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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): October 30, 2024

CONSTRUCTION PARTNERS, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-38479	26-0758017
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

290 Healthwest Drive, Suite 2
Dothan, Alabama 36303
(Address of principal executive offices) (ZIP Code)

(334) 673-9763
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A common stock, $0.001 par value	ROAD	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

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

Introductory Note

On November 4, 2024, Construction Partners, Inc. (the “Company”) filed with the U.S. Securities and Exchange Commission (“SEC”) a Current Report on Form 8-K (the “Original Form 8-K”) in connection with the completion of the Company’s acquisition of Asphalt Inc., LLC (doing business as Lone Star Paving), a Texas limited liability company (“Lone Star”), pursuant to that certain Unit Purchase Agreement, dated as of October 20, 2024, by and among the Company, Lone Star, the individual sellers listed on the signature pages thereto (the “Sellers”) and John J. Wheeler, in his capacity as the Sellers’ representative thereunder (the “Acquisition”). This Current Report on Form 8-K/A (this “Amendment”) amends the Original Form 8-K to provide the historical financial statements and pro forma financial information required by Items 9.01(a) and (b) of Form 8-K, which were omitted from the Original Report as permitted by paragraphs (a)(3) and (b)(2) of Item 9.01 of Form 8-K.

The presentation of the Target Financial Statements (defined below), including the level of detail provided therein, is not necessarily indicative of how the Company intends to present its financial results in the future. The pro forma financial information included in this Amendment has been presented for informational purposes only, as required by Form 8-K. Such pro forma financial information does not purport to represent the actual results of operations that the Company would have achieved had it completed the Acquisition prior to the periods presented in the pro forma financial information, and it is not intended as a projection of the future results of operations that the Company may achieve after the Acquisition. No other amendments are being made to the Original Form 8-K by this Amendment. This Amendment should be read in conjunction with the Original Form 8-K, which provides a more complete description of the Acquisition.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial statements of businesses or funds acquired.*

Pursuant to the authority granted under Rule 3-13 of Regulation S-X, the SEC is permitting the Company to substitute the audited consolidated and combined financial statements of Lone Star and ACE Aggregates, LLC as of and for the year ended September 30, 2024 (the “Target Financial Statements”) in lieu of the financial statements for the periods required by Rule 3-05 of Regulation S-X. The Target Financial Statements and accompanying notes related thereto are filed herewith as Exhibit 99.2 and are incorporated by reference herein.

(b) *Pro forma financial information.*

The unaudited pro forma condensed combined balance sheet of the Company as of September 30, 2024, the unaudited pro forma condensed combined statement of comprehensive income for the fiscal year ended September 30, 2024 and the accompanying notes related thereto are filed herewith as Exhibit 99.1 and are incorporated by reference herein.

(d) *Exhibits*.

Exhibit No.	Description
23.1	Consent of Armanino LLP.
99.1	Unaudited pro forma condensed combined financial information of Construction Partners, Inc. and accompanying notes related thereto as of and for the fiscal year ended September 30, 2024.
99.2	Audited consolidated and combined financial statements of Asphalt Inc., LLC and ACE Aggregates, LLC and accompanying notes related thereto as of and for the year ended September 30, 2024.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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

	CONSTRUCTION PARTNERS, INC.
Date: January 17, 2025	By: /s/ Gregory A. Hoffman
	Gregory A. Hoffman
	Senior Vice President and Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements on FormS-8 (Nos. 333-280299, 333-224974 and 333-272142) of Construction Partners, Inc. of our report dated January 13, 2025 relating to the consolidated and combined financial statements of Asphalt Inc., LLC d/b/a Lone Star Paving Company and ACE Aggregates, LLC as of and for the twelve months ended September 30, 2024, which appears in this Current Report on Form 8-K/A.

/s/ Armanino LLP

Austin, Texas

January 17, 2025

Unaudited Pro Forma Condensed Combined Financial Information

On October 20, 2024, Construction Partners, Inc. (the “Company”) entered into a Unit Purchase Agreement (the “Purchase Agreement”) with Asphalt Inc., LLC d/b/a Lone Star Paving (“Lone Star Paving”), the selling unitholders party thereto, and John J. Wheeler, in his capacity as the selling unitholders’ representative thereunder, pursuant to which the Company agreed to purchase all the issued and outstanding membership units of Lone Star Paving (the “Acquisition”).

On November 1, 2024, the Company completed the Acquisition for (i) $654.2 million in cash and (ii) 3,000,000 shares of Class A common stock, par value $0.001, of the Company (“Class A common stock”) having an aggregate fair market value of approximately $236.3 million at closing. In addition, the Company agreed to (i) pay cash to the selling unitholders in an amount equal to the working capital remaining in Lone Star Paving at closing, as finally determined (subject to adjustments and offsets to satisfy certain indemnification obligations and any purchase price overpayments), to be paid out in quarterly installments over four quarters following the closing and (ii) purchase from the selling unitholders for $30.0 million in cash an entity that owns certain real property following receipt of specified operational entitlements by such entity. The cash paid at closing was funded from the proceeds of the Term Loan B, as defined below in Note 5 – Financing and Other Adjustments. The transaction will be accounted for as a business combination in accordance with Accounting Standards Codification Topic 805, *Business Combinations*, which allocates the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed based on their fair values, other than leases acquired in connection with business combinations, which are recorded based on Topic 842, *Leases*, and contract assets and liabilities acquired in connection with business combinations, which are recorded based on ASC Topic 606, *Revenue from Contracts with Customers.*

The unaudited pro forma condensed combined balance sheet as of September 30, 2024 is presented as if the Acquisition had occurred on September 30, 2024 and is based on the consolidated balance sheet of the Company as of September 30, 2024 (as filed with the Securities and Exchange Commission (“SEC”) in its annual report on Form 10-K for the fiscal year ended September 30, 2024) (the “2024 Form10-K”) and the audited consolidated and combined balance sheet of Lone Star Paving for the year ended September 30, 2024 (included in Exhibit 99.1 to this Current Report on Form 8-K/A) (the “Lone Star Financial Statements”) and pro forma adjustments described in the accompanying notes.

The unaudited pro forma condensed combined statement of comprehensive income for the year ended September 30, 2024 is presented as if the Acquisition had occurred on October 1, 2023, and is based on the consolidated statement of comprehensive income of the Company for the year ended September 30, 2024 as presented in the 2024 Form 10-K and the audited consolidated and combined statement of income of Lone Star Paving for the year ended September 30, 2024 as presented in the Lone Star Financial Statements and pro forma adjustments described in the accompanying notes.

The unaudited pro forma condensed combined financial information should be read in conjunction with the Company's and Lone Star Paving's historical financial statements described above, and the accompanying notes to the unaudited pro forma condensed combined financial statements, which describe the assumptions and estimates underlying the adjustments set forth therein. The pro forma adjustments, which management believes are reasonable under the circumstances, are preliminary and based upon available information and certain assumptions described in the accompanying notes to the unaudited pro forma condensed combined financial information. Accordingly, the actual financial condition or performance of Lone Star Paving following the completion of the Acquisition in subsequent periods may differ materially from that which is reflected in the unaudited pro forma condensed combined financial information. The pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Transactions in subsequent periods may differ materially from that which is reflected in the unaudited pro forma condensed combined financial information. Additionally, the final determination of consideration and the purchase price allocation will be based on Lone Star Paving's net assets as of the closing of the working capital period and will depend on a number of factors that cannot be predicted with certainty at this time. Actual results and estimates of fair value may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined consolidated financial information is for illustrative purposes only, is hypothetical in nature and does not purport to represent what the Company's results of operations, balance sheet or other financial information would have been if the Acquisition had occurred as of the dates indicated. The unaudited pro forma adjustments are based upon available information and certain assumptions that the Company's management believes are reasonable, including an allocation of the purchase price based on an estimate of fair value. These estimates are preliminary, are based on information currently available and could change significantly.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of September 30, 2024
(in thousands, except share and per share data)

	Historical		Pro Forma						
	Construction Partners, Inc. As Reported	Asphalt, Inc./ACE Reclassified (Note 6)	Adjustments for LSA Investment Holdings, LLC and Burnet Ranch Investments, LLC	Note 3	Transaction Accounting Adjustments	Note 3	Financing and Other Adjustments	Note 5	Pro Forma Combined
ASSETS									
Current assets:									
Cash and cash equivalents	$ 74,686	$ 10,188	$ (5,097)	(a)	$ (659,750)	(f),(h)	$ 651,710	(a),(b)	$ 71,737
Restricted cash	1,998	—	—		—		—		1,998
Contracts receivable including retainage, net	350,811	95,569	—		—		—		446,380
Costs and estimated earnings in excess of billings on uncompleted contracts	25,966	3,581	—		—		—		29,547
Inventories	106,704	26,138	—		1,851	(b)	—		134,693
Prepaid expenses and other current assets	24,841	1,957	(1,957)	(a)	—		—		24,841
Total current assets	585,006	137,433	(7,054)		(657,899)		651,710		709,196
Property, plant and equipment, net	629,924	248,062	(11,442)	(a)	172,026	(c)	—		1,038,570
Operating lease right-of-use assets	38,932	2,006	—		—		—		40,938
Goodwill	231,656	43,810	—		351,686	(d)	—		627,152
Intangible assets, net	20,549	—	—		84,400	(e)	—		104,949
Investment in joint venture	84	—	—		—		—		84
Restricted investments	18,020	—	—		—		—		18,020
Other assets	17,964	6,100	(6,100)	(a)	—		—		17,964
Total assets	$ 1,542,135	$ 437,411	$ (24,596)		$ (49,787)		$ 651,710		$2,556,873
LIABILITIES AND STOCKHOLDERS' EQUITY									
Current liabilities:									
Accounts payable	$ 182,572	$ 43,559	$ (1,215)	(a)	$ —		$ —		$ 224,916
Billings in excess of costs and estimated earnings on uncompleted contracts	120,065	9,474	—		—		—		129,539
Current portion of operating lease liabilities	9,065	635	—		—		—		9,700
Current maturities of long-term debt	26,563	41,781	—		(41,781)	(i)	8,484	(a)	35,047
Accrued expenses and other current liabilities	42,189	58,733	(56,903)	(a)	76,731	(g)	—		120,750
Total current liabilities	380,454	154,182	(58,118)		34,950		8,484		519,952
Long-term liabilities:									
Long-term debt, net of current maturities and deferred debt issuance costs	486,961	130,934	—		(130,934)	(i)	645,716	(a)	1,132,677
Operating lease liabilities, net of current portion	30,661	1,314	—		—		—		31,975
Deferred income taxes, net	53,852	—	—		—		—		53,852
Other long-term liabilities	16,467	—	—		—		—		16,467
Total long-term liabilities	587,941	132,248	—		(130,934)		645,716		1,234,971
Total liabilities	968,395	286,430	(58,118)		(95,984)		654,200		1,754,923
Commitments and contingencies									
Stockholders' Equity:									
Preferred stock, par value $0.001; 10,000,000 shares authorized at September 30, 2024 and no shares issued and outstanding	—	—	—		—		—		—
Class A common stock, par value $0.001; 400,000,000 shares authorized, 47,062,830 shares issued and 46,819,102 shares outstanding at September 30, 2024	44	—	—		3	(h)	—		47
Class B common stock, par value $0.001; 100,000,000 shares authorized, 11,784,650 shares issued and 8,861,698 shares outstanding at September 30, 2024	12	—	—		—		—		12
Additional paid-in capital	278,065	—	—		236,247	(h)	—		514,312
Treasury stock, Class A common stock, par value $0.001, at cost, 243,728 shares at September 30, 2024	(11,490)	—	—		—		—		(11,490)

Treasury stock, Class B common stock, par value $0.001, at cost, 2,922,952 shares at September 30, 2024	(15,603)	—	—		—		—		(15,603)
Accumulated other comprehensive income, net	7,502	—	—		—		—		7,502
Retained earnings	315,210	150,981	33,522	(a)	(190,053)	(c),(d),(f),(g),(i)	(2,490)	(b)	307,170
Total stockholders' equity	573,740	150,981	33,522		46,197		(2,490)		801,950
Total liabilities and stockholders' equity	$ 1,542,135	$ 437,411	$ (24,596)		$ (49,787)		$ 651,710		$2,556,873

Unaudited Pro Forma Condensed Combined Statement of Comprehensive Income
For the Fiscal Year Ended September 30, 2024
(in thousands, except share and per-share data)

	Historical		Pro Forma						
	Construction Partners, Inc. As Reported	Asphalt, Inc./ACE Reclassified (Note 6)	Adjustments for LSA Investment Holdings, LLC and Burnet Ranch Investments, LLC	Note 4	Transaction Accounting Adjustments	Note 4	Financing and Other Adjustments	Note 5	Pro Forma Combined
Revenues	$ 1,823,889	$ 520,967	$ —		$ —		$ —		$ 2,344,856
Cost of revenues	1,565,635	405,602	—		10,554	(b),(c),(d),(f)	—		1,981,791
Gross profit	258,254	115,365	—		(10,554)		—		363,065
General and administrative expenses	(151,497)	(24,631)	4	(a)	(5,564)	(b),(c),(e)	(5,733)	(a),(d)	(187,421)
Gain on sale of property, plant and equipment	4,483	181	—		—		—		4,664
Operating income	111,240	90,915	4		(16,118)		(5,733)		180,308
Interest expense, net	(19,071)	(9,680)	831	(a)	8,849	(g)	(48,511)	(b),(c)	(67,582)
Other (expense) income	(70)	12,547	(11,986)	(a)	—		—		491
Income before provision for income taxes and earnings from investment in joint venture	92,099	93,782	(11,151)		(7,269)		(54,244)		113,217
Provision for income taxes	23,161	1,099	—		15,595	(h)	(11,391)	(e)	28,464
Loss from investment in joint venture	(3)	—	—		—		—		(3)
Net income	$ 68,935	$ 92,683	$ (11,151)		$ (22,864)		$ (42,853)		$ 84,750
Other comprehensive (loss) income, net of tax									
Unrealized (loss) gain on interest rate swap contract, net	(11,889)	—	—		—		—		(11,889)
Unrealized gain (loss) on restricted investments, net	697	—	—		—		—		697
Other comprehensive (loss) income, net	(11,192)	—	—		—		—		(11,192)
Comprehensive income	$ 57,743	$ 92,683	$ (11,151)		$ (22,864)		$ (42,853)		$ 73,558
Net income per share attributable to common stockholders:									
Basic	$ 1.33					(i)			$ 1.54
Diluted	$ 1.31					(i)			$ 1.53
Weighted average number of common shares outstanding:									
Basic	51,883,760					(i)			54,883,760
Diluted	52,574,503					(i)			55,368,042

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

Note 1 – Lone Star Paving Acquisition

On November 1, 2024, the Company completed the Acquisition for (i) $654.2 million in cash and (ii) 3,000,000 shares of Class A common stock having an aggregate fair market value of approximately $236.3 million at closing. In addition, the Company agreed to (i) pay cash to the selling unit holders in an amount equal to the working capital remaining in Lone Star Paving at closing, as finally determined (subject to adjustments and offsets to satisfy certain indemnification obligations and any purchase price overpayments), to be paid out in quarterly installments over four quarters following the closing and (ii) purchase from the selling unitholders for $30.0 million in cash an entity that owns certain real property following receipt of specified operational entitlements by such entity. The cash paid at closing was funded from the proceeds of the Term Loan B, as defined below in Note 5 – Financing and Other Adjustments. As a result of the Acquisition, Lone Star Paving is a wholly-owned subsidiary of the Company.

Total consideration as of September 30, 2024, is as follows (in thousands):

Consideration:	
Cash	$654,200
Fair value of Class A common stock	236,250
Working capital payable	76,731
Total consideration	$967,181

The following table summarizes the preliminary purchase price allocation if the Acquisition had occurred as of September 30, 2024 (in thousands):

Assets acquired:	
Cash and cash equivalents	$ 5,091
Contracts receivable including retainage	95,569
Inventories	27,989
Cost and estimated earnings in excess of billings on uncompleted contracts	3,581
Property, plant and equipment	408,646
Operating lease right-of-use assets	2,006
Intangible assets	84,400
Total assets acquired	$627,282
Liabilities assumed:	
Accounts payable	$ 42,344
Accrued expenses and other current liabilities	1,830
Billings in excess of costs and estimated earnings on uncompleted contracts	9,474
Operating lease liabilities	1,949
Total liabilities assumed	$ 55,597
Net assets acquired	$571,685
Total consideration	$967,181
Goodwill	$395,496

This purchase price allocation is preliminary and has not been finalized due to the recent timing of the Acquisition, as certain information is pending on such date to finalize estimates of fair value of certain assets acquired and liabilities assumed. The Company has consulted with independent third parties to assist in the valuation process. The Company expects to finalize the estimate of fair values as soon as practicable and no later than one year from the November 1, 2024 Acquisition date.

The amount of the purchase price exceeding the net fair value of identifiable assets acquired and liabilities assumed is recorded as preliminary goodwill in the amount of approximately $395.5 million, which is deductible for income tax purposes. Goodwill primarily represents the assembled workforce and synergies expected to result from the Acquisition. Goodwill will be reviewed for impairment at least annually, or more frequently when events or changes in circumstances indicate that the carrying value may not be recoverable.

The Company is obligated to purchase certain real property from Burnet Ranch Investments, LLC, for $30.0 million in cash following receipt of specified operational entitlements. Burnet Ranch Investments, LLC, and LSA Investment Holdings, LLC, which were not acquired as part of the Acquisition, have been removed from the unaudited pro forma condensed combined financial statements.

Note 2 – Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial statements are prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses". The historical information of the Company and Lone Star Paving is presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Certain reclassifications have been made in order to align the historical presentation of Lone Star Paving to the Company. Refer to Note 6 – Reclassification Adjustments for more information.

The Acquisition will be treated as a business combination for accounting purposes, with the Company determined to be the accounting acquirer. The purchase price was allocated to the assets acquired and liabilities assumed based on their preliminary estimated fair values as of November 1, 2024.

The unaudited pro forma condensed combined financial statements are not necessarily indicative of what the actual results and operations and financial position would have been had the Acquisition taken place on the dates indicated, are not necessarily indicative of the future consolidated results of operations or financial position of the Company, and are based on the information available at the time of their preparation. Actual results may differ materially from the assumptions and estimates within the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial statements are intended to provide information about the impact of the Acquisition as if it had been consummated on the dates specified. The pro forma adjustments are based on available information and certain assumptions that management believes are factually supportable and are expected to have an impact on consolidated results of operations or financial position of the Company. In the opinion of management, all adjustments necessary to present fairly the unaudited pro forma condensed combined financial statements have been made.

Note 3 – Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

The following adjustments were made in the preparation of the unaudited pro forma condensed combined balance sheet as of September 30, 2024:

(a) Adjustment to remove assets and liabilities of LSA Investment Holdings, LLC and Burnet Ranch Investments, LLC, which were not acquired as part of the Acquisition, as well as associated historical book equity (see Lone Star Financial Statements).

(b) Represents the fair value step up adjustment of $1.9 million to acquired inventory.

(c) Represents the fair value step up adjustment of $172.0 million to acquired property, plant and equipment.

(d) Represents the elimination of historical goodwill of Lone Star Paving and the preliminary recognition of $395.5 million of goodwill pertaining to the Acquisition.

(e) Represents the preliminary recognition of $84.4 million of identifiable intangible assets, including $48.5 million of customer relationships and $35.9 million of an indefinite-lived trade name license in connection with the Acquisition.

(f) To record a decrease in cash for the estimated transaction expenses of $5.6 million associated with the Acquisition.

(g) To record an increase in accrued expenses and other current liabilities of $76.7 million for the estimated working capital payable based on the audited consolidated and combined balance sheet of Lone Star Paving as of September 30, 2024.

(h) Adjustment to reflect 3,000,000 shares of Class A common stock transferred at the time of closing with a value of $236.3 million and $654.2 million in cash.

(i) Represents settlement of Lone Star Paving's outstanding debt by cash drawn from Term Loan B as referenced in detail in Note 5 below.

Note 4 – Adjustments to Unaudited Pro Forma Condensed Combined Statement of Comprehensive Income

The following adjustments were made in the preparation of the unaudited pro forma condensed combined statement of comprehensive income for the fiscal year ended September 30, 2024:

(a) Adjustment to remove operations associated with LSA Investment Holdings, LLC and Burnet Ranch Investments, LLC, which were not acquired as part of the Acquisition (see Lone Star Financial Statements).

(b) Adjustment to remove $0.1 million of general and administrative expenses and $21.8 million of cost of revenues, the historical amount of Lone Star Paving's depreciation expense.

(c) Adjustment to add $0.1 million of general and administrative expenses and $26.8 million of cost of revenues for the depreciation and depletion expense resulting from the change in basis of property and equipment acquired in the Acquisition.

(d) Adjustment to add $3.7 million of cost of revenues for amortization expense resulting from the customer relationship intangible assets acquired in the Acquisition, which are amortized over their estimated useful lives ranging from 10 to 15 years.

(e) Adjustment to add $5.6 million to general and administrative expenses for transaction-related expenses associated with the Acquisition incurred subsequent to September 30, 2024.

(f) Adjustment to add $1.9 million to cost of goods sold for the fair value step up of acquired inventory expected to be sold within one year of the acquisition.

(g) Adjustment to remove $8.8 million of Lone Star Paving's historical interest expense, net.

(h) The adjustment pertains to estimated income tax considerations associated with the Acquisition. Lone Star Paving was previously held within a pass-through structure, making it exempt from federal income taxes at the entity level. Income tax expenses for the Acquisition are recorded at the federal statutory tax rate of 21.0%.

(i) The pro forma basic and diluted weighted average shares outstanding are a combination of historic and weighted average shares of the Company's common shares and issuance of shares in connection with the Acquisition.

	For the Fiscal Year Ended September 30, 2024	
	Construction Partners, Inc. As Reported	Pro Forma Combined
Basic Earnings per Share		
Numerator		
Net Income attributable to common stockholders	$ 68,935	$ 84,750
Denominator		
Weighted average number of common shares outstanding, basic	51,883,760	54,883,760
Net Income per common share attributable to common stockholders, basic	$ 1.33	$ 1.54
Diluted Earnings per Share		
Numerator		
Net Income attributable to common stockholders	$ 68,935	$ 84,750
Denominator		
Weighted average number of common shares outstanding, basic	51,883,760	54,883,760
Effect of dilutive securities:		
Restricted stock unit grants	690,743	484,282
Weighted average number of diluted common shares outstanding:	52,574,503	55,368,042
Net Income per diluted common share attributable to common stockholders, basic	$ 1.31	$ 1.53

Note 5 – Financing and Other Adjustments

In connection with the Acquisition, the Company entered into a Term Loan Credit Agreement with Bank of America, N.A., as administrative agent, BofA Securities, Inc., PNC Capital Markets LLC, Regions Capital Markets, a division of Regions Bank, and TD Securities (USA) LLC, each as joint lead arranger and joint bookrunner, and certain other lenders party thereto (the "Term Loan B Credit Agreement"), which provided for a senior secured first lien term loan facility in the aggregate principal amount of $850.0 million, the full amount of which was drawn on November 1, 2024 (the "Term Loan B"). A portion of the proceeds of the Term Loan B was used to finance the cash portion of the consideration for the Acquisition, including the repayment of certain outstanding indebtedness of Lone Star Paving and its subsidiaries at the closing. The remaining loan proceeds were used (i) to repay the Company's outstanding borrowings under other credit facilities and (ii) to pay fees and expenses incurred in connection with the debt financing transaction and the Acquisition.

The Company only used $654.2 million of the net proceeds from the Term Loan B Credit Agreement to repay outstanding indebtedness of Lone Star Paving and its subsidiaries at the closing. This repayment is included in the consideration transferred; refer to Note 1. The remaining net proceeds of $195.8 million were used to pay down the Revolving Credit Facility provided by Term Loan A and fees and expenses incurred in connection with Term Loan B. There would be no material difference in interest expense between Term Loan A and Term Loan B for the pay down of the Revolving Credit Facility provided by Term Loan A.

The following adjustments were made in the preparation of the unaudited pro forma condensed combined balance sheet as of September 30, 2024:

(a) Represents the aggregate principal amount of Term Loan B for $850.0 million, net of $195.8 million that was used to pay down the Revolving Credit Facility provided by Term Loan A and debt issuance costs of $16.3 million. The debt liability is allocated between current and long-term.

(b) Represents third party fees of $2.5 million associated with Term Loan B.

The following adjustments were made in the preparation of the unaudited pro forma condensed combined statement of comprehensive income for the fiscal year ended September 30, 2024:

(a) Adjustment to add $3.2 million to general and administrative expenses for restricted stock awards issued under the Construction Partners, Inc. 2018 Equity Incentive Plan to certain key employees of Lone Star Paving, consisting of 180,000 restricted shares of Class A common stock with an aggregate grant date fair value of $14.2 million.

(b) Adjustment to add $46.2 million to interest expense for the $654.2 million of Term Loan B net proceeds used to pay the Acquisition consideration and repay outstanding indebtedness of Lone Star Paving and its subsidiaries at the closing. The pro forma interest expense adjustment assumes an interest rate of 7.00%. A 1/8% change in the interest rate would not have a material impact on pro forma interest expense.

(c) Adjustment to add $2.3 million to interest expense for amortization on the $16.3 million of debt issuance costs.

(d) Adjustment to add $2.5 million to general and administrative expenses for third party fees associated with Term Loan B.

(e) The adjustment pertains to estimated income tax considerations associated with the Acquisition. Lone Star Paving was previously held within a pass-through structure, making it exempt from federal income taxes at the entity level. Income tax expenses for the Acquisition are recorded at the federal statutory tax rate of 21.0%.

Note 6 – Reclassification Adjustments

The tables below represent the reclassification adjustments for certain financial statement line items, as reported by Lone Star Paving under GAAP, to align with the expected classifications of the Company, post-Acquisition.

Reclassifications in the unaudited pro forma condensed combined balance sheet as of September 30, 2024:

	Before Reclassification	Reclassification	Note	After Reclassification
Related party notes receivable	$ 6,100	$ (6,100)	(a)	$ —
Other assets	$ —	$ 6,100	(a)	$ 6,100
Line of credit	$ 14,168	$ (14,168)	(b)	$ —
Current maturities of long-term debt	$ 27,613	$ 14,168	(b)	$ 41,781
Accrued expenses and other current liabilities	$ 2,098	$ 56,635	(c),(d)	$ 58,733
Other payables	$ 2,922	$ (2,922)	(c)	$ —
Related party notes payable	$ 53,713	$ (53,713)	(d)	$ —
Members’ equity	$ 150,981	$ (150,981)	(e)	$ —
Retained earnings	$ —	$ 150,981	(e)	$ 150,981

Notes:

(a) Represents reclassification of $6.1 million from “Related party notes receivable” to “Other assets” to conform to the Company’s balance sheet presentation.

(b) Represents reclassification of $14.2 million from “Line of credit” to “Current maturities of long-term debt” to conform to the Company’s balance sheet presentation.

(c) Represents reclassification of $2.9 million from “Other payables” to “Accrued expenses and other current liabilities” to conform to the Company’s balance sheet presentation.

(d) Represents reclassification of $53.7 million from “Related party notes payable” to “Accrued expenses and other current liabilities” to conform to the Company’s balance sheet presentation.

(e) Represents reclassification of $151.0 million from “Members’ equity” to “Retained earnings” to conform to the Company’s balance sheet presentation.

Reclassifications in the unaudited pro forma condensed combined statement of comprehensive income for the year ended September 30, 2024:

	Before Reclassification	Reclassification	Note	After Reclassification
Gain on sale of property, plant and equipment	$ —	$ 181	(a)	$ 181
Interest expense, net	$ —	$ (9,680)	(a)	$ (9,680)
Other (expense) income	$ 3,048	$ 9,499	(a)	$ 12,547

Note:

(a) Represents reclassification from “Other (expense) income” to “Gain on sale of property, plant and equipment” and “Interest expense, net” to conform to the Company’s statement of comprehensive income presentation.

Exhibit 99.2

Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC

Consolidated and Combined Financial Statements
and Supplementary Information

September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members
Asphalt, Inc., LLC dba Lone Star Paving Company and ACE
Aggregates, LLC
Austin, Texas

Opinion

We have audited the accompanying consolidated and combined financial statements of Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC (collectively, the ''Company''), which comprise the consolidated and combined balance sheet as of September 30, 2024, and the related consolidated and combined statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes to the consolidated and combined financial statements.

In our opinion, the consolidated and combined financial statements referred to above present fairly, in all material respects, the financial position of Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC as of September 30, 2024, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated and combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated and combined financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated and combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated and combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated and combined financial statements as a whole. The supplementary information on pages 24 - 29 is presented for purposes of additional analysis and is not a required part of the consolidated and combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated and combined financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated and combined financial statements or to the consolidated and combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated and combined financial statements as a whole.

Armanino LLP

Armanino LLP
Austin, Texas

January 13, 2025

Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC
Consolidated and Combined Balance Sheet
September 30, 2024

ASSETS	
Current assets	
Cash	$ 10,188,290
Contract receivables, net of allowance for credit losses of $950,000	95,569,046
Costs and estimated earnings on uncompleted contracts in excess of billings	3,580,659
Other assets	1,957,557
Inventory	26,138,380
Total current assets	137,433,932
Related party notes receivable	6,100,000
Operating lease right-of-use assets, net	2,005,658
Goodwill	43,810,085
Fixed assets, net	248,061,640
Total assets	$437,411,315
LIABILITIES AND MEMBERS' EQUITY	
Current liabilities	
Accounts payable	$ 43,559,365
Accrued liabilities	2,097,970
Other payables	2,922,176
Billings in excess of costs and estimated earnings on uncompleted contracts	9,474,338
Line of credit	14,168,194
Related party notes payable	53,712,500
Current portion of long-term debt	27,612,500
Current portion of operating lease liability	634,911
Total current liabilities	154,181,954
Long-term debt, net of current portion	130,933,994
Operating lease liability, net of current portion	1,314,437
Total liabilities	286,430,385
Members' equity	150,980,930
Total liabilities and members' equity	$437,411,315

The accompanying notes are an integral part of these consolidated and combined financial statements.

Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC
Consolidated and Combined Statement of Income
For the Year Ended September 30, 2024

Revenues	
Contract revenues earned - paving	$447,083,316
Sales - materials	73,883,714
Total revenues	520,967,030
Cost of revenues	
Cost of contract revenues - paving	351,485,482
Cost of sales - materials	54,116,434
Total cost of revenues	405,601,916
Gross profit	115,365,114
Selling, general, and administrative expenses	24,631,486
Income from operations	90,733,628
Other income (expense)	
Other income	1,092,471
Earnings from equity method investments	1,200,000
Net gain on remeasurement of equity interests to fair value	10,253,392
Gain on sale of fixed assets	181,479
Interest expense	(9,679,583)
Total other income (expense), net	3,047,759
Income before provision for income taxes	93,781,387
Provision for income taxes	1,098,525
Net income	$ 92,682,862

The accompanying notes are an integral part of these consolidated and combined financial statements.

Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC
Consolidated and Combined Statement of Changes in Members' Equity
For the Year Ended September 30, 2024

Balance, beginning of year	$ 198,079,318
Distributions	(35,000,000)
Redemption of 20% interest in Asphalt, Inc., LLC (Note 14)	(105,531,250)
Contributions	750,000
Net income	92,682,862
Balance, end of year	$ 150,980,930

The accompanying notes are an integral part of these consolidated and combined financial statements.

Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC
Consolidated and Combined Statement of Cash Flows
For the Year Ended September 30, 2024

Cash flows from operating activities	
Net income	
Adjustments to reconcile net income to net cash provided by operating activities	$ 92,682,862
Depreciation	21,939,485
Gain on sale of fixed assets	(181,479)
Net gain on remeasurement of equity interests to fair value	(10,253,392)
Provision for credit losses	450,000
Earnings from equity method investments	(1,200,000)
Amortization of right-of-use assets	1,367,528
Changes in operating assets and liabilities Contract receivables, net	(18,489,092)
Costs and estimated earnings in excess of costs on uncompleted contracts	(111,495)
Other assets	(1,329,303)
Inventory	(1,186,319)
Accounts payable	11,018,846
Accrued liabilities	34,893
Billings in excess of costs and estimated earnings on uncompleted contracts	2,136,758
Provision for losses on uncompleted contracts	(550,000)
Operating lease liabilities	(3,845,879)
Net cash provided by operating activities	92,483,413
Cash flows from investing activities Proceeds from sale of fixed assets	8,090,150
Cash paid for purchase of fixed assets	(86,655,694)
Cash paid for acquisitions	(50,197,358)
Payments on related party notes payable	57,742,500
Payment for issuance of related party notes receivable	(4,030,000)
Payments received on related party notes receivable	8,725,000
Net cash used in investing activities	(66,325,402)
Cash flows from financing activities Proceeds from line of credit	243,702,685
Payments on lines of credit	(231,034,491)
Proceeds from issuance of long-term debt	4,932,860
Payments on long-term debt	(24,406,019)
Contributions	750,000
Distributions	(35,000,000)
Net cash used in financing activities	(41,054,965)
Net decrease in cash	(14,896,954)
Cash, beginning of year	25,085,244
Cash, end of year	$10,188,290

Supplemental disclosures of cash flow information	
Cash paid during the year for	
Interest	$9,162,310
Income taxes	$1,098,525
Supplemental schedule of noncash investing and financing activities	
Noncash recognition of new operating leases	$1,395,278

The accompanying notes are an integral part of these consolidated and combined financial statements.

1. NATURE OF OPERATIONS

Asphalt, Inc., LLC dba Lone Star Paving and ACE Aggregates, LLC, (collectively the "Company") share common control. Asphalt, Inc., LLC dba Lone Star Paving was organized in the State of Texas on September 18, 2013 and ACE Aggregates, LLC, was organized in the State of Texas in 2017. The Company is primarily engaged in highway and road paving, maintenance and repair of parking lots, rock quarrying, and manufacturing of hotmix and mining of limestone for internal use and sale to third parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and consolidation and combination

The consolidated financial statements present the financial position and results of operations of the Company and its wholly-owned subsidiaries, and have been combined with the results and operations of ACE Aggregates, LLC, which shares common control. All significant intercompany transactions and accounts have been eliminated in the consolidated and combined financial statements. The accompanying consolidated and combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Operating cycle

The Company's work is performed under quantity pricing, fixed-price contracts, and fixed-price contracts modified by incentive and penalty provisions. These contracts are primarily performed under subcontractor agreements. The length of the Company's contracts varies but is typically less than six months. In accordance with industry practice, contract-related assets and liabilities that are realizable or payable over periods in excess of one year, but within the Company's normal operating cycle, are recorded as current assets and liabilities.

Use of estimates

The preparation of the consolidated and combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated and combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash consists primarily of cash on deposit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contracts receivable

Contracts receivable are recorded on construction contracts and include billed and unbilled amounts for services provided to customers for which the Company has an unconditional right to payment. Billed and unbilled amounts for which payment is contingent on anything other than the passage of time are included in contract assets and contract liabilities on a net basis at the individual contract level.

Retainage for which the Company has an unconditional right to payment that is subject only to the passage of time is included in contracts receivable.

Allowance for credit losses

Financial assets, which potentially subject the Company to credit losses, consist primarily of contract receivables and contract assets. The Company recognizes an allowance for credit losses for financial assets measured at amortized cost to present the net amount expected to be collected as of the balance sheet date in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 326, *Financial Instruments - Credit Losses*. Such allowance is based on the credit losses expected to arise over the life of the asset. The allowance for credit losses is based on the Company's historical losses, the existing economic conditions in the construction industry, and the financial stability of its customers. Amounts are considered past due based on the billing date and are written off after all reasonable collection efforts have been exhausted. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the balance sheet date. The allowance for credit losses was $950,000 at September 30, 2024.

Inventory

Inventories consist primarily of stockpiles of rock, sand and gravel, liquid asphalt, supplies, and other materials. Inventories are carried at the lower of cost or net realizable value using the first- in, first-out method.

Fixed assets

Fixed assets are reported at cost less accumulated depreciation, which is generally provided on a straight-line method over the estimated useful lives of the assets. Estimated useful lives range from three to forty years. Significant expenditures, which extend the useful lives of existing assets, are capitalized. Maintenance and repair costs are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

The Company records business acquisitions in accordance with FASB ASC 805, Business Combination which requires the acquisition purchase price to be allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition dates. The excess of the purchase price over these estimated fair values is recorded to goodwill. Significant estimates and assumptions, including fair value estimates, are used to determine the fair value of assets acquired, liabilities assumed, and contingent consideration transferred as well as the useful lives of long-lived assets acquired. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill based on changes to initial estimates and assumptions. Upon conclusion of the measurement period or final determination of the values of assets acquired and liabilities assumed, whichever comes first, any subsequent adjustments are recorded to operating expenses on the accompanying consolidated and combined statement of operations.

Goodwill

The Company has accounted for goodwill in accordance with the FASB ASC 350, *Intangibles - Goodwill and Other*. The carrying amount of goodwill is reviewed annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. During the year ending September 30, 2024, the Company did not identify an event or circumstance that indicated the fair value of the Company is below its carrying value.

Long-lived assets - impairments and disposals

The Company reviews the carrying values of its long-lived and identifiable intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Any long-lived assets held for disposal are reported at the lower of their carrying amounts or fair value less cost to sell. No impairment provisions were recorded by the Company during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

The Company leases land and equipment under various operating leases with terms exceeding one year, exclusive of optional renewal periods, and accounts for these leases in accordance with FASB ASC 842, *Leases* (“ASC 842”). This guidance requires lessees to recognize a lease liability and a right-of-use asset for all leases, including operating leases, with terms greater than 12 months on its balance sheet. Whether an arrangement contains a lease is evaluated at the inception of the arrangement. The Company estimates its lease liability at the present value of future rent payments required under a lease using its incremental borrowing rate for a term approximating the lease term, exclusive of optional term extensions or terminations. The Company’s right-of-use asset initially is equal to its lease liability, adjusted for any lease incentives received or lease payments made. Rent expense is recorded on a straight-line basis over the term of a lease. At September 30, 2024, the Company does not lease any assets under finance leases. Leases of 12 months or less are not included in the Company’s right-of-use assets and lease liabilities. Rent expense for such leases is recorded on a straight-line basis over the term of the lease.

Revenue and cost recognition

FASB ASC 606, *Revenue from Contracts with Customers*, (“ASC 606”) requires entities to assess the products or services promised in contracts with customers at contract inception to determine the appropriate unit at which to record revenue, which is referred to as a performance obligation. Revenue is recognized when control of the promised products or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for the products or services.

Revenue from contracts with customers is recognized using the following five steps:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the contract price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the Company satisfies a performance obligation

The Company’s performance obligations for contracts with customers for asphalt sales do not meet the criteria to be recognized over time, therefore, those performance obligations are recognized at a point-in-time and the related revenue is recognized only when the performance obligation is complete, generally upon delivery to the customer. Revenue from the sale of asphalt is recognized upon delivery of the asphalt to the customer’s transportation unit at the asphalt plant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and cost recognition (continued)

The Company's paving contract costs and related revenues are generally recognized over time as work progresses due to continuous transfer to the customer. Revenues from fixed-price and modified fixed-price construction contracts are recognized on the percentage-of-completion method measured by the cost-to-cost method. This method is used because management considers expended costs to be the best available measure of progress on these contracts.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, equipment rental, supplies, tools, repairs and depreciation costs. Selling, general and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the year in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the year in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured. Claims are charged against revenues when realization is probable and can be reasonably estimated.

The asset on the accompanying consolidating and combined balance sheet, "Costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed. The liability on the accompanying consolidated and combined balance sheet, "Billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized.

Advertising expense

The Company accounts for advertising costs as expenses in the year in which they are incurred. Advertising expense for the year ending September 30, 2024 was $249,234 and is included in selling, general and administrative expenses on the accompanying consolidated and combined statement of income.

Income taxes

The Company is a limited liability company, and such does not incur income taxes directly. Accordingly, all income and expenses flow directly to the members for Federal income tax purposes. Therefore, no provision or liability for current or deferred federal income taxes has been included in these consolidated and combined financial statements. However, the Company is subject to state tax based on the Company's taxable gross margin.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

The FASB ASC, 740-10 *Accounting for Uncertainty in Income Taxes* clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 requires that a company recognize in its financial statements the impact of tax positions that meet a "more likely than not" threshold, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

The Company did not identify any uncertain tax positions therefore, no adjustments were made to the consolidated and combined financial statements.

Sales tax

The Company records sales and other taxes collected from customers and subsequently remitted to government authorities as accounts receivable with a corresponding offset to sales tax payable. The Company removes sales tax payable balances from the consolidated and combined balance sheet as cash is collected from the customer and remitted to the tax authority.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and contract receivables. The Company maintains its cash balances in highly rated financial institutions, which at times may exceed federally insured limits. The Company has not experienced any loss relating to cash and cash equivalents in these accounts.

The Company is engaged primarily in highway and road paving, maintenance and repair of parking lots in the Central and South Texas region. Concentrations of credit risk with respect to contract receivables are with property management companies, construction companies and developers. Liens are filed on properties when necessary to assure payment. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral.

One customer represented 25% of the Company's total revenues and total contract receivables at and as of September 30, 2024, respectively.

The Company purchases a substantial portion of materials from third-party vendors. As of September 30, 2024, one represented 14% of the Company's total accounts payable. The Company believes there are numerous other suppliers that could be substituted should the supplier become unavailable or non-competitive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The Company has evaluated subsequent events occurring after September 30, 2024, the date of the most recent consolidated and combined balance sheet date, through January 13, 2025, the date the consolidated and combined financial statements were issued. See specific subsequent events disclosed in Note 15.

3. CONTRACT RECEIVABLES

Contract receivables consisted of the following:

Balance at October 1, 2023	$77,924,959
Accounts receivable - trade	83,079,391
Accounts receivable - retention	13,439,655
	96,519,046
Allowance for credit losses	(950,000)
	$95,569,046

4. COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

Costs and estimated earnings on uncompleted contracts are summarized as follows:

Costs incurred on uncompleted contracts	$ 240,387,115
Estimated earnings on uncompleted contracts	28,714,470
	269,101,585
Less: billings on uncompleted contracts	(274,995,264)
	$ (5,893,679)

Costs, estimated earnings and billings on uncompleted contracts are included in the accompanying consolidated and combined balance sheet under the following captions:

	Balance at October 1, 2023	Balance at September 30, 2024
Costs and estimated earnings on uncompleted contracts in excess of billings	$ 3,469,164	$ 3,580,659
Billings in excess of costs and estimated earnings on uncompleted contracts	(7,337,580)	(9,474,338)
	$ (3,868,416)	$(5,893,679)

5. INVENTORY

Inventory consisted of the following:

Raw materials - sand and aggregates	$23,139,121
Raw materials - fluid	2,999,259
	$26,138,380

6. FIXED ASSETS

Fixed assets consisted of the following:

Construction equipment	$ 80,496,425
Trucks and trailers	44,147,085
Land	89,764,789
Hotmix and mining equipment	109,518,404
Buildings	1,035,215
Computer and office equipment	450,913
Accumulated depreciation	(89,144,604)
	236,268,227
Construction in process	11,793,413
	$248,061,640

Depreciation expense totaled $21,939,485 for the year and is included in cost of paving and material revenues, and selling, general and administrative expenses on the accompanying consolidated and combined statement of income.

7. ACQUISITIONS

In November of 2023, the Company completed the asset purchase of an entity engaged in the business of producing, transporting, distributing and selling construction aggregates. The total purchase price was $29,482,625 which was paid in cash. The goodwill arising from the acquisition consists largely of the Company's efforts to expand operations in Texas. The acquisition has been accounted for as a business combination under ASC 805.

The purchase price was allocated to the assets acquired based on their fair value at the acquisition date which are reflected in the accompanying consolidated and combined balance sheet as follows.

7. ACQUISITIONS (continued)

Allocation of purchase price:

Inventory	$ 2,804,624
Equipment	5,667,500
Land	17,849,000
Goodwill	3,161,501
	$29,482,625

In February 2024, the Company completed the asset purchase of an entity engaged in the business of producing, transporting, distributing and selling hot mix asphalt. The total purchase price was $20,714,733 which was paid in cash. The goodwill arising from the acquisition consists largely of the Company's efforts to expand operations in Texas. The acquisition has been accounted for as a business combination under ASC 805.

The estimated fair values of assets acquired are provisional and are based on the information that was available as of the acquisition date. The Company believes that information provides a reasonable basis for estimating the fair values of assets acquired, but the company is waiting for additional information necessary to finalize those fair values. Therefore, the provisional measurements of fair value reflected are subject to change and such changes could be significant. The Company expects to finalize the valuation and complete the purchase price allocation as soon as practicable but no later than one year from the acquisition date.

Accordingly, the purchase price was preliminarily allocated to the assets acquired based on their fair value at the acquisition date which are reflected in the accompanying consolidated and combined balance sheet as follows.

Allocation of purchase price:

Inventory	$ 701,398
Equipment	8,624,835
Land	7,820,000
Goodwill	3,568,500
	$20,714,733

8. LEASES

For the year ended September 30, 2024, operating lease expense was approximately $1,300,000.

8. LEASES (continued)

At September 30, 2024, future minimum payments due under these operating leases agreements were as follows:

Year ending September 30,	
2025	$ 725,258
2026	515,701
2027	435,557
2028	342,346
2029	168,826
	2,187,688
Less: discount to present value	(238,340)
	$1,949,348

The weighted average remaining lease term was 3.70 years and the weighted average discount rate was 5.90% as of September 30, 2024.

9. LINES OF CREDIT

The Company entered into a $40 million line of credit with a bank that expires in November 2026. On June 20, 2024, an amendment was entered into on this note to temporarily increase the principal amount to $60,000,000 for the period from June 20, 2024 through and including October 31, 2024. After November 1, 2024, the aggregate principal amount will reduce to $35,000,000. Bank advances on the credit line are payable on demand and carry an interest rate at 2.0% above Secured Overnight Financing Rate (SOFR) Average, which was 5.16% at September 30, 2024. The line is secured by substantially all assets of the Company. There was a balance of $13,668,194 on the line of credit as of September 30, 2024.

The Company also entered into a $1 million line of credit with a bank that expired on September 19, 2024. Effective December 6, 2023, the line of credit expiration date was amended to September 30, 2025 and effective May 9, 2024, the principal amount was increased to $10 million. Bank advances on the credit line are payable on demand and carry an interest rate at 4.10%. The line is secured by substantially all assets of the Company. There was a balance of $500,000 on the line of credit as of September 30, 2024.

Interest expense for the line of credit totaled $1,446,675 for the year ended September 30, 2024 and is included in interest expense on the accompanying consolidated and combined statement of income.

10. LONG-TERM DEBT

Long-term debt consisted of the following:

Note payable to a finance company with principal plus interest due in 60 monthly installments of $440,000 bearing an interest rate of 3.69%, secured by equipment, guaranteed by certain members of the Company.	$ 3,080,000
Note payable to a finance company with principal plus interest due in 60 monthly installments of $250,000 bearing an interest rate of 3.57%, secured by equipment.	5,250,000
Note payable to a finance company with principal plus interest due in 60 monthly installments of $125,000 bearing an interest rate of 3.57%, secured by equipment.	3,125,313
Note payable to a finance company with principal plus interest due in 60 monthly installments of $200,008 bearing an interest rate of 5.99%, secured by equipment.	8,000,334
Note payable to an individual with principal plus interest due in 84 monthlyinstallments of $39,383 bearing an interest rate of 8.50%.	1,970,599
Note payable to an individual with principal plus interest due in 84 monthly installments of $39,282 bearing an interest rate of 8.50%.	1,970,599
Note payable to a limited liability company with principal plus interest due in 84 monthly installments of $143,474 bearing an interest rate of 8.50%.	7,086,389
Note payable to a bank with principal plus interest due in monthly payments of $159,000, a balloon payment for the full amount due in October 2028,bearing an interest rate of 3.00%.	26,924,019
Note payable to a limited liability company with principal plus interest due in 84 monthly payments of $39,044, bearing an interest rate of 8.50%.	2,340,222
Note payable to a limited liability company with principal plus interest due in 84 monthly payments of $31,417, bearing an interest rate of 8.50%.	1,566,458
Note payable to a bank with principal plus interest due in monthly payments of $173,878, bearing an interest rate of 7.77%.	5,531,878
Note payable to a bank with principal plus interest due in monthly payments of $37,945, bearing an interest rate of 7.90%.	1,355,965
Note payable to a bank with principal plus interest due in monthly payments of $50,750, bearing an interest rate of 7.53%.	2,204,299
Note payable to a finance company with principal plus interest due in 60 monthly installments of $185,945, bearing an interest rate of 7.16%.	10,784,814

10. LONG-TERM DEBT (continued)

Note payable to a bank with principal plus interest due in monthly payments of $47,230, bearing an interest rate of 6.35%.	9,351,618
Note payable to a bank with principal plus interest due in monthly payments of $219,413, bearing an interest rate of 6.35%.	43,443,821
Note payable to a bank with principal plus interest due in monthly payments of $50,750, bearing an interest rate of 7.53%.	13,388,427
Note payable to a bank with principal plus interest due in monthly payments of $50,750, bearing an interest rate of 7.53%.	7,234,168
Note payable to a bank with principal plus interest due in monthly payments of $45,650, bearing an interest rate of 4.10%.	1,278,200
Note payable to a finance company with principal plus interest due in 60 monthly installments of $41,675, bearing an interest rate of 6.74%.	1,667,000
Note payable to a related party with principal plus interest due in annual payments of $14,886, a balloon payment for the full unpaid amount due December 31, 2027, bearing an interest rate of 1.50%.	992,371
	158,546,494
Current portion	(27,612,500)
	$130,933,994

The future maturities of the long-term debt are as follows:

Year ending September 30,	
2025	$ 27,612,500
2026	24,620,061
2027	21,820,020
2028	36,411,652
2029	47,264,467
Thereafter	817,794
	158,546,494
Current portion	(27,612,500)
	$130,933,994

Interest expense for the long-term debt obligations totaled $8,232,908 for the year ended September 30, 2024 and is included in interest expense on the accompanying consolidated and combined statement of income.

11. MEMBERS' CAPITAL

Members' capital consists of membership units. As of September 30, 2024, there are 384,637 membership units issued and outstanding. No additional membership units in the Company may be issued in the absence of the affirmative vote of the members holding at least 85% of the units.

Distributions are paid based on the respective membership interest. Distributions of $35,000,000 were paid in the year ending September 30, 2024. Contributions of $750,000 were received.

Management of the Company shall be performed by the Operating Manager. The Operating Manager may be removed as a manager upon the affirmative vote of the Members holding at least 85% of the units.

12. COMMITMENTS AND CONTINGENCIES

Legal proceedings

The Company carries a broad range of insurance coverage, including general liability, workers' compensation and an umbrella policy.

In the normal course of business, the Company is subject to various litigation; however, there are no legal proceedings pending against the Company that would have a material adverse effect on the financial position or results of operations of the Company.

13. RETIREMENT PLAN

The Company maintains a 401(k) defined contribution plan for its qualified employees. The 401(k) plan allows eligible employees to defer a portion of their annual compensation. The Company provides matching contributions and contributions to this plan are discretionary. Contributions to the plan totaled $1,666,145 for the year ending September 30, 2024.

14. RELATED PARTY TRANSACTIONS

The Company was invested in two partnerships recorded under the equity method of accounting which sell readymix concrete and precast in Central Texas. In June of 2024, the Company purchased the remaining equity membership interests of the partnerships via a step acquisition, resulting in 100% ownership of both Partnerships. The Company remeasured its equity method interest to fair value, resulting in a net gain of $10,253,392. Simultaneously, certain assets of the partnership were exchanged with a member for the redemption of 20% ownership in Asphalt, Inc., LLC totaling $105,531,250.

14. RELATED PARTY TRANSACTIONS (continued)

The Company engages in business transactions with entities that have common minority ownership and/or employees. These activities include construction projects, subcontractor work, trucking, rent and royalties. The Company does not guarantee any of the liabilities of these entities. Additionally, the Company and these entities have no common primary beneficiary. Amounts due from and to these entities at September 30, 2024 were approximately $420,000 and $1,720,000, respectively. Amounts received from and paid to these entities during the year ended September 30, 2024 were approximately $1,560,000 and $9,420,000, respectively.

On December 31, 2023 the Company issued two notes receivable to related entities totaling $3,100,000. The notes bear interest at 3.5%, and interest-only payments are payable annually, with principal due December 31, 2028. On December 31, 2023, the Company issued a note receivable to a related entity totaling $4,800,000. The note bears interest at 5.0%, and interest and principal payments are payable monthly, with a maturity date of January 1, 2049. On December 1, 2023, the Company issued a note receivable to a related entity totaling $2,735,000. The note bears interest at 5.0%, and interest-only payments are payable monthly through December 31, 2024. Beginning January 1, 2025, principal and interest payments are payable monthly, with a maturity date of December 1, 2028. These notes are included in related party notes receivable on the accompanying consolidated and combined balance sheet, along with various existing notes receivables from related entities. The existing notes bear interest at 1.5%, and interest-only payments are payable annually, with principal due December 30, 2026. Outstanding balances on the related party notes receivable totaled $6,100,000 as of September 30, 2024. Interest income on these notes for the year ended September 30, 2024 totaled approximately $377,000 and is recorded in Other income on the accompanying consolidated and combined financial statements.

In January 2024, the Company purchased a 1,089 acre parcel of land from a related party for approximately $36,000,000 through a combination of cash and financing with a note payable to a bank with principal plus interest due in monthly payments of $47,230, bearing an interest rate of 6.35%.

On June 28, 2024, the Company issued nine notes payable to related parties totaling $57,742,500. These notes bear interest at 6.0% and are payable in a lump sum due January 1, 2025. During the year ended September 30, 2024, the Company made early payments on these notes totaling $4,030,000.

15. SUBSEQUENT EVENTS

On October 17, 2024 the Company acquired all outstanding membership units of ACE Aggregates, LLC. The purchase price was $55,000,000 and consisted of a cash payment to members of $45,406,604 and the payoff of existing loans and fees totaling $9,593,396.

15. SUBSEQUENT EVENTS (continued)

On November 1, 2024 all outstanding membership units of the Company were acquired by Construction Partners, Inc. The aggregate consideration delivered at the closing of the acquisition consisted of (i) $654.2 million in cash and 3,000,000 shares of Class A common stock having an aggregate fair market value of approximately $238.9 million at closing. In addition, the acquiring party agreed to (i) pay cash to the selling unit holders in an amount equal to the working capital remaining in the Company at closing, as finally determined (subject to adjustments and offsets to satisfy certain indemnification obligations and any purchase price overpayments), to be paid out in quarterly installments over four quarters following the closing and (ii) purchase from the selling unit holders for $30 million in cash an entity that owns certain real property following receipt of specified operational entitlements by such entity.

SUPPLEMENTARY INFORMATION

Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC
Schedule of Earnings from Construction Contracts
For the Year Ended September 30, 2024

	Revenues Earned	Cost of Revenues Earned	Gross Profit
Contracts in progress at year end	217,100,147	191,164,105	25,936,042
Contracts Completed during the period	229,983,169	160,321,377	69,661,792
	447,083,316	351,485,482	95,597,834

Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC
Schedule of Earnings from Completed Contracts
For the Year Ended September 30, 2024

	Total Contract		Contract Totals			Before October 1, 2023			**Period Ended September 30, 2024**		
Job Name	Contract Price	Gross Profit	Revenues Earned	Cost of Revenues	Gross Profits (Loss)	Revenues Earned	Cost of Revenues	Gross Profits (Loss)	**Revenues Earned**	**Cost of Revenues**	**Gross Profits (Loss)**
52647	$ 23,803,210	$ 4,835,595	$ 23,803,210	$ 18,967,615	$ 4,835,595	$ 23,617,063	$ 18,868,059	$ 4,749,004	$ 186,147	$ 99,556	$ 86,591
75284	17,371,584	1,676,022	17,371,584	15,695,562	1,676,022	17,265,751	15,652,464	1,613,287	105,833	43,098	62,735
129284	15,379,536	1,270,285	15,379,536	14,109,251	1,270,285	15,282,214	14,109,185	1,173,029	97,321	65	97,256
75519	15,288,522	2,158,231	15,288,522	13,130,291	2,158,231	11,281,307	9,069,760	2,211,547	4,007,215	4,060,531	(53,316)
53716	10,514,519	1,921,591	10,514,519	8,592,929	1,921,591	1,290,414	1,143,640	146,773	9,224,106	7,449,288	1,774,818
53186	7,367,579	1,686,034	7,367,579	5,681,546	1,686,034	7,074,176	5,624,322	1,449,854	293,403	57,223	236,179
75359	6,957,351	105,292	6,957,351	6,852,059	105,292	5,554,872	5,798,874	(244,002)	1,402,479	1,053,185	349,294
131476	6,900,057	(61,530)	6,900,057	6,961,587	(61,530)	6,596,122	6,586,694	9,428	303,935	374,893	(70,958)
75453	6,687,091	(239,240)	6,687,091	6,926,330	(239,240)	4,957,858	4,944,743	13,115	1,729,233	1,981,587	(252,355)
53328	6,623,533	244,315	6,623,533	6,379,218	244,315	4,295,175	4,226,175	69,000	2,328,358	2,153,043	175,315
53304	5,846,641	405,591	5,846,641	5,441,050	405,591	4,229,267	3,915,587	313,679	1,617,374	1,525,462	91,912
52526	5,624,145	681,936	5,624,145	4,942,209	681,936	3,216,096	2,995,103	220,993	2,408,049	1,947,106	460,943
133126	5,352,457	815,438	5,352,457	4,537,019	815,438	2,194,520	2,020,865	173,655	3,157,937	2,516,154	641,784
131158	3,666,994	646,720	3,666,994	3,020,274	646,720	3,507,290	2,899,416	607,874	159,704	120,858	38,845
53625	3,575,759	357,706	3,575,759	3,218,053	357,706	3,225,303	3,068,168	157,135	350,456	149,885	200,571
52705	3,409,153	(70,159)	3,409,153	3,479,312	(70,159)	3,348,994	3,479,312	(130,318)	60,159	—	60,159
52958	3,271,032	342,815	3,271,032	2,928,217	342,815	3,135,375	2,928,217	207,159	135,657	—	135,657
66164	3,146,401	625,634	3,146,401	2,520,767	625,634	—	—	—	3,146,401	2,520,767	625,634
131297	3,017,207	471,993	3,017,207	2,545,214	471,993	1,819,355	1,670,379	148,977	1,197,852	874,836	323,016
75873	2,980,238	157,564	2,980,238	2,822,674	157,564	2,235,249	2,123,263	111,986	744,989	699,411	45,578
52058	2,819,894	1,246,931	2,819,894	1,572,963	1,246,931	2,662,279	1,440,315	1,221,964	157,615	132,648	24,967
53956	2,635,047	616,942	2,635,047	2,018,104	616,942	—	—	—	2,635,047	2,018,104	616,942
131159	2,587,261	75,911	2,587,261	2,511,350	75,911	1,215,921	1,157,225	58,696	1,371,340	1,354,125	17,215
53368	2,560,374	349,779	2,560,374	2,210,595	349,779	—	—	—	2,560,374	2,210,595	349,779
Small Jobs	401,954,295	93,112,751	401,954,296	308,841,546	93,112,750	211,352,110	181,862,590	29,489,520	190,602,186	126,978,956	63,623,230
	$569,339,880	**$113,434,146**	**$569,339,881**	**$455,905,735**	**$113,434,146**	**$339,356,712**	**$295,584,358**	**$43,772,354**	**$229,983,169**	**$160,321,377**	**$69,661,792**

Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC
Schedule of Earnings from Contracts in Progress
For the Year Ended September 30, 2024

	Total Contract			Contract Totals			At September 30, 2024		Before October 1, 2023			Period Ended September 3	
Job Name	Contract Price	Estimated Gross Profit (loss)	Billed to Date	Cost to Date	Total Estimated Costs	Earned Profit (loss) to Date	Costs in Excess Billings	Billings in Excess Costs	Revenues Earned	Cost of Revenues	Gross Profit (loss)	**Revenues Earned**	**Cost of Revenues**
53317	$ 72,287,560	$ 4,424,208	$ 8,895,544	$ 6,512,286	$ 67,863,352	$ 424,555	$ —	$ 1,958,703	$ 5,724,554	$ 5,263,344	$ 461,210	$ 1,212,286	$ 1,248,942
54011	46,881,522	4,699,471	17,842,205	14,352,778	42,182,051	1,599,032	—	1,890,395	—	—	—	15,951,810	14,352,778
134005	43,333,410	3,918,755	8,024,888	7,287,617	39,414,655	724,563	—	12,709	—	—	—	8,012,180	7,287,617
53661	39,545,290	4,467,834	34,778,495	30,161,935	35,077,456	3,841,742	—	774,817	1,120,522	1,074,773	45,749	32,883,156	29,087,163
133269	34,412,552	2,722,867	5,334,750	4,238,016	31,689,685	364,142	—	732,592	—	—	—	4,602,158	4,238,016
134113	26,358,888	3,732,595	—	115,552	22,626,293	19,062	134,614	—	—	—	—	134,614	115,552
132059	25,098,749	2,110,837	18,504,323	16,565,623	22,987,913	1,521,118	—	417,582	10,428,617	9,816,028	612,589	7,658,124	6,749,595
134074	24,306,099	1,878,847	236,251	194,687	22,427,251	16,310	—	25,255	—	—	—	210,997	194,687
130293	23,757,466	974,520	14,570,857	15,215,126	22,782,946	650,813	1,295,083	—	9,282,835	9,616,224	(333,389)	6,583,105	5,598,902
52937	22,590,395	469,588	10,310,424	9,879,085	22,120,807	209,716	—	221,623	4,688,098	4,575,651	112,447	5,400,704	5,303,434
133125	21,145,235	3,234,701	20,291,672	17,190,397	17,910,535	3,104,641	3,366	—	117,733	110,293	7,440	20,177,306	17,080,105
134162	17,623,164	2,670,183	929,632	853,124	14,952,981	152,344	75,836	—	—	—	—	1,005,468	853,124
132288	11,204,959	1,810,629	3,028,251	2,760,771	9,394,331	532,101	264,621	—	633,350	545,508	87,842	2,659,522	2,215,263
54013	9,935,017	1,446,472	9,924,067	8,488,545	8,488,545	1,446,472	10,950	—	—	—	—	9,935,017	8,488,545
53970	9,884,430	1,171,567	9,443,758	8,311,991	8,712,863	1,117,664	—	14,103	—	—	—	9,429,655	8,311,991
131321	9,402,311	227,624	7,993,535	8,159,007	9,174,686	202,425	367,897	—	3,433,173	3,171,764	261,410	4,928,258	4,987,243
52876	8,798,010	598,952	7,704,070	7,102,635	8,199,058	518,857	—	82,578	3,534,023	3,505,314	28,709	4,087,469	3,597,321
131362	8,622,925	2,036,346	6,458,220	4,750,808	6,586,579	1,468,788	—	238,624	3,737,339	3,028,405	708,934	2,482,258	1,722,403
54012	8,090,188	845,116	7,564,094	6,774,530	7,245,073	790,228	664	—	—	—	—	7,564,758	6,774,530
53631	7,922,860	764,849	3,602,682	2,914,163	7,158,011	311,385	—	377,134	—	—	—	3,225,548	2,914,163
75953	7,181,536	474,217	2,046,047	1,996,273	6,707,319	141,139	91,365	—	—	—	—	2,137,412	1,996,273
54041	6,556,070	245,585	1,738,734	1,543,025	6,310,485	60,050	—	135,659	—	—	—	1,603,075	1,543,025
53517	6,411,102	522,589	4,101,133	3,650,974	5,888,513	324,014	—	126,146	1,219,225	1,138,468	80,757	2,755,762	2,512,506
133196	6,343,963	516,196	750,779	621,995	5,827,767	55,093	—	73,691	—	—	—	677,089	621,995
53828	6,253,991	385,763	3,717,293	3,367,021	5,868,229	221,340	—	128,932	33,398	33,213	185	3,554,962	3,333,808
134105	6,140,613	610,779	491,636	391,903	5,529,833	43,286	—	56,447	—	—	—	435,189	391,903
134001	5,670,349	491,830	1,707,002	1,510,339	5,178,519	143,444	—	53,219	—	—	—	1,653,784	1,510,339
53969	5,571,501	720,181	5,246,001	4,542,500	4,851,320	674,336	—	29,165	—	—	—	5,216,837	4,542,500
54042	5,366,852	132,647	1,803,466	2,194,186	5,234,205	55,606	446,326	—	—	—	—	2,249,792	2,194,186
134002	5,349,116	339,468	513,507	466,324	5,009,648	31,599	—	15,584	—	—	—	497,923	466,324
54269	5,079,255	216,620	—	28,677	4,862,636	1,277	29,954	—	—	—	—	29,954	28,677
53419	4,737,365	266,596	2,140,279	1,769,081	4,470,769	105,492	—	265,706	264,696	258,494	6,202	1,609,877	1,510,587
54285	4,582,540	166,612	764,789	563,426	4,415,928	21,258	—	180,105	—	—	—	584,684	563,426
52947	4,443,939	183,810	3,198,621	3,109,379	4,260,129	134,159	44,917	—	1,804,417	1,703,841	100,576	1,439,121	1,405,538
54078	4,066,964	1,043,808	3,913,578	2,883,554	3,023,156	995,607	—	34,416	—	—	—	3,879,161	2,883,554
54014	4,021,270	333,471	3,904,516	3,586,799	3,687,799	324,338	6,621	—	—	—	—	3,911,137	3,586,799
54217	3,848,917	190,400	—	22,565	3,658,517	1,174	23,739	—	—	—	—	23,739	22,565
54061	3,625,474	278,459	776,434	660,147	3,347,015	54,922	—	61,365	—	—	—	715,069	660,147
53562	3,575,591	645,646	2,590,157	2,081,193	2,929,945	458,614	—	50,351	51,499	48,944	2,555	2,488,307	2,032,249
53879	3,505,118	361,236	2,044,558	1,747,273	3,143,882	200,764	—	96,522	—	20,962	(20,962)	1,948,037	1,726,311
134106	3,118,032	371,091	484,004	322,057	2,746,941	43,508	—	118,440	—	—	—	365,565	322,057
133118	2,875,857	179,250	2,329,756	2,233,623	2,696,607	148,474	52,341	—	177,832	164,017	13,816	2,204,265	2,069,607
53401	2,850,414	363,198	1,435,466	1,212,664	2,487,216	177,080	—	45,721	35,829	32,182	3,647	1,353,916	1,180,482
76142	2,659,959	83,476	—	122,577	2,576,483	3,971	126,548	—	—	—	—	126,548	122,577
53769	2,619,329	150,865	587,913	488,490	2,468,464	29,855	—	69,568	—	—	—	518,345	488,490
54192	2,147,035	203,607	2,147,035	1,823,428	1,943,428	191,035	—	132,572	—	—	—	2,014,463	1,823,428
134015	2,108,498	193,597	1,194,250	1,080,765	1,914,901	109,265	—	4,220	—	—	—	1,190,030	1,080,765
76055	2,105,542	163,184	71,745	65,226	1,942,357	5,480	—	1,039	—	—	—	70,706	65,226
131133	2,089,006	(7,012)	1,572,292	1,616,502	2,096,018	(5,408)	38,802	—	943,313	908,079	35,235	667,781	708,424
Small Jobs	48,012,764	7,252,981	28,286,553	22,856,474	40,759,783	4,947,737	567,014	1,049,357	4,770,987	4,207,510	563,477	23,033,226	18,648,966
	$644,118,993	**$61,286,110**	**$274,995,264**	**$240,387,115**	**$582,832,883**	**$ 28,714,470**	**$ 3,580,659**	**$9,474,338**	**$ 52,001,440**	**$49,223,012**	**$2,778,428**	**$217,100,147**	**$191,164,105**

Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC
Schedule of Selling, General and Administrative Expenses
For the Year Ended September 30, 2024

Advertising and promotion	$ 249,234
Auto and trucks	43,383
Bank charges	606,403
Bad debt	448,975
Computer and internet	901,537
Depreciation	62,960
Dues and subscriptions	620,070
Other	397,803
Insurance	1,572,562
Meals and entertainment	1,675,717
Office supplies	1,296,771
Payroll and benefits	14,050,682
Professional fees	447,522
Rent	865,646
Retirement	383,006
Taxes and permits	570,088
Utilities	439,127
	$24,631,486

Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC
Consolidated and Combining Balance Sheet
September 30, 2024

	Lone Star Paving Company	Pelican Asphalt Company, LLC	Lone Star Materials & LLC Asphalt,	Lone Star Assets Investment Holdings	Burnet Land Investments	Consolidation Eliminations	Consolidated	ACE Aggregates, LLC	Combination Eliminations	Consolidated and Combined
Assets										
Cash	$ 2,074,708	$ —	$ 1,929,296	$ 4,921,120	$ 176,392	$ —	$ 9,101,516	$ 1,086,774	$ —	$ 10,188,290
Contract receivables	93,505,972	—	2,315,477	—	—	(2,485,701)	93,335,748	2,388,251	(154,953)	95,569,046
Costs and estimated earnings on uncompletedcontracts in excess of billings	3,580,659	—	—	—	—	—	3,580,659	—	—	3,580,659
Other assets	—	—	—	1,957,557	—	—	1,957,557	—	—	1,957,557
Inventory	24,038,131	—	—	—	—	—	24,038,131	2,100,249	—	26,138,380
Related party notes receivable	—	—	—	10,835,000	—	—				6,100,000
Related party investments	66,000,000	—	—	6,025,000	—	(68,500,000)	10,835,000	—	(4,735,000)	—
							3,525,000	—	(3,525,000)	
Operating lease right-of-use assets, net	2,005,658	—	—	—	—	—	2,005,658	—	—	2,005,658
Goodwill	20,846,765	10,483,699	4,779,621	—	—	—	36,110,085	7,700,000	—	43,810,085
Fixed assets, net	197,965,732	13,128,308	13,625,461	—	11,442, 10	—	236,161,511	11,900,129	—	248,061,640
Total Assets	$410,017,625	$23,612,007	$22,649,855	$ 23,738,677	$11,618,402	$(70,985,701)	$420,650,865	$25,175,403	$(8,414,953)	$437,411,315
Liabilities and Equity										
Accounts payable	$ 43,122,117	$ —	$ 1,070,800	$ 1,215,349	$ —	$ (2,485,701)	$ 42,922,565	$ 791,753	$ (154,953)	$ 43,559,365
Accrued liabilities	1,218,138	—	243,159	268,562	—	—	1,729,859	368,111	—	2,097,970
Other payables	—	—	—	2,922,176	—	—	2,922,176	—	—	2,922,176
Billings in excess of cost and estimated earningson uncompleted contracts	9,474,338	—	—	—	—	—	9,474,338	—	—	9,474,338
Line of credit	13,668,194	—	—	—	—	—	13,668,194	500,000	—	14,168,194
Related party notes payable	—	—	—	53,712,500	—	—	53,712,500	—	—	53,712,500
Current portion of long-term debt	23,800,000	—	2,800,000	—	—	—	26,600,000	1,012,500	—	27,612,500
Current portion of operating lease liability	634,911	—	—	—	—	—	634,911	—	—	634,911
Long term debt, net of current portion	117,810,099	—	10,198,824	—	—	—	128,008,923	7,660,071	(4,735,000)	130,933,994
Operating lease liabilities, net of current portion	1,314,437	—	—	—	—	—	1,314,437	—	—	1,314,437
Equity	198,975,391	23,612,007	8,337,072	(34,379,910)	11,618,402	(68,500,000)	139,662,962	14,842,968	(3,525,000)	150,980,930
Total Liabilities and Equity	$410,017,625	$23,612,007	$22,649,855	$ 23,738,677	$11,618,402	$(70,985,701)	$420,650,865	$25,175,403	$(8,414,953)	$437,411,315

Asphalt, Inc., LLC dba Lone Star Paving Company and ACE Aggregates, LLC
Consolidating and Combining Statement of Income
For the Year Ended September 30, 2024

	Lone Star Paving Company	Pelican Asphalt Company, LLC	Lone Star Materials & LLC Asphalt,	Lone Star Assets Investment Holdings	Burnet Land Investments	Consolidation Eliminations	Consolidated	ACE Aggregates, LLC	Combination Eliminations	Consolidated and Combined
Revenues										
Contract revenues earned - Paving	$ 447,083,318	$ —	$ 27,991,389	$ —	$ —	$(27,991,391)	$ 447,083,316	$ —	$ —	$ 447,083,316
Sales - materials	60,261,978	—	—	—	—	—	60,261,978	13,621,736	—	73,883,714
Total revenues	507,345,296	—	27,991,389	—	—	(27,991,391)	507,345,294	13,621,736	—	520,967,030
Costs and expenses										
Costs of contract revenues - paving	(354,893,070)	(500,865)	(24,082,938)	—	—	27,991,391	(351,485,482)	—	—	(351,485,482)
Cost of sales - materials	(44,999,495)	—	—	—		—	(44,999,495)	(9,116,939)	—	(54,116,434)
Total cost of sales	(399,892,565)	(500,865)	(24,082,938)	—	—	27,991,391	(396,484,977)	(9,116,939)	—	(405,601,916)
Gross Profit	107,452,731	(500,865)	3,908,451	—	—	—	110,860,317	4,504,797	—	115,365,114
Selling, general, and administrative expenses	(20,394,628)	—	(2,430,600)	(4,000)	—	—	(22,829,228)	(1,802,258)	—	(24,631,486)
Income from operations	87,058,103	(500,865)	1,477,851	(4,000)	—	—	88,031,089	2,702,539	—	90,733,628
Other income (expense)										
Other income	226,111	—	11,402	532,788	—	—	770,301	322,170	—	1,092,471
Earnings from equity method investments	—	—	—	1,200,000	—	—	1,200,000	—	—	1,200,000
Net gain on remeasurement of equity interests tofair value	—	—	—	10,253,392	—	—	10,253,392		—	10,253,392
Gain on sale of fixed assets	110,492	—	70,987	—	—	—	181,479	—	—	181,479
Interest expense	(7,188,743)	—	(1,154,270)	(830,842)	—	—	(9,173,855)	(505,728)	—	(9,679,583)
Total other income (expense)	(6,852,140)	—	(1,071,881)	11,155,338	—	—	3,231,317	(183,558)	—	3,047,759
Income before provision for income taxes	80,205,963	(500,865)	405,970	11,151,338	—	—	91,262,406	2,518,981	—	93,781,387
Provision for income taxes	(1,098,525)	—	—	—	—	—	(1,098,525)	—	—	(1,098,525)
Net Income (loss)	$ 79,107,438	$(500,865)	$ 405,970	$11,151,338	$ —	$ —	$ 90,163,881	$ 2,518,981	$ —	$ 92,682,862