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

FORM 8-K/A
(Amendment No. 2)

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 19, 2022 (August 12, 2022)

L.B. Foster Company
(Exact name of registrant as specified in its charter)

Pennsylvania	**000-10436**	**25-1324733**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
415 Holiday Drive, Suite 100, Pittsburgh, Pennsylvania		**15220**
(Address of principal executive offices)		(Zip Code)

(412) 928-3400
(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 (see General Instruction A.2. below):

☐ 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
Common Stock, Par Value $0.01	FSTR	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. ☐

EXPLANATORY NOTE

As previously announced and reported in the Current Report on Form 8-K (“Original Filing”) filed by L.B. Foster Company (“Company”) on August 12, 2022, and the Current Report on Form 8-K/A Amendment No. 1 ("Amendment No. 1") filed by the Company on August 18, 2022, the Company completed the acquisition of VanHooseCo Precast, LLC (“VanHooseCo”) and amended its credit agreement on August 12, 2022.

This Form 8-K/A, Amendment No. 2, is being filed to amend Item 9.01 of the Original Filing and Item 9.01 of Amendment No. 1. This Amendment No. 2 provides the audited combined historical financial statements as of and for the year ended December 31, 2021 and the unaudited combined interim historical financial statements as of and for the six months ended June 30, 2022 as required by Item 9.01(a) and Item 9.01(b), respectively.

This Amendment No. 2 does not otherwise update, modify, or amend the Original Filing or Amendment No. 1 and should be read in conjunction with the Original Filing or Amendment No. 1.

Forward-Looking Statements

This release may contain “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Forward-looking statements provide management's current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Sentences containing words such as “believe,” “intend,” “plan,” “may,” “expect,” “should,” “could,” “anticipate,” “estimate,” “predict,” “project,” or their negatives, or other similar expressions of a future or forward-looking nature generally should be considered forward-looking statements. Forward-looking statements in this earnings release are based on management's current expectations and assumptions about future events that involve inherent risks and uncertainties and may concern, among other things, the Company’s expectations relating to our strategy, goals, projections, and plans regarding our financial position, liquidity, capital resources, and results of operations and decisions regarding our strategic growth initiatives, market position, and product development. While the Company considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory, and other risks and uncertainties, most of which are difficult to predict and many of which are beyond the Company’s control. The Company cautions readers that various factors could cause the actual results of the Company to differ materially from those indicated by forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Among the factors that could cause the actual results to differ materially from those indicated in the forward-looking statements are risks and uncertainties related to: the COVID-19 pandemic, and any future global health crises, and the related social, regulatory, and economic impacts and the response thereto by the Company, our employees, our customers, and national, state, or local governments; volatility in the prices of oil and natural gas and the related impact on the midstream energy markets, which could result in cost mitigation actions, including shutdowns or furlough periods; a continuation or worsening of the adverse economic conditions in the markets we serve, including possible recession in the markets we serve, whether as a result of the current COVID-19 pandemic, including its impact on labor markets, supply chains, and other inflationary costs, travel and demand for oil and gas, the continued deterioration in the prices for oil and gas, governmental travel restrictions, project delays, and budget shortfalls, or otherwise; volatility in the global capital markets, including interest rate fluctuations, which could adversely affect our ability to access the capital markets on terms that are favorable to us; restrictions on our ability to draw on our credit agreement, including as a result of any future inability to comply with restrictive covenants contained therein; a continuing decrease in freight or transit rail traffic, including as a result of the ongoing COVID-19 pandemic; environmental matters, including any costs associated with any remediation and monitoring of such matters; the risk of doing business in international markets, including compliance with anti-corruption and bribery laws, foreign currency fluctuations and inflation, and trade restrictions or embargoes; our ability to effectuate our strategy, including cost reduction initiatives, and our ability to effectively integrate acquired businesses or to divest businesses, such as the recent disposition of the Piling business and Track Components business, and acquisitions of the Skratch Enterprises Ltd. and Intelligent Video Ltd. businesses and to realize anticipated benefits; costs of and impacts associated with shareholder activism; continued customer restrictions regarding the on-site presence of third party providers due to the COVID-19 pandemic; the timeliness and availability of materials from our major suppliers, including any continuation or worsening of the disruptions in the supply chain experienced as a result of the COVID-19 pandemic, as well as the impact on our access to supplies of customer preferences as to the origin of such supplies, such as customers’ concerns about conflict minerals; labor disputes; cyber-security risks such as data security breaches, malware, ransomware, “hacking,” and identity theft, which could disrupt our business and may result in misuse or misappropriation of confidential or proprietary information, and could result in the disruption or damage to our systems, increased costs and losses, or an adverse effect to our reputation; the continuing effectiveness of our ongoing implementation of an enterprise resource planning system; changes in current accounting estimates and their ultimate outcomes; the adequacy of internal and external sources of funds to meet financing needs, including our ability to negotiate any additional necessary amendments to our credit agreement or the terms of any new credit agreement, and reforms regarding the use of LIBOR as a benchmark for establishing applicable interest rates; the Company’s ability to manage its working capital requirements and indebtedness; domestic and international taxes, including estimates that may impact taxes; domestic and foreign government regulations, including tariffs; economic conditions and regulatory changes caused by the United Kingdom’s exit from the European Union; geopolitical conditions, including the conflict in Ukraine; a *lack of state or federal funding for new infrastructure projects; an increase in manufacturing or material costs; the loss of future revenues from current customers; and risks inherent in litigation and the outcome of litigation and product warranty claims. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, actual outcomes could vary materially from those indicated. Significant risks and uncertainties that may affect the operations, performance, and results of the Company's business and forward-looking statements include, but are not limited to, those set forth under Item 1A, "Risk Factors," and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2021, or as updated and/or amended by our other current or periodic filings with the Securities and Exchange Commission.*

The forward-looking statements in this release are made as of the date of this release and we assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as required by the federal securities laws.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired.

The required audited combined financial statements of VanHooseCo as of and for the year ended December 31, 2021 are attached hereto as Exhibit 99.2 and are incorporated in their entirety herein by reference.

The required unaudited combined financial statements of VanHooseCo as of June 30, 2022 and for the six months ended June 30, 2022 are attached hereto as Exhibit 99.3 and are incorporated in their entirety herein by reference.

(b) Pro Forma Financial Information.

The required unaudited pro forma combined balance sheet as of June 30, 2022, and the unaudited pro forma combined statement of operations for the six months ended June 30, 2022 and for the year ended December 31, 2021 are attached hereto as Exhibit 99.4 and are incorporated in its entirety herein by reference.

(d) Exhibits

See Exhibit Index below.

Exhibit Index

Exhibit Number	Description
2.1	Asset Purchase Agreement dated August 12, 2022 between VanHooseCo Precast, LLC and CXT Incorporated is incorporated herein by reference to that Current Report on Form 8-K/A, filed on August 18, 2022. Exhibits to the Agreement identified in the Table of Contents to the Agreement and the following schedules are not being filed but will be furnished supplementally to the Securities and Exchange Commission upon request: Schedule 2.01(a) Related Party Receivables Schedule 2.01(c) Assigned Contracts Schedule 2.01(h) Prepaids Schedule 2.02(d) Excluded Contracts Schedule 2.02(i) Excluded Assets Schedule 2.06(a)(i) Current Assets; Current Liabilities; GAAP Modifications and Limitations Schedule 3.02(a)(x) Assigned Contract Required Consent Schedule 4.01 Organization and Qualification of Seller Schedule 4.03 No Conflicts; Consents Schedule 4.04 Financial Statements Schedule 4.06 Absence of Certain Changes, Events and Conditions Schedule 4.07(a) Material Contracts Schedule 4.08 Title to Purchased Assets Schedule 4.10(a) Owned Real Property and Principal-Owned Real Property Schedule 4.10(a)(i) Encumbrances Owned Real Property and Principal-Owned Real Property Schedule 4.10(a)(ii) Right to Use or Occupy Owned Real Property and Principal-Owned Real Property Schedule 4.10(b) Leased Real Property Schedule 4.11(a) Intellectual Property Registrations and Intellectual Property Assets Schedule 4.11(c) Intellectual Property Licenses Schedule 4.11(e) Outbound Intellectual Property Licenses Schedule 4.13 Accounts Receivable Schedule 4.14(a) Material Customers Schedule 4.14(b) Material Suppliers Schedule 4.15(a) Insurance Policies Schedule 4.15(b) Insurance Claims Schedule 4.17(b) Permits Schedule 4.18(b) Environmental Permits Schedule 4.18(e) Storage Tanks Schedule 4.18(f) Hazardous Materials Facilities Schedule 4.19(a) Benefit Plans Schedule 4.19(f) Post-Employment Benefits Schedule 4.19(g) Benefit Plan Related Actions Schedule 4.20(a) Employees, Consultants and Contractors Schedule 4.22 Brokers (Seller or Principals) Schedule 5.04 Brokers (Buyer) Schedule 6.01 Offered Employees
10.1	Second Amendment dated August 12, 2022 to the Fourth Amended and Restated Credit Agreement dated August 13, 2021, between Registrant and PNC Bank, Citizens Bank, N.A., Wells Fargo Bank, National Association, Bank of America, N.A., and BMO Harris Bank, National Association is incorporated herein by reference to that Current Report on Form 8-K/A, filed on August 18, 2022. Exhibits to the Second Amendment are not being filed but will be furnished supplementally to the Securities and Exchange Commission upon request.
*23	Consent of Independent Auditors.
99.1	Press release dated August 12, 2022 is incorporated herein by reference to that Current Report on Form 8-K, filed on August 12, 2022.
*99.2	Audited combined financial statements of Jeff Vanhoose Affiliated Entities and independent auditors' report, as of and for the year ended December 31, 2021.

*99.3	Unaudited combined consolidated financial statements of Jeff Vanhoose Affiliated Entities as of June 30, 2022 and for the six months ended June 30, 2022.
*99.4	Unaudited pro forma combined financial information.
*104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*Exhibits marked with an asterisk are filed herewith.

SIGNATURE

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

L.B. FOSTER COMPANY
(Registrant)

Date: **October 19, 2022**

/s/ William M. Thalman
William M. Thalman
Senior Vice President and
Chief Financial Officer

Consent of Independent Auditors

We consent to the use of our report dated August 12, 2022, with respect to the combined financial statements of Pour in Place, Inc., VanHooseCo, LLC d/b/a VanHooseCo Ready Mix, LLC, VanHooseCo Precast, LLC, VanHooseCo Mechanical & Millwright, LLC, VanHooseCo Management, LLC, VanHooseCo Leasing, LLC, and certain company assets and liabilities held in the Jeff VanHoose Trust (collectively, the "Jeff VanHoose Affiliated Entities") included in this Current Report on Form 8-K/A of L.B. Foster Company.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
October 19, 2022

Jeff VanHoose Affiliated Entities

Combined Financial Statements

As of and for the Year Ended

December 31, 2021

JEFF VANHOOSE AFFILIATED ENTITIES

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Report of Independent Auditors

To the Shareholders and Members of
Jeff VanHoose Affiliated Entities (as defined below)

Opinion

We have audited the combined financial statements of Pour in Place, Inc., VanHooseCo, LLC d/b/a VanHooseCo Ready Mix, LLC, VanHooseCo Precast, LLC, VanHooseCo Mechanical & Millwright, LLC, VanHooseCo Management, LLC, VanHooseCo Leasing, LLC, and certain company assets and liabilities held in the Jeff VanHoose Trust (collectively, the "Jeff VanHoose Affiliated Entities" or the "Company"), which comprise the combined balance sheet as of December 31, 2021, and the related combined statement of operations, combined statement of cash flows, and combined statement of shareholders' and members' equity and net deficit for the year then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021, and the results of its operations and its cash flows 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 (GAAS). 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 the Company 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 the 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 financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for 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 financial statements as a whole are free of 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 GAAS 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Company'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
August 12, 2022

JEFF VANHOOSE AFFILIATED ENTITIES
COMBINED BALANCE SHEET
(In thousands, except share data)

		December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$	1,262
Accounts receivable - net		3,179
Inventories - net		4,816
Other current assets		25
Total current assets		9,282
Property, plant, and equipment - net		19,224
TOTAL ASSETS	$	28,506
LIABILITIES AND SHAREHOLDERS' AND MEMBERS' EQUITY AND NET DEFICIT		
Current liabilities:		
Accounts payable	$	2,092
Deferred compensation liability		7,598
Current maturities of long-term debt and finance lease obligations		1,508
Other accrued liabilities		896
Total current liabilities		12,094
Long-term debt and finance lease obligations		15,075
Shareholders' and members' equity and net deficit:		
Common stock, par value $1.00, authorized 3,000 shares; shares issued and outstanding at December 31, 2021, 3,000		3
Paid-in capital		432
Members' equity		3,173
Accumulated deficit		(337)
VanHoose Trust net deficit		(1,934)
Total shareholders' and members' equity and net deficit		1,337
TOTAL LIABILITIES AND SHAREHOLDERS' AND MEMBERS' EQUITY AND NET DEFICIT	$	28,506

The accompanying notes are an integral part of these Combined Financial Statements.

JEFF VANHOOSE AFFILIATED ENTITIES
COMBINED STATEMENT OF OPERATIONS
(In thousands, except per share data)

	Twelve Months Ended December 31, 2021
Net sales	$ 28,716
Cost of goods sold	20,674
Gross profit	8,042
Selling and administrative expenses	2,942
Deferred compensation expense	2,538
Operating income	2,562
Interest expense - net	957
Other expense - net	251
Net income	$ 1,354

The accompanying notes are an integral part of these Combined Financial Statements.

JEFF VANHOOSE AFFILIATED ENTITIES
COMBINED STATEMENT OF CASH FLOWS
(In thousands)

	Twelve Months Ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 1,354
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation and amortization	1,933
Change in operating assets and liabilities:	
Accounts receivable	(436)
Inventories	(1,631)
Other assets and liabilities	3,420
Net cash provided by operating activities	4,640
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures on property, plant, and equipment	(6,158)
Net cash used in investing activities	(6,158)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayments of long-term debt and finance lease obligations	(1,378)
Proceeds from long-term debt	2,615
Capital distributions	(76)
Net cash provided by financing activities	1,161
Net decrease in cash and cash equivalents	(357)
Cash and cash equivalents at beginning of period	1,619
Cash and cash equivalents at end of period	$ 1,262
Supplemental disclosure of cash flow information:	
Interest paid	$ 957

The accompanying notes are an integral part of these Combined Financial Statements.

JEFF VANHOOSE AFFILIATED ENTITIES
COMBINED STATEMENT OF SHAREHOLDERS' AND
MEMBERS' EQUITY AND NET DEFICIT
(Dollars in thousands)

	Twelve Months Ended December 31, 2021					
	Common Stock	**Paid-in Capital**	**Members's Equity**	**Accumulated Deficit**	**VanHoose Trust Net Deficit**	**Total Shareholders' and Members' Equity and Net Deficit**
Balance, December 31, 2020	$ 3	$ 432	$ 2,056	$ (337)	$ (2,095)	$ 59
Net income	—	—	1,193	—	161	1,354
Capital distributions	—	—	(76)	—	—	(76)
Balance, December 31, 2021	$ 3	$ 432	$ 3,173	$ (337)	$ (1,934)	$ 1,337

The accompanying notes are an integral part of these Combined Financial Statements.

Note 1. Summary of Significant Accounting Policies

Organization, operations, and basis of combination

The combined financial statements include the accounts of Pour in Place, Inc. (“Pour in Place”), an S-Corporation owned 100% by Jeff VanHoose, five single member limited liability companies ("LLC"), VanHooseCo, LLC d/b/a VanHooseCo Ready Mix, LLC (“Ready Mix”), VanHooseCo Precast, LLC (“Precast”), VanHooseCo Mechanical & Millwright, LLC (“Mechanical”), VanHooseCo Management, LLC (“Management”) and VanHooseCo Leasing, LLC (“Leasing”) all owned 100% by Jeff VanHoose, and certain Company assets and liabilities held in the Jeff Vanhoose Trust (collectively, the “Company”). Ready Mix, Precast, Mechanical, Management, and Leasing are limited liability companies. The members’ liability is limited to their investments in the companies. Inter-company transactions and accounts have been eliminated. Pour in Place, Ready Mix, and Leasing were dissolved effective December 31, 2021. Mechanical ceased operations effective January 31, 2022. Management ceased operations effective June 30, 2022. These companies were dissolved or ceased operations to facilitate the subsequent sale of substantially all of the assets and certain specified liabilities of the Company (See Note 11). The assets and liabilities of these companies were transferred to Precast at the effective dates.

The Company produces ready mix concrete to be utilized in commercial and residential building. The Company's mechanical services provides repair and maintenance to large industrial plants located primarily in East Tennessee. The Company's precast division manufactures concrete structures available to utility contractors. The Company also provides custom on-site concrete solutions.

Use of estimates

The preparation of combined financial statements in conformity with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) requires management to make estimates, judgments, and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and changes in these estimates are recorded when known.

Significant accounting policies

The combined financial statements and accompanying notes are prepared in accordance with U.S. GAAP. The following is a description of the Company’s significant accounting policies.

Cash and cash equivalents

The Company considers cash and other instruments with maturities of three months or less when purchased to be cash and cash equivalents.

Accounts receivable and allowance for doubtful accounts

Accounts receivable consists of outstanding balances due to the Company from commercial and residential customers. Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers the collectability of accounts receivable based on a combination of factors, including specific customer’s inability to meet its financial obligations, the length of time receivables are past due and historical experience. As of December 31, 2021, the allowance for doubtful accounts was $72.

Inventory

Inventories consist primarily of aggregate rock, sand and materials used in the production of concrete. The Company also carries pipe and parts for mechanical work and has developed a supply of precast structures held for resale. Inventory is valued at the lower of cost or net realizable value. For purposes of determining net realizable value, the Company uses selling prices at or around the combined balance sheet date, as well as estimates of future prices deemed probable of realization for finished goods. Slow-moving inventory is reviewed and adjusted regularly, based upon product knowledge, physical inventory observation, inventory turnover, and the age of the inventory. Inventory cost includes material costs, inbound freight, direct labor, overhead costs relating to the manufacturing and distribution of products, and absorption costs representing the excess manufacturing or production costs over the amounts charged to the cost of sales or services.

Property, plant, and equipment

Property, plant and equipment are recorded at the lower of cost or fair value. Asset additions are recorded at cost. Depreciation and amortization is provided on a straight-line basis over the estimated useful lives. Leasehold improvements are amortized the lives of the respective leases or the lives of the improvements, whichever is shorter. The Company reviews a long-lived asset for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The Company recognizes an impairment loss if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. There were no property, plant, and equipment impairments recorded for the year ended December 31, 2021.

The estimated useful lives of property, plant, and equipment are as follows:

	Useful Life (years)
Machinery and equipment	5 to 15
Buildings and plant	15 to 40
Vehicles	7

Maintenance, repairs, and minor renewals are charged to operations as incurred. Major renewals and betterments that substantially extend the useful life of the property are capitalized at cost. Upon the sale or other disposition of assets, the costs and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in "Other income" in the Combined Statements of Operations.

Revenue recognition

The Company recognizes revenue for the sale of its products and services when or as control of the promised products or services is transferred. The Company accounts for a contract with a customer when there is a legally enforceable contract, the rights of the parties are identified, the contract has commercial terms and collectability of the contract consideration is probable. The Company's revenues are comprised of product and installation service sales. All revenue is recognized when the Company satisfies its performance obligations under the respective contract by transferring the promised product or rendering a service to its customer either when or as its customer obtains control of the product or the service is rendered. A performance obligation is a promise in a contract to transfer a distinct product or render a specific service to a customer. A contract's transaction price is allocated to each distinct performance obligation. The majority of the Company's contracts have a single performance obligation, as the promise to transfer products or render services is not separately identifiable from other promises in the contract and, therefore, not distinct. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or providing services. Revenue is recorded net of returns, allowances, customer discounts, and any incentives. Sales and other taxes collected from customers and remitted to governmental authorities are accounted for on a net basis (excluded from revenues). Shipping and handling costs are included in cost of goods sold and do not represent a separate performance obligation. Payment terms and conditions in the Company's contracts vary and are not significant to its revenue. An appropriate credit evaluation for each customer at contract inception is performed. Customer payments are due in arrears and are recognized as Accounts receivable - net on the Combined Balance Sheet.

Contract liabilities consists of customer billings or payments received for which the revenue recognition criteria have not yet been met. Advance payments from customers typically relate to contracts for which the Company has significantly fulfilled its obligations, but due to the Company's continuing involvement with the project, revenue is precluded from being recognized until the performance obligation is met for the customer. Advance payments from customers totaled $705 as of December 31, 2021 and are included in Accrued expenses on the Combined Balance Sheet.

The Company's performance obligations under long-term agreements with its customers are generally satisfied over time. Over time revenue is primarily comprised of precast concrete structures. Precast over time revenues are recognized using an output method, specifically units delivered, based upon certain customer acceptance and delivery requirements.

Income taxes

The Company, with the consent of its member/shareholder, has elected under the Internal Revenue Code to be a Limited Liability Company and S-Corporation (Pour in Place) for income tax purposes, of which the member/shareholder of a Limited Liability Company and S-Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements. The Company is subject to the State of Tennessee Franchise and Excise taxes and any other states that they might come under such jurisdiction and accordingly make quarterly payments in all applicable states. Such payments are recorded as tax expense included in Selling and administrative expenses on the Combined Statement of Operations.

The Company evaluates all tax positions taken on its federal and state filings to determine if the position is more likely than not to be sustained upon examination. For positions that meet the more likely than not to be sustained criteria, the largest amount of benefit to be realized upon ultimate settlement is determined on a cumulative probability basis. A previously recognized tax position is derecognized when it is subsequently determined that a tax position no longer meets the more likely than not threshold to be sustained. The evaluation of the sustainability of a tax position and the expected tax benefit is based on judgment, historical experience, and various other assumptions. Actual results could differ from those estimates upon subsequent resolution of identified matters. The Company evaluated its tax positions and determined it had no uncertain tax positions as of December 31, 2021.

Concentration of credit risks

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of accounts receivable and cash and cash equivalents. The Company grants credit to residential and commercial customers. The Company also files statutory liens on all projects deemed to be high credit risk. The Company's credit evaluation process and reasonably short collection terms help to mitigate credit risk concentration. The Company requires placement of cash in financial institutions evaluated as highly creditworthy. Cash may exceed federally insured amounts at times throughout the year.

As of December 31, 2021, the Company had one customer with accounts receivable that represented approximately 23% of the Company's total accounts receivable. For the year ended December 31, 2021, two customers accounted for approximately 17% of the Company's total revenue.

Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Recently issued accounting pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which requires that a lessee recognize assets and liabilities on the balance sheet for all leases with a lease term of more than 12 months, with the result being the recognition of a right-of-use asset and a lease liability. Consistent with current U.S. GAAP, the recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current U.S. GAAP, which requires only capital leases to be recognized on the balance sheet, ASU 2016-02 will require both types of leases to be recognized on the balance sheet. The new lease accounting requirements are effective for fiscal years beginning after December 15, 2021, using a modified retrospective transition approach or the "comparatives under 840 option" transition approach as amended by ASU 2018-11. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2016-02 on its combined financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires entities to account for credit impairment based on an expected loss model rather than on the current incurred loss model. The new guidance will require the consideration of all available relevant information when estimating expected credit losses, including past events, current conditions and forecasts, and their implications for expected credit losses. For nonpublic entities, ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of ASU 2016-13 on its combined financial statements.

Note 2. Inventory

Inventories as of December 31, 2021 are summarized in the following table:

Finished goods	$	2,501
Raw materials		2,315
Inventories - net	$	4,816

Note 3. Property, Plant, and Equipment

Property, plant, and equipment - net as of December 31, 2021 consisted of the following:

Land	$	1,128
Buildings		6,590
Machinery and equipment, including equipment under finance leases		10,787
Vehicles		3,026
Construction in progress		8,510
Gross property, plant, and equipment		30,041
Less accumulated depreciation and amortization		(10,817)
Property, plant, and equipment - net	$	19,224

Depreciation expense, including amortization of finance leases, for the year ended December 31, 2021 totaled $1,933. There were no material asset impairments recorded for the year ended December 31, 2021.

Included in machinery and equipment are assets under finance leases with a capitalized cost of $654 and accumulated amortization of $204. Amortization expense for finance leases totaled $66 for the year ended December 31, 2021.

Note 4. Revolving Lines of Credit

The Company has a $5,000 revolving line of credit, of which $5,000 was unused as of December 31, 2021. Bank advances on the credit line are payable on demand and carry an interest rate of 3.50%, calculated as the prime interest rate (3.25% plus 0.25%). The line of credit is secured by the Company's underlying assets and personal guarantees of the shareholder and member of Jeff VanHoose Affiliated Entities.

The Company also has a special projects revolving line of credit of $2,000 of which $2,000 was unused as of December 31, 2021. Bank advances on the credit line are payable on demand and carry an interest rate of 3.75%. calculated as the prime interest rate (3.25% plus 0.50%). The credit line is secured by the Company's underlying assets and personal guarantees of the shareholder and member of Jeff VanHoose Affiliated Entities.

Note 5. Long-term Debt and Finance Lease Obligations

Long-term debt and finance lease obligations consisted of the following as of December 31, 2021:

Smart Bank Loan 6000	$ 8,017
Pathway Lending 1907-02 Credit Facility	3,345
Pathway Lending 1907-01 Term Loan	3,064
Other Smart Bank Loans	878
CBBC Bank Loans	495
JB&B Capital Finance Leases	369
Komatsu Financial Loans	357
Other Loans	58
Total	16,583
Less current maturities	(1,508)
Long-term portion	$ 15,075

The expected maturities of long-term debt as of December 31, 2021 and thereafter are as follows:

Year Ending December 31,	Long-Term Debt	Finance Lease Obligations	Total
2022	$ 1,260	$ 248	$ 1,508
2023	1,088	119	1,207
2024	1,106	2	1,108
2025	1,055	—	1,055
2026	1,080	—	1,080
Thereafter	10,625	—	10,625
	$ 16,214	369	16,583
Amounts representing interest expense		(17)	(17)
		$ 352	$ 16,566

Smart Bank Loan 6000

On October 22, 2020, the Jeff VanHoose Trust entered into a loan agreement with SmartBank reflecting a loan in the principal amount of $8,361. Pursuant to the terms of the note, the loan bears interest at a rate of 3.45% per annum and matures on October 22, 2027. Monthly payments of interest and principal of $48 commenced November 22, 2020 with a final lump sum payment of $6,118 due at maturity. The loan is secured by certain assets in the Jeff VanHoose Trust.

Pathway Lending 1907-02 Secured Construction Credit Facility Agreement

On May 7, 2019, the Company entered into a secured construction credit facility agreement with Southeast Community Capital doing business as Pathway Lending reflecting a credit facility of up to $3,380. This is a secured credit facility for construction purposes and is secured by underlying construction and improvements. Pursuant to the terms of the agreement, the facility bears interest of 5.00% calculated at the prime rate (3.25%) plus 1.75% and matures on May 1, 2029. Beginning June 1, 2019, and continuing for the next eleven months, and on the first day of each month thereafter, payments of the accrued interest-only on the outstanding principal balance are due. Beginning June 1, 2020, payments of principal and accrued interest are due through maturity. On December 20, 2021 the facility was amended to provide the Company with an additional $1,500 of availability, increasing the amount available to the Company to $4,880.

Pathway Lending 1907-01 Term Loan

On July 14, 2015, the Company entered into a secured loan agreement with Southeast Community Capital doing business as Pathway Lending reflecting a loan in the principal amount of $3,762. The loan proceeds were used to finance equipment purchases. The loan is secured by the underlying equipment. Pursuant to the terms of the note, the loan bears interest at a rate of 6.0% per annum and matures on July 14, 2035. Interest on the outstanding principal balance under the loan is payable in arrears on the first day of each successive calendar month. Beginning on August 1, 2016 and continuing on the first day of each successive calendar month thereafter through and including July 1, 2035, the Company makes payments of principal and accrued interest in the amount of $28. The loan agreement requires the Company to maintain a debt service coverage ratio of not less than 1.30: 1.00.

Other SmartBank Loans

On May 17, 2021, the Company entered into a loan agreement with SmartBank reflecting a loan in the principal amount of $405. Pursuant to the terms of the note, the loan bears interest at a rate of 3.84% per annum and matures on May 17, 2031. Payments of interest and principal commence December 17, 2022. Amounts outstanding as of December 31, 2021 totaled $405.

On December 10, 2021, the Company entered into a loan agreement with SmartBank reflecting a loan in the principal amount of $750. The loan matures on December 8, 2022. Amounts outstanding as of December 31, 2021 totaled $250.

On October 28, 2020, the Jeff VanHoose Trust entered into a loan agreement with SmartBank reflecting a loan in the principal amount of $248. Pursuant to the terms of the note, the loan bears interest at a rate of 3.85% per annum and matures on October 28, 2030. Amounts outstanding as of December 31, 2021 totaled $223.

JB&B Capital Leases

The Company entered into multiple equipment finance agreements with JB&B Capital to lease equipment classified as finance leases maturing at various dates through January 15, 2024 with interest rates ranging 5.39% to 8.90%.

CBBC Bank Loans

The Company has five separate secured loans with CBBC Bank. The first note was funded on December 9, 2020 in the principal amount of $427 bearing interest at a rate of 4.19% maturing on December 9, 2027. Three notes were funded on September 28, 2021 in the combined principal amount of $127, bearing interest at a rate of 3.99% maturing on September 28, 2026. The fifth note was funded on November 4, 2021 in the principal amount of $36 bearing interest at 3.99% and was repaid during 2021.

Komatsu Financial Loans

On September 15, 2020, the Company entered into two equipment finance agreements with Komatsu Financial to finance equipment purchases maturing on September 15, 2024. The Company also entered into an equipment finance agreement with Komatsu Financial on June 19, 2021 maturing on May 19, 2025.

The Company was in compliance with all loan agreements as of December 31, 2021.

Note 6. Fair Value Measurements

The Company determines the fair value of assets and liabilities based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The fair values are based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. The fair value hierarchy is based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's own assumptions of what market participants would use. The fair value hierarchy includes three levels of inputs that may be used to measure fair value as described below.

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

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

The classification of a financial asset or liability within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, finance leases, and long-term borrowings. The Company's cash and cash equivalents, accounts receivable, accounts payable, are valued at face value because of the short duration of these instruments. Borrowings under the Company's finance leases and long-term debt approximate terms that exist in the market.

Note 7. Employee Benefit Plans

The Company sponsors a defined contribution plan covering employees who have attained age 21 and who have completed a specified term of service. The plan permits voluntary employee pre-tax salary deferral contributions, Roth contributions, employer contributions, and profit-sharing contributions. Contributions charged to expense in connection with this plan totaled approximately $55 for the year ended December 31, 2021.

Note 8. Related Party Royalty Expense

The Company has a five-year license agreement effective January 17, 2019 with EnviroCast, LLC ("EnviroCast"), a company under common control with the Company's principal owner. The agreement grants the Company a non-exclusive, non-transferrable, and non-assignable license to use the intellectual property rights, the proprietary marks and the technology in connection with the manufacture, use, distribution, sale, and installation of the EnviroCast product line bearing the EnviroCast marks. The Company pays a royalty to EnviroCast equal to 6% of the net sales of all EnviroCast product line. Beginning on the first anniversary date of the agreement, the Company must pay EnviroCast minimum guaranteed royalties through the contractual term. The Company expects to meet the minimum guaranteed royalties in each year of the noncancellable term of the agreement. During the year ended December 31, 2021, royalty expense was $515.

Note 9. Commitments and Contingent Liabilities

Deferred compensation

On January 1, 2018, the Company entered into an unfunded deferred compensation plan to provide long-term incentive compensation based upon the net profit of the Company. The plan does not grant equity ownership, voting interest, or any other rights held by any member and shareholder of the Company. As of the effective date and measured for all periods thereafter, the participant is entitled to incentive compensation in an amount equal to a percentage of the Company's annual net profits. The agreement settles in cash upon the participant's separation or a liquidation event. The Company has accrued compensation expense in the Combined Statement of Operations and reflected the current liability in the Combined Balance Sheet within the caption Deferred compensation liability. Subsequent to December 31, 2021, the deferred compensation plan was amended to modify the payment amount upon a liquidation event. On August 12, 2022 this award was settled for approximately $19,000 subject to final net working capital adjustments.

Lease commitments

The Company has several short-term operating leases with third parties that renew annually, primarily for office space, machinery and equipment. Rent expense for the year ended December 31, 2021 totaled $800.

Other commitments and contingent liabilities

The Company is also subject to other legal proceedings and claims that arise in the ordinary course of its business. Legal actions are subject to inherent uncertainties, and future events could change management's assessment of the probability or estimated amount of potential losses from pending or threatened legal actions. Based on available information, it is the opinion of management that the ultimate resolution of pending or threatened legal actions, both individually and in the aggregate, will not result in losses having a material adverse effect on the Company's financial position or liquidity as of December 31, 2021.

If management believes that, based on available information, it is at least reasonably possible that a material loss (or additional material loss in excess of any accrual) will be incurred in connection with any legal actions, the Company discloses an estimate of the possible loss or range of loss, either individually or in the aggregate, as appropriate, if such an estimate can be made, or discloses that an estimate cannot be made. Based on the Company's assessment as of December 31, 2021, no such disclosures were considered necessary.

Note 10. Risks and Uncertainties

In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The pandemic continues to affect the Company and its operations in the current year. Going forward, government-imposed travel restrictions and quarantines could result in direct operational and administrative disruptions to the Company's operations. The Company is dependent on its workforce, vendors and customers to deliver its products and services. Pandemic mitigation could negatively impact the Company's ability to effectively deploy its workforce. The Company's suppliers and customers could also be adversely affected by these disruptions, which in turn could negatively impact the Company's operating results going forward.

The pandemic and responses to it have created significant volatility, uncertainty and economic disruption. The extent to which the pandemic will impact the Company's business, operations and financial results depends on numerous factors that the Company is unable to accurately predict, including: the duration and scope of the pandemic; governmental, business and individual actions that have been and continue to be taken in response to the pandemic; the ongoing impact of the pandemic on economic activity and actions taken in response; and the effect on participants in the primary industries served by the Company.

Note 11. Subsequent Events

On August 12, 2022 the Company entered into an asset purchase and sale agreement with CXT Incorporated, a wholly owned subsidiary of L.B. Foster Company, to sell substantially all of the assets and certain specified liabilities of the Company for the selling price of $50,500 subject to net working capital adjustments. In connection with this transaction, all debt obligations were settled with the net proceeds of the sale.

The Company has evaluated all other subsequent events through the date the financial statements were issued and determined that there were no other subsequent events or transactions that require recognition or disclosures in the combined financial statements.

Jeff VanHoose Affiliated Entities

UNAUDITED COMBINED FINANCIAL STATEMENTS

As of and for the Six Months Ended

June 30, 2022

JEFF VANHOOSE AFFILIATED ENTITIES

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FINANCIAL STATEMENTS	Page

JEFF VANHOOSE AFFILIATED ENTITIES
COMBINED BALANCE SHEET
(Unaudited)
(In thousands, except share data)

		June 30, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$	2,021
Accounts receivable - net		3,781
Inventories - net		5,104
Other current assets		—
Total current assets		10,906
Property, plant, and equipment - net		20,205
TOTAL ASSETS	$	31,111
LIABILITIES AND SHAREHOLDERS' AND MEMBERS' EQUITY AND NET DEFICIT		
Current liabilities:		
Accounts payable	$	1,492
Deferred compensation liability		8,753
Current portion of long-term debt and finance lease obligations		1,341
Other accrued liabilities		1,396
Total current liabilities		12,982
Long-term debt and finance lease obligations		15,107
Shareholders' and members' equity and net deficit:		
Common stock, par value $1.00, authorized 3000 shares, issued and outstanding at June 30, 2022, 3000		3
Paid-in capital		432
Members’ equity		4,773
Accumulated deficit		(337)
VanHoose trust net deficit		(1,849)
Total shareholders’ and members' equity and net deficit		3,022
TOTAL LIABILITIES AND SHAREHOLDERS’ AND MEMBERS' EQUITY AND NET DEFICIT	$	31,111

JEFF VANHOOSE AFFILIATED ENTITIES
COMBINED STATEMENT OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

	Six Months Ended June 30, 2022
Net sales	$ 20,874
Cost of goods sold	15,068
Gross profit	5,806
Selling and administrative expenses	3,282
Deferred compensation expense	1,155
Operating profit	1,369
Interest expense - net	442
Other income - net	(786)
Net income	$ 1,713

JEFF VANHOOSE AFFILIATED ENTITIES
COMBINED STATEMENT OF CASH FLOWS
(In thousands)

	Six Months Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 1,713
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation and amortization	937
Change in operating assets and liabilities:	
Accounts receivable	(602)
Inventories	(288)
Other assets and liabilities	1,080
Net cash provided by operating activities	2,840
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures on property, plant, and equipment	(1,918)
Net cash used in investing activities	(1,918)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayments of debt and finance lease obligations	(479)
Proceeds from debt	344
Capital distributions	(28)
Net cash used in financing activities	(163)
Net increase in cash and cash equivalents	759
Cash and cash equivalents at beginning of period	1,262
Cash and cash equivalents at end of period	$ 2,021
Supplemental disclosure of cash flow information:	
Interest paid	$ 442

JEFF VANHOOSE AFFILIATED ENTITIES
COMBINED STATEMENT OF SHAREHOLDERS' AND MEMBERS' EQUITY AND NET DEFICIT
(Unaudited)
(Dollars in thousands)

	Six Months Ended June 30, 2022					
	Common Stock	**Paid-in Capital**	**Members's Equity**	**Accumulated Deficit**	**VanHoose Trust Net Deficit**	**Total Shareholders' and Members' Equity and Net Deficit**
Balance, December 31, 2021	$ 3	$ 432	$ 3,173	$ (337)	$ (1,934)	$ 1,337
Net income	—	—	1,628	—	85	1,713
Capital distributions	—	—	(28)	—	—	(28)
Balance, June 30, 2022	$ 3	$ 432	$ 4,773	$ (337)	$ (1,849)	$ 3,022

Note 1. Summary of Significant Accounting Policies

Organization, operations, and basis of combination

The combined financial statements include the accounts of Pour in Place, Inc. ("Pour in Place"), an S-Corporation owned 100% by Jeff VanHoose, five single member limited liability companies ("LLC"), VanHooseCo, LLC d/b/a VanHooseCo Ready Mix, LLC ("Ready Mix"), VanHooseCo Precast, LLC ("Precast"), VanHooseCo Mechanical & Millwright, LLC ("Mechanical"), VanHooseCo Management, LLC ("Management") and VanHooseCo Leasing, LLC ("Leasing") all owned 100% by Jeff VanHoose, and certain Company assets and liabilities held in the Jeff Vanhoose Trust (collectively, the "Company"). Ready Mix, Precast, Mechanical, Management, and Leasing are limited liability companies. The members' liability is limited to their investments in the companies. Inter-company transactions and accounts have been eliminated. Pour in Place, Ready Mix, and Leasing were dissolved effective December 31, 2021. Mechanical ceased operations effective January 31, 2022. Management ceased operations effective June 30, 2022. These companies were dissolved or ceased operations to facilitate the subsequent sale of substantially all of the assets and certain specified liabilities of the Company (See Note 11). The assets and liabilities of these companies were transferred to Precast at the effective dates.

The Company produces ready mix concrete to be utilized in commercial and residential building. The company's mechanical services provides repair and maintenance to large industrial plants located primarily in East Tennessee. The company's precast division manufactures concrete structures available to utility contractors. The Company also provides custom on-site concrete solutions.

Use of estimates

The preparation of combined financial statements in conformity with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") requires management to make estimates, judgments, and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and changes in these estimates are recorded when known.

Significant accounting policies

The combined financial statements and accompanying notes are prepared in accordance with U.S. GAAP. The following is a description of the Company's significant accounting policies.

Cash and cash equivalents

The Company considers cash and other instruments with maturities of three months or less when purchased to be cash and cash equivalents.

Accounts receivable and allowance for doubtful accounts

Accounts receivable consists of outstanding balances due to the Company from commercial and residential customers. Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers the collectability of accounts receivable based on a combination of factors, including specific customer's inability to meet its financial obligations, the length of time receivables are past due and historical experience. As of June 30, 2022, the allowance for doubtful accounts was $71.

Inventory

Inventories consist primarily of aggregate rock, sand and materials used in the production of concrete. The company also carries pipe and parts for mechanical work and has developed a supply of precast structures held for resale. Inventory is valued at the lower of cost or net realizable value. For purposes of determining net realizable value, the Company uses selling prices at or around the combined balance sheet date, as well as estimates of future prices deemed probable of realization for finished goods. Slow-moving inventory is reviewed and adjusted regularly, based upon product knowledge, physical inventory observation, inventory turnover, and the age of the inventory. Inventory cost includes material costs, inbound freight, direct labor, overhead costs relating to the manufacturing and distribution of products, and absorption costs representing the excess manufacturing or production costs over the amounts charged to the cost of sales or services.

Property, plant, and equipment

Property, plant and equipment are recorded at the lower of cost or fair value. Asset additions are recorded at cost. Depreciation and amortization is provided on a straight-line basis over the estimated useful lives. Leasehold improvements are amortized the lives of the respective leases or the lives of the improvements, whichever is shorter. The Company reviews a long-lived asset for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The Company recognizes an impairment loss if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. There were no property, plant, and equipment impairments recorded for the six months ended June 30, 2022.

The estimated useful lives of property, plant, and equipment are as follows:

	Useful Life (years)
Machinery and equipment	5 to 15
Buildings and plant	15 to 40
Vehicles	7

Maintenance, repairs, and minor renewals are charged to operations as incurred. Major renewals and betterments that substantially extend the useful life of the property are capitalized at cost. Upon the sale or other disposition of assets, the costs and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in “Other income” in the Combined Statement of Operations.

Revenue recognition

The Company recognizes revenue for the sale of its products and services when or as control of the promised products or services is transferred. The Company accounts for a contract with a customer when there is a legally enforceable contract, the rights of the parties are identified, the contract has commercial terms and collectability of the contract consideration is probable. The Company’s revenues are comprised of product and installation service sales. All revenue is recognized when the Company satisfies its performance obligations under the respective contract by transferring the promised product or rendering a service to its customer either when or as its customer obtains control of the product or the service is rendered. A performance obligation is a promise in a contract to transfer a distinct product or render a specific service to a customer. A contract’s transaction price is allocated to each distinct performance obligation. The majority of the Company’s contracts have a single performance obligation, as the promise to transfer products or render services is not separately identifiable from other promises in the contract and, therefore, not distinct. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or providing services. Revenue is recorded net of returns, allowances, customer discounts, and any incentives. Sales and other taxes collected from customers and remitted to governmental authorities are accounted for on a net basis (excluded from revenues). Shipping and handling costs are included in cost of goods sold and do not represent a separate performance obligation. Payment terms and conditions in the Company’s contracts vary and are not significant to its revenue. An appropriate credit evaluation for each customer at contract inception is performed. Customer payments are due in arrears and are recognized as Accounts receivable - net on the Combined Balance Sheet.

Contract liabilities consists of customer billings or payments received for which the revenue recognition criteria have not yet been met. Advance payments from customers typically relate to contracts for which the Company has significantly fulfilled its obligations, but due to the Company’s continuing involvement with the project, revenue is precluded from being recognized until the performance obligation is met for the customer. Advance payments from customers totaled $801 as of June 30, 2022 and are included in Accrued expenses on the Combined Balance Sheet.

The Company’s performance obligations under long-term agreements with its customers are generally satisfied over time. Over time revenue is primarily comprised of precast concrete structures. Precast over time revenues are recognized using an output method, specifically units delivered, based upon certain customer acceptance and delivery requirements.

Income taxes

The company, with the consent of its member/shareholder, has elected under the Internal Revenue Code to be a Limited Liability Company and S-Corporation (Pour in Place) for income tax purposes, of which the member/shareholder of a Limited Liability Company and S-Corporation are taxed on their proportionate share of the company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements. The company is subject to the State of Tennessee Franchise and Excise taxes and any other states that they might come under such jurisdiction and accordingly make quarterly payments in all applicable states. Such payments are recorded as tax expense included in Selling and administrative expenses on the Combined Statement of Operations.

The Company evaluates all tax positions taken on its federal and state filings to determine if the position is more likely than not to be sustained upon examination. For positions that meet the more likely than not to be sustained criteria, the largest amount of benefit to be realized upon ultimate settlement is determined on a cumulative probability basis. A previously recognized tax position is derecognized when it is subsequently determined that a tax position no longer meets the more likely than not threshold to be sustained. The evaluation of the sustainability of a tax position and the expected tax benefit is based on judgment, historical experience, and various other assumptions. Actual results could differ from those estimates upon subsequent resolution of identified matters. The Company evaluated its tax positions and determined it had no uncertain tax positions as of June 30, 2022.

Concentration of credit risks

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of accounts receivable and cash and cash equivalents. The Company grants credit to residential and commercial customers. The company also files statutory liens on all projects deemed to be high credit risk. The Company’s credit evaluation process and reasonably short collection terms help to mitigate credit risk concentration. The Company requires placement of cash in financial institutions evaluated as highly creditworthy. Cash may exceed federally insured amounts at times throughout the year.

As of June 30, 2022, the Company had one customer with accounts receivable that represented approximately 11% of the Company's total accounts receivable. For the six month period ended June 30, 2022, two customers accounted for approximately 21% of the Company's total revenue.

Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Recently issued accounting pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which requires that a lessee recognize assets and liabilities on the balance sheet for all leases with a lease term of more than 12 months, with the result being the recognition of a right-of-use asset and a lease liability. Consistent with current U.S. GAAP, the recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current U.S. GAAP, which requires only capital leases to be recognized on the balance sheet, ASU 2016-02 will require both types of leases to be recognized on the balance sheet. The new lease accounting requirements are effective for fiscal years beginning after December 15, 2021, using a modified retrospective transition approach or the "comparatives under 840 option" transition approach as amended by ASU 2018-11. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2016-02 on its combined financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires entities to account for credit impairment based on an expected loss model rather than on the current incurred loss model. The new guidance will require the consideration of all available relevant information when estimating expected credit losses, including past events, current conditions and forecasts, and their implications for expected credit losses. For nonpublic entities, ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of ASU 2016-13 on its combined financial statements.

Note 2. Inventory

Inventories as of June 30, 2022 are summarized in the following table:

Finished goods	$	2,016
Raw materials		3,088
Inventories - net	$	5,104

Note 3. Property, Plant, and Equipment

Property, plant, and equipment - net as of June 30, 2022 consisted of the following:

Land	$	1,128
Buildings		6,442
Machinery and equipment, including equipment under finance leases		13,755
Vehicles		655
Construction in progress		9,977
Gross property, plant, and equipment		31,957
Less accumulated depreciation and amortization		(11,756)
Property, plant, and equipment - net	$	20,201

Depreciation expense, including amortization of finance leases, for the six months ended June 30, 2022 totaled $937. There were no material asset impairments recorded for the six months ended June 30, 2022.

Note 4. Revolving Lines of Credit

The Company has a $5,000 revolving line of credit, of which $5,000 was unused as of June 30, 2022. Bank advances on the credit line are payable on demand and carry an interest rate of 3.50%, calculated as the prime interest rate (3.25% plus 0.25%). The line of credit is secured by the company's underlying assets and personal guarantees of the shareholder and member of Jeff VanHoose Affiliated Entities.

The Company also has a special projects revolving line of credit of $2,000 of which $2,000 was unused as of June 30, 2022. Bank advances on the credit line are payable on demand and carry an interest rate of 3.75%. calculated as the prime interest rate (3.25% plus 0.50%). The credit line is secured by the company's underlying assets and personal guarantees of the shareholder and member of Jeff VanHoose Affiliated Entities.

Note 5. Long-term Debt and Finance Lease Obligations

Long-term debt and finance lease obligations consisted of the following as of June 30, 2022:

Smart Bank Loan 6000	$ 7,864
Pathway Lending 1907-02 Credit Facility	3,504
Pathway Lending 1907-01 Term Loan	2,973
Other Smart Bank Loans	962
CBBC Bank Loans	450
JB&B Capital Finance Leases	259
Komatsu Financial Loans	304
Other Loans	132
Total	16,448
Less current maturities	(1,341)
Long-term portion	$ 15,107

The expected maturities of long-term debt as of June 30, 2022 and thereafter are as follows:

Year Ending December 31,	Long-Term Debt	Finance Lease Obligations	Total
2022	$ 551	$ 126	$ 677
2023	1,169	119	1,288
2024	1,193	15	1,208
2025	1,105	—	1,105
2026	1,131	—	1,131
Thereafter	11,039	—	11,039
	16,188	260	16,448
Amounts representing interest expense		(10)	(10)
		$ 250	$ 16,438

Smart Bank Loan 6000

On October 22, 2020, the Jeff VanHoose Trust entered into a loan agreement with SmartBank reflecting a loan in the principal amount of $8,361. Pursuant to the terms of the note, the loan bears interest at a rate of 3.45% per annum and matures on October 22, 2027. Monthly payments of interest and principal of $48 commenced November 22, 2020 with a final lump sum payment of $6,118 due at maturity. The loan is secured by certain assets in the Jeff VanHoose Trust.

Pathway Lending 1907-02 Secured Construction Credit Facility Agreement

On May 7, 2019, the Company entered into a secured construction credit facility agreement with Southeast Community Capital doing business as Pathway Lending reflecting a credit facility of up to $3,380. This is a secured credit facility for construction purposes and is secured by underlying construction and improvements. Pursuant to the terms of the agreement, the facility bears interest of 5.00% calculated at the prime rate (3.25%) plus 1.75% and matures on May 1, 2029. Beginning June 1, 2019, and continuing for the next eleven months, and on the first day of each month thereafter, payments of the accrued interest-only on the outstanding principal balance are due. Beginning June 1, 2020, payments of principal and accrued interest are due through maturity. On December 20, 2021 the facility was amended to provide the Company with an additional $1,500 of availability, increasing the amount available to the Company to $4,880.

Pathway Lending 1907-01 Term Loan

On July 14, 2015, the Company entered into a secured loan agreement with Southeast Community Capital doing business as Pathway Lending reflecting a loan in the principal amount of $3,762. The loan proceeds were used to finance equipment purchases. The loan is secured by the underlying equipment. Pursuant to the terms of the note, the loan bears interest at a rate of 6.0% per annum and matures on July 14, 2035. Interest on the outstanding principal balance under the loan is payable in arrears on the first day of each successive calendar month. Beginning on August 1, 2016 and continuing on the first day of each successive calendar month thereafter through and including July 1, 2035, the Company makes payments of principal and accrued interest in the amount of $28. The loan agreement requires the Company to maintain a debt service coverage ratio of not less than 1.30: 1.00.

Other SmartBank Loans

On May 17, 2021, the Company entered into a loan agreement with SmartBank reflecting a loan in the principal amount of $405. Pursuant to the terms of the note, the loan bears interest at a rate of 3.84% per annum and matures on May 17, 2031. Payments of interest and principal commence December 17, 2022. Amounts outstanding as of June 30, 2022 totaled $405.

On December 10, 2021, the Company entered into a loan agreement with SmartBank reflecting a loan in the principal amount of $750. The loan matures on December 8, 2022. There was no outstanding balance as of June 30, 2022.

On October 28, 2020, the Jeff VanHoose Trust entered into a loan agreement with SmartBank reflecting a loan in the principal amount of $248. Pursuant to the terms of the note, the loan bears interest at a rate of 3.85% per annum and matures on October 28, 2030. Amounts outstanding as of June 30, 2022 totaled $213.

JB&B Capital Leases

The Company entered into multiple equipment finance agreements with JB&B Capital to lease equipment classified as finance leases maturing at various dates through January 15, 2024 with interest rates ranging 5.39% to 8.90%.

CBBC Bank Loans

The Company has five separate secured loans with CBBC Bank. The first note was funded on December 9, 2020 in the principal amount of $427 bearing interest at a rate of 4.19% maturing on December 9, 2027. Three notes were funded on September 28, 2021 in the combined principal amount of $127, bearing interest at a rate of 3.99% maturing on September 28, 2026. The fifth note was funded on November 4, 2021 in the principal amount of $36 bearing interest at 3.99% and was repaid during 2021.

Komatsu Financial Loans

On September 15, 2020, the Company entered into two equipment finance agreements with Komatsu Financial to finance equipment purchases maturing on September 15, 2024. The Company also entered into an equipment finance agreement with Komatsu Financial on June 19, 2021 maturing on May 19, 2025.

Note 6. Fair Value Measurements

The Company determines the fair value of assets and liabilities based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The fair values are based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. The fair value hierarchy is based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's own assumptions of what market participants would use. The fair value hierarchy includes three levels of inputs that may be used to measure fair value as described below.

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

The classification of a financial asset or liability within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, finance leases, and long-term borrowings. The Company's cash and cash equivalents, accounts receivable, accounts payable, are valued at face value because of the short duration of these instruments. Borrowings under the Company's finance leases and long-term debt approximate terms that exist in the market.

Note 7. Employee Benefit Plans

The Company sponsors a defined contribution plan covering employees who have attained age 21 and who have completed a specified term of service. The plan permits voluntary employee pre-tax salary deferral contributions, Roth contributions, employer contributions, and profit-sharing contributions. Contributions charged to expense in connection with this plan totaled approximately $39 for the six months ended June 30, 2022.

Note 8. Related Party Expense

The Company has a five-year license agreement effective January 17, 2019 with EnviroCast, LLC ("EnviroCast"), a company under common control with the Company's principal owner. The agreement grants the Company a non-exclusive, non-transferrable, and non-assignable license to use the intellectual property rights, the proprietary marks and the technology in connection with the manufacture, use, distribution, sale, and installation of the EnviroCast product line bearing the EnviroCast marks. The Company pays a royalty to EnviroCast equal to 6% of the net sales of all EnviroCast product line. Beginning on the first anniversary date of the agreement, the Company must pay EnviroCast minimum guaranteed royalties through the contractual term. The Company expects to meet the minimum guaranteed royalties in each year of the noncancellable term of the agreement. During the six months ended June 30, 2022, royalty expense was $260.

During the six months ended June 30, 2022, a bonus payment of $1,460 was paid to the Company's management.

Note 9. Commitments and Contingent Liabilities

Deferred compensation

On January 1, 2018, the Company entered into an unfunded deferred compensation plan to provide long-term incentive compensation based upon the net profit of the Company. The plan does not grant equity ownership, voting interest, or any other rights held by any member and shareholder of the Company. As of the effective date and measured for all periods thereafter, the participants are entitled to incentive compensation in an amount equal to a percentage of the Company's annual net profits. The agreement settles in cash upon the participants' separation or a liquidation event. The Company has accrued compensation expense in the Combined Statement of Operations and reflected the current liability in the Combined Balance Sheet within the caption Deferred compensation liability. On June 1, 2022, the deferred compensation plan was amended to modify the payment amount upon a liquidation event. On August 12, 2022 this award was settled for approximately $19,000 subject to final net working capital adjustments.

Lease commitments

The Company has several short-term operating leases with third parties that renew annually, primarily for office space, machinery and equipment. Rent expense for the six months ended June 30, 2022 totaled $346.

Other commitments and contingent liabilities

The Company is also subject to other legal proceedings and claims that arise in the ordinary course of its business. Legal actions are subject to inherent uncertainties, and future events could change management's assessment of the probability or estimated amount of potential losses from pending or threatened legal actions. Based on available information, it is the opinion of management that the ultimate resolution of pending or threatened legal actions, both individually and in the aggregate, will not result in losses having a material adverse effect on the Company's financial position or liquidity as of June 30, 2022.

If management believes that, based on available information, it is at least reasonably possible that a material loss (or additional material loss in excess of any accrual) will be incurred in connection with any legal actions, the Company discloses an estimate of the possible loss or range of loss, either individually or in the aggregate, as appropriate, if such an estimate can be made, or discloses that an estimate cannot be made. Based on the Company's assessment as of June 30, 2022, no such disclosures were considered necessary.

Note 10. Risks and Uncertainties

In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The pandemic continues to affect the Company and its operations in the current year. Going forward, government-imposed travel restrictions and quarantines could result in direct operational and administrative disruptions to the Company's operations. The Company is dependent on its workforce, vendors and customers to deliver its products and services. Pandemic mitigation could negatively impact the Company's ability to effectively deploy its workforce. The Company's suppliers and customers could also be adversely affected by these disruptions, which in turn could negatively impact the Company's operating results going forward.

The pandemic and responses to it have created significant volatility, uncertainty and economic disruption. The extent to which the pandemic will impact the Company's business, operations and financial results depends on numerous factors that the Company is unable to accurately predict, including: the duration and scope of the pandemic; governmental, business and individual actions that have been and continue to be taken in response to the pandemic; the ongoing impact of the pandemic on economic activity and actions taken in response; and the effect on participants in the primary industries served by the Company.

Note 11. Subsequent Events

On August 12, 2022 the Company entered into an asset purchase and sale agreement with CXT Incorporated, a wholly owned subsidiary of L.B. Foster Company, to sell substantially all of the assets and certain specified liabilities of the Company for the selling price of $50,500 subject to net working capital adjustments. In connection with this transaction, all debt obligations were settled with the net proceeds of the sale.

The Company has evaluated all other subsequent events through the date the financial statements were issued and determined that there were no other subsequent events or transactions that require recognition or disclosures in the combined financial statements.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following Unaudited Pro Forma Condensed Combined Financial Information ("Pro Forma Financial Information") and related explanatory notes present the historical condensed combined financial information of L.B. Foster Company (the "Company") and Jeff VanHoose Affiliated Entities ("VanHooseCo" or "VHC") after giving effect to the Company's acquisition of VanHooseCo that was completed on August 12, 2022.

The Unaudited Pro Forma Condensed Combined Statements of Operations ("Pro Forma Statements of Operations") for the six months ended June 30, 2022 and the year ended December 31, 2021, give effect to the acquisition as if it was consummated on January 1, 2021, the beginning of the Company's fiscal year. The Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet ("Pro Forma Balance Sheet") as of June 30, 2022, gives effect to the acquisition as if it was consummated on June 30, 2022.

The historical financial statements were prepared in conformity with United States Generally Accepted Accounting Principles ("U.S. GAAP"). The Unaudited Pro Forma Condensed Combined Financial Information is presented in accordance with the rules specified by Article 11 of Regulation S-X promulgated by the Securities and Exchange Commission ("SEC"), and has been prepared using the assumptions described in the notes thereto.

The historical financial information of the Company has been derived from the historical audited consolidated financial statements of the Company included in the Annual Report on Form 10-K for the year ended December 31, 2021 and the unaudited condensed consolidated financial statements of the Company included in the Quarterly Report on Form 10-Q for the six months ended June 30, 2022.

Assumptions and estimates underlying the unaudited adjustments to the pro forma combined financial information ("Pro Forma Adjustments") are described in the accompanying explanatory notes. In management's opinion, the Pro Forma Adjustments are necessary to present fairly the Pro Forma Statements of Operations and the Pro Forma Balance Sheet as of and for the periods indicated. The Pro Forma Adjustments give effect to pro forma events that are (1) directly attributable to the acquisition, (2) factually supportable, and (3) with respect to the pro forma statement of operations, expected to have a continuing impact on the combined results of the Company following the VanHooseCo acquisition.

The Pro Forma Financial Information has been prepared using the acquisition method of accounting in accordance with Accounting Standards Codification 805, Business Combinations ("ASC 805"), with L.B. Foster as the acquirer of VanHooseCo. Under the acquisition method of accounting, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair market values as of the acquisition date with any excess purchase price allocated to goodwill. The Company has not completed the detailed valuation studies necessary to arrive at the required estimates of the fair value of the VanHooseCo assets acquired and the liabilities assumed and the related allocations of the purchase price. As a result, the Pro Forma Adjustments are preliminary and are subject to change as additional information becomes available and as additional analyses are performed. The valuation will be finalized as soon as practicable within the required measurement period, but in no event later than one year following completion of the acquisition. Any increases or decreases in the fair value of these assets and liabilities upon completion of the final valuations may result in financial data that is different than what is reflected in the Pro Forma Balance Sheet and / or the Pro Forma Statements of Operations. The final purchase price allocation may be different than that reflected in the pro forma purchase price allocation presented herein, and this difference may be material.

We are not aware of any accounting policy differences that would have a material impact on the unaudited pro forma condensed combined financial statements of the combined company that are not reflected in the Pro Forma Adjustments.

The Pro Forma Financial Information has been presented for illustrative purposes only and does not purport to represent what the results of operations or financial position of the Company would have been had the transaction occurred on the dates noted above, or to project the future results of operations or financial position of the Company for any future periods.

The Pro Forma Financial Information, although helpful in illustrating the financial characteristics of the Company under one set of assumptions, does not reflect the benefits of expected cost savings (or associated costs to achieve such savings), opportunities to earn additional revenue, or other factors that may result as a consequence of the VanHooseCo acquisition, and accordingly, does not attempt to predict or suggest future results. Specifically, the Pro Forma Statements of Operations exclude projected operating efficiencies and synergies expected to be achieved as a result of the VanHooseCo acquisition. The Pro Forma Financial Information also excludes the effects of costs associated with any restructuring or integration activities or asset dispositions resulting from the VanHooseCo acquisition, as they are not expected or were not incurred as of the closing date of the VanHooseCo acquisition. Such costs may be material and no assurance can be given that cost savings or synergies will be realized. However, such costs could affect the combined company following the merger in the period the costs are incurred or recorded.

The Pro Forma Financial Information has been developed from and should be read in conjunction with the accompanying notes to the Pro Forma Financial Information, Management's Discussion and Analysis of Financial Condition and Results of Operations and the historical financial statements in the Company's 2021 Annual Report on Form 10-K, the June 30, 2022 Quarterly Report on Form 10-Q, the audited combined financial statements of VanHooseCo as of and for the year ended December 31, 2021, included as Exhibit 99.2 to the Form 8-K/A filed herewith, and the unaudited combined interim financial statements of VanHooseCo as of and for the six months ended June 30, 2022, included as Exhibit 99.3 to the Form 8-K/A filed herewith.

L.B. FOSTER COMPANY AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2022
(In thousands, except share data)

	Historical Balance Sheet Information		Pro Forma		
	L.B. Foster	**VHC**	**Adjustments**	**Notes**	**Combined**
ASSETS					
Current assets:					
Cash and cash equivalents	$ 7,661	$ 2,021	$ —		$ 9,682
Accounts receivable - net	72,252	3,781	—		76,033
Contract assets	31,023	—	—		31,023
Inventories	73,391	5,104	1,134	a	79,629
Other current assets	18,551	—	—		18,551
Total current assets	202,878	10,906	1,134		214,918
Property, plant, and equipment - net	56,900	20,205	9,796	b	86,901
Operating lease right-of-use assets - net	13,538	—	—		13,538
Other assets:					
Goodwill	24,571	—	10,510	c	35,081
Other intangibles - net	29,540	—	4,561	c	34,101
Deferred tax assets	36,777	—	—		36,777
Other assets	1,218	—	—		1,218
TOTAL ASSETS	$ 365,422	$ 31,111	$ 26,001		$ 422,534
LIABILITIES AND SHAREHOLDERS' AND MEMBERS' EQUITY AND NET DEFICIT					
Current liabilities:					
Accounts payable	$ 49,944	$ 1,492	$ —		$ 51,436
Deferred revenue	19,072	—	—		19,072
Accrued payroll and employee benefits	6,565	—	—		6,565
Current portion of accrued settlement	8,000	—	—		8,000
Deferred compensation liability	—	8,753	(8,753)	d	—
Current portion of long-term debt	64	1,341	(1,341)	e	64
Other accrued liabilities	12,959	1,396	—		14,355
Total current liabilities	96,604	12,982	(10,094)		99,492
Long-term debt and leases payable	49,222	15,107	39,117	e	103,446
Deferred tax liabilities	3,628	—	—		3,628
Long-term portion of accrued settlement	14,000	—	—		14,000
Long-term operating lease liabilities	10,785	—	—		10,785
Other long-term liabilities	10,144	—	—		10,144
Stockholders', shareholders' and members' equity and net deficit:					
Common stock, par value $0.01 and $1.00, authorized 20,000,000 and 3,000 shares; shares issued 11,115,779 and 3,000; shares outstanding 10,730,950 and 3,000, respectively	111	3	(3)	f	111
Paid-in capital	42,201	432	(432)	f	42,201
Retained earnings	169,177	—	—		169,177
Treasury stock - at cost, 384,829 common stock shares	(8,391)	—	—		(8,391)
Accumulated other comprehensive loss	(22,547)	—	—		(22,547)
Members' equity	—	4,773	(4,773)	f	—
Accumulated deficit	—	(337)	337	f	—
VanHoose trust net deficit	—	(1,849)	1,849	f	—
Total L.B. Foster and VanHooseco stockholders', shareholders' and members' equity and net deficit	180,551	3,022	(3,022)	f	180,551
Noncontrolling interest	488	—	—		488
Total stockholders', shareholders' and members' equity and net deficit	181,039	3,022	(3,022)		181,039
TOTAL LIABILITIES AND STOCKHOLDERS', SHAREHOLDERS' AND MEMBERS' EQUITY AND NET DEFICIT	$ 365,422	$ 31,111	$ 26,001		$ 422,534

See notes to the Unaudited Pro Forma Condensed Combined Financial Information.

L.B. FOSTER COMPANY AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In thousands, except per share data)

	Historical Statement of Operations Information		Pro Forma		
	L.B. Foster	VHC	Adjustments	Notes	Combined
Net sales	$ 230,309	$ 20,874	$ —		$ 251,183
Cost of sales	190,569	15,068	256	g	205,893
Gross profit	39,740	5,806	(256)		45,290
Selling and administrative expenses	36,692	3,282	84	g	40,058
Amortization expense	2,855	—	373	h	3,228
Deferred compensation expense	—	1,155	(1,155)	i	—
Operating profit	193	1,369	442		2,004
Interest expense - net	754	442	965	j	2,161
Other income - net	(1,264)	(786)	—		(2,050)
Income before income taxes	703	1,713	(523)		1,893
Income tax expense	313	—	297	k	610
Net income	390	1,713	(820)		1,283
Net loss attributable to noncontrolling interest	(54)	—	—		(54)
Net income attributable to L.B. Foster Company and VanHooseCo	$ 444	$ 1,713	$ (820)		$ 1,337
Average number of common shares outstanding - basic	10,700				10,700
Average number of common shares outstanding - diluted	10,809				10,809
Basic earnings per common share	$ 0.04				$ 0.12
Diluted earnings per common share	$ 0.04				$ 0.12

See notes to the Unaudited Pro Forma Condensed Combined Financial Information.

L.B. FOSTER COMPANY AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021
(In thousands, except per share data)

	Historical Statement of Operations Information		Pro Forma		
	L.B. Foster	**VHC**	**Adjustments**	**Notes**	**Combined**
Net sales	$ 513,620	$ 28,716	$ (1,977)	l	$ 540,359
Cost of sales	427,318	20,674	—	g, l, m	447,992
Gross profit	86,302	8,042	(1,977)		92,367
Selling and administrative expenses	75,995	2,942	939	g, l, n	79,876
Amortization expense	5,836	—	747	h	6,583
Deferred compensation expense	—	2,538	(2,538)	i	—
Operating profit	4,471	2,562	(1,125)		5,908
Interest expense - net	2,956	957	2,004	j	5,917
Other (income) expense - net	(3,075)	251	—		(2,824)
Income before income taxes	4,590	1,354	(3,129)		2,815
Income tax expense	1,119	—	(444)	k	675
Net income	3,471	1,354	(2,685)		2,140
Net loss attributable to noncontrolling interest	(83)	—	—		(83)
Net income attributable to L.B. Foster Company and VanHooseCo	$ 3,554	$ 1,354	$ (2,685)		$ 2,223
Average number of common shares outstanding - basic	10,623				10,623
Average number of common shares outstanding - diluted	10,752				10,752
Basic earnings per common share	$ 0.33				$ 0.21
Diluted earnings per common share	$ 0.33				$ 0.21

See notes to the Unaudited Pro Forma Condensed Combined Financial Information.

(Dollars in thousands, except per share data unless otherwise noted)

Note 1. Basis of Presentation

The Pro Forma Balance Sheet of L.B. Foster Company ("L.B. Foster" or the "Company") as of June 30, 2022 and the Pro Forma Statements of Operations for the year ended December 31, 2021, and for the six months ended June 30, 2022 give effect to the acquisition of substantially all of the assets and certain specific liabilities of VanHooseCo on August 12, 2022.

The Company acquired VanHooseCo for $52,203 net cash acquired, at closing for VanHooseCo, subject to the finalization of the net working capital adjustments. The acquisition agreement includes two employment agreements whereby sellers have the ability to earn up to an additional $1,000 dependent upon the successful completion of the sellers employment agreement. Included in the Unaudited Pro Forma Condensed Combined Statement of Operations for the six months ended June 30, 2022 is a $1,460 bonus payment paid to the sellers.
The acquisition is recorded within the pro forma financial statements under the acquisition method of accounting, in accordance with business combination accounting guidance under U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). Under these standards, the assets acquired and liabilities assumed are measured at estimated fair value as defined by the applicable guidance. The adjustments included herein are preliminary as the Company has not finalized the detailed valuation studies necessary to arrive at the required estimates of fair value of the VanHooseCo assets to be acquired and the liabilities to be assumed and the related allocation of purchase price. The final fair values may differ materially from the information presented. Acquisition transaction costs have not been included as components of consideration, but have been expensed in the period in which the costs were incurred.

The Pro Forma Financial Information was prepared in accordance with U.S. GAAP and pursuant to the U.S. Securities and Exchange Commission Regulation S-X Article 11. The pro forma financial statements of the combined companies are based upon the historical information of the respective companies after giving effect to the acquisition and adjustments as described in the notes to the financial statements. The Pro Forma Balance Sheet is presented as if the acquisition occurred on June 30, 2022 and the Pro Forma Statements of Operations for the six-months ended June 30, 2022 and for the year ended December 31, 2021 give effect to the acquisition as if it had occurred January 1, 2021.

Note 2. Preliminary purchase consideration and related allocation

The estimated consideration for VanHooseCo is as follows:

Consideration:		
Agreement purchase price	$	49,500
Preliminary net working capital		4,696
Other adjustments		28
Cash from VanHooseCo		(2,021)
Estimated consideration, net of cash acquired	$	52,203

The net working capital adjustment for the purposes of the Pro Forma Condensed Combined Consolidated Balance Sheet is based on the estimated VanHooseCo balance sheet as of August 12, 2022. The net working capital adjustment is expected to be settled in the fourth quarter of 2022, and the preliminary calculation resulted in an increase in purchase price.

The following table summarizes the preliminary allocation of the fair value of the purchase price for the acquisition assuming the acquisition closed on June 30, 2022:

Current assets, net of cash acquired on the acquisition date	$	10,019
Property, plant, and equipment		30,001
Goodwill		10,510
Other intangibles		4,561
Current liabilities		(2,888)
Total	$	52,203

The final estimated consideration paid, net of cash acquired, and amounts allocated to assets acquired and liabilities assumed in the VanHooseCo acquisition, could differ materially from the preliminary amounts presented in these Pro Forma Financial Information. In addition, if the value of the acquired assets is higher than the preliminary indication, it may result in higher amortization and depreciation expense than is presented in these Pro Forma Financial Information. See Note 3 for the effects of changes in estimated fair value of property and equipment to be acquired in the VanHooseCo acquisition on the calculation of pro forma depreciation and amortization expense.

The following table summarizes the preliminary allocation of the fair value of the other intangibles assets assuming the acquisition closed on June 30, 2022:

VanHooseCo trade name	$	1,537
Customer relationship		2,697
Other		327
Total	$	4,561

As part of these preliminary estimates, trade name was valued using the relief-from-royalty method under the income approach, and the customer relationship was valued using the multi-period excess earnings model ("MPEEM"), a variation of the income approach.

The amortization related to these amortizable identifiable intangible assets is reflected as a pro forma adjustment to the Pro Forma Combined Statement of Operations using the straight-line method. Management has determined the estimated remaining useful life of these assets based on its consideration of relevant factors. A 10-year remaining useful life for the trade names has been estimated based on the period in which the Company expects a market participant would use the name prior to rebranding and the length of time the name is expected to maintain recognition and value in the marketplace. A 5-year remaining useful life for customer relationships has been estimated based on the projected economic benefits associated with this asset. The 5-year estimated useful life represents the approximate point in the projection period in which a majority of the asset's cash flows are expected to be realized based on assumed attrition rates. The other intangible asset is amortized over a 6-year estimated useful life. The amount that will ultimately be allocated to these assets, and the related amount of amortization, may differ materially from this preliminary allocation.

The purchase price allocation for property plant and equipment was based on a preliminary estimate of the fair value of such assets. Depreciation expense in the pro forma combined statement of operations assumes estimated useful lives of 1-40 years based upon asset classification. Goodwill represents the excess of the total purchase price over the fair value of the underlying net assets. Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually absent any indicators of impairment.

The excess of the purchase price over the preliminary estimated fair value to the underlying assets acquired and liabilities assumed has been recorded as goodwill. The goodwill resulting from the preliminary allocation of acquisition consideration is primarily attributable to the assembled workforce that VanHooseCo provides as well as our ability to control the acquired assets. Goodwill resulting from the acquisition is not expected to be deductible for tax purposes. In accordance with ASC 805, goodwill will be tested for impairment at least annually and more frequently if certain indicators of impairment are present.

Note 3. Pro Forma Condensed Balance Sheet

Pro forma adjustments are necessary to reflect the preliminary allocation of the purchase price, including adjusting assets and liabilities to their estimated fair value and recognizing intangible assets, with related changes in amortization expense, and to reflect the effect of the purchase price paid to acquire said assets and assumed liabilities.

The Pro Forma Adjustments included in the Unaudited Pro Forma Condensed Combined Balance Sheet are as follows:

a.) Adjustment to record the estimated fair value of inventory based on an assumed June 30, 2022 transaction date.

Inventory adjustment		**June 30, 2022**
Inventories	$	1,134

b.) Adjustment to eliminate VanHooseCo property, plant and equipment and record the estimated fair value of property plant and equipment based on the June 30, 2022 assumed transaction date.

Property, plant, and equipment adjustment		**June 30, 2022**
Preliminary property, plant and equipment fair value	$	30,001
Eliminate historical VanHooseCo property, plant and equipment		(20,205)
Property, plant, and equipment - net	$	9,796

c.) Adjustment to record estimated goodwill balance and fair value of other intangibles based on the June 30, 2022 assumed transaction date.

Goodwill and other intangibles adjustment		June 30, 2022
Goodwill	$	10,510
Other intangibles		4,561

d.) Adjustment to remove the deferred compensation liability.

Deferred compensation adjustment		June 30, 2022
Deferred compensation liability	$	8,753

e.) Adjustment related to the extinguishment of VanHooseCo's debt and L.B. Foster proceeds from the credit facility used to acquire VanHooseCo.

Debt adjustment		June 30, 2022
Payment of VanHooseCo current debt		(1,341)
Proceeds from the revolving credit facility	$	54,224
Payment of VanHooseCo long-term debt		(15,107)

f.) Adjustment to eliminate VanHooseCo equity balances.

Equity adjustment		June 30, 2022
VanHooseCo common stock	$	(3)
VanHooseCo paid-in capital		(432)
VanHooseCo members' equity		(4,773)
VanHooseCo accumulated deficit		337
VanHooseCo trust net deficit		1,849
Total	$	(3,022)

Note 4. Pro Forma Condensed Combined Statement of Operations

The Pro Forma Condensed Combined Statements of Operations assume that the acquisition occurred as of January 1, 2021. The Pro Forma Condensed Combined Statements of Operations do not include any costs related to the acquisition. In addition, the Pro Forma Condensed Combined Statements of Operations do not assume any impacts from revenue, costs, or other operating synergies that are expected as a result of the acquisition. Pro forma adjustments have been made to reflect amortization of the identified intangible assets for the related periods. Identified intangible assets are being amortized on a basis approximating the economic value derived from those assets.

The Pro Forma Adjustments included in the Unaudited Pro Forma Condensed Combined Statement of Operations are as follows:

g.) Adjustment related to depreciation expense due to step up of acquired property, plant and equipment to fair value.

Depreciation expense adjustment		Six months ended June 30, 2022		Year ended December 31, 2021
Preliminary estimate of property, plant and equipment depreciation (cost of sales)	$	1,047	$	2,095
Preliminary estimate of property, plant and equipment depreciation (selling and administrative expenses)		230		460
VanHooseCo historic depreciation expense (cost of sales)		(791)		(1,602)
VanHooseCo historic depreciation expense (selling and administrative expenses)		(146)		(354)
Depreciation expense	$	340	$	599

h.) Adjustment to record the preliminary estimate of amortization expense.

Amortization expense adjustment		Six months ended June 30, 2022		Year ended December 31, 2021
Amortization expense	$	373	$	747

i.) Adjustment to remove deferred compensation expense.

Deferred compensation adjustment	Six months ended June 30, 2022	Year ended December 31, 2021
Deferred compensation expense	$ 1,155	$ 2,538

j.) Adjustment to remove VanHooseCo interest expense and record additional expense resulting from interest on the new debt to finance the acquisition of VanHooseCo. The interest rate assumed for purposes of preparing this Pro Forma Financial Information is 5.46%. This rate is the 30-day Term SOFR rate of 3.21% on October 6, 2022, plus the applicable margin specified in our credit agreement. An increase or decrease of 0.125% would result in a change in interest expense of $34 for the six months ended June 30, 2022 and $69 for the year ended December 31, 2021.

Interest expense adjustment	Assumed Interest Rate	Debt	Interest expense for six months ended June 30, 2022	Interest expense for year ended December 31, 2021
Total new variable rate debt and related interest expense	5.46%	$ 54,224	$ 1,480	$ 2,961
VanHooseCo historic interest expense			(515)	(957)
Interest expense			$ 965	$ 2,004

k.) A combined statutory federal and state tax rate of 25% was applied to VanHooseCo pre-tax income and each pro forma adjustment.

l.) Adjustment related to the combined financial statement of the included sales associated with VanHooseCo that were dissolved or ceased operations. The revenue and associated activity was removed from the pro forma combined results.

Statement of operations adjustment	Year ended December 31, 2021
Sales	$ 1,977
Cost of sales	1,627
Gross profit	350
Selling and administrative expenses	167
Net income	$ 183

m.) Adjustment to reflect inventory consumption at fair value.

Inventory expense adjustment	Year ended December 31, 2021
Cost of sales	$ 1,134

n.) Adjustment to remove contingent compensation expense.

Contingent compensation adjustment	Year ended December 31, 2021
Selling and administrative expenses	$ 1,000