>						
Corporate						
Net income	\$ 457	\$ 10	\$ 1,156	\$ 854	\$ 510	\$ 1,364
Interest expense, net	-	-	-	-	-	-
Income tax expense (benefit)	(39)	198	98	259	(355)	(96)
Depreciation and amortization	207	418	621	520	25	545
EBITDA	625	626	1,875	1,633	180	1,813
Transaction expenses	-	(1,282)	-	-	-	-
Loss on debt extinguishment	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-
Other income, net	-	-	-	-	-	-
Goodwill and intangibles impairment	-	-	-	-	-	-
Other adjustments	-	1,281	-	-	(3)	(3)
Adjusted EBITDA	\$ 625	\$ 625	\$ 1,875	\$ 1,633	\$ 177	\$ 1,810

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. As we are an emerging growth company, we have qualified for and 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.

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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 the fiscal 2020 third quarter.

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 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.

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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 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.

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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 evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness 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 of July 31, 2020.

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 that was identified during the second quarter of 2020, our disclosure controls and procedures were not effective as of July 31, 2020.

Specifically, during completion of the Company's goodwill and intangibles impairment analysis as of April 30, 2020, our Management determined its control related to the review of certain inputs in the valuation analysis did not operate effectively, resulting in a material reduction to the goodwill impairment originally recorded. This error was identified and corrected prior to release of the Company's second quarter of fiscal 2020 Form 10-Q.

Management has since implemented a remediation plan intended to modify and improve the design of the controls in regard to the review of inputs into the valuation analysis by including an additional layer of review of the inputs utilized in the valuation analysis.

However, remedial controls must operate for a sufficient period of time for a definitive conclusion, through testing, that the deficiencies have been fully remediated and, as such, we can give no assurance that the measures we have undertaken have fully remediated the material weakness that we have identified or that additional material weaknesses will not arise in the future. As management continues to evaluate and improve internal control over financial reporting, we may decide to take additional measures to address control deficiencies, or in appropriate circumstances determine to modify the design of the Company's internal controls.

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 third fiscal quarter of 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Part II

Item 1. Legal Proceedings.

From time to time we are involved in various claims and lawsuits arising in the ordinary course of our business that we believe will not have a material adverse effect on our business or financial condition, including claims and lawsuits alleging breaches of our contractual obligations.

Item 1A. Risk Factors.

Except as set forth below, 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, 2019 filed with the SEC on January 14, 2020 (the "Form 10-K"). 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.

Public health emergencies, epidemics, or pandemics, including the novel coronavirus, could adversely affect our business, results of operations and financial condition

The widespread outbreak of an illness or any other communicable disease, or any other public health emergency that results in economic and trade disruptions could negatively impact our business and the businesses of our customers. In December 2019, a novel strain of coronavirus, COVID-19, was identified and the virus continues to spread globally and the World Health Organization has declared COVID-19 a pandemic. Many countries and localities across the world have implemented orders to slow and limit the transmission of the virus. These orders have limited or prohibited certain economic activity, including, in some jurisdictions in which we operate, the shutdown of construction activity. If such an illness or infectious disease broke out at one or more of our offices, facilities or work sites, our operations, productivity and ability to complete projects in accordance with our contractual obligations may be significantly affected and we may incur increased labor and materials costs. In addition, if the customers with which we contract are affected by an outbreak of infectious disease, their construction and service projects may be delayed or cancelled, and we may incur significant operating losses and increased labor and materials costs.

Furthermore, the extent to which the COVID-19 pandemic will impact our business and results of operations 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; 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 us for services rendered; any further closures of our and our 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 could have a material adverse effect on our business, financial condition, results of operations, and/or stock price.

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

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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(b) or Rule 15d-14(a).
31.2	Certification of the Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(a).
32.1	Certification of the Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350.
32.2	Certification of the Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350.
101.INS	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
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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SIGNATURE

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

Dated: September 9, 2020

**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 July 31, 2020 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: September 9, 2020

/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 July 31, 2020 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: September 9, 2020

/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, the undersigned Chief Executive Officer of Concrete Pumping Holdings, Inc. (the "Company") hereby certifies that to my knowledge, the Annual Report on Form 10-Q of the Company for the quarter ended July 31, 2020 (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 information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 9, 2020

/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, the undersigned Chief Financial Officer of Concrete Pumping Holdings, Inc. (the "Company") hereby certifies that to my knowledge, the Annual Report on Form 10-Q of the Company for the quarter ended July 31, 2020 (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 information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 9, 2020

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