

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2024 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024	
A	This return/report is for: ☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B	This return/report is: ☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: ☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E	If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ▶ ☐

Part II	Basic Plan Information—enter all requested information
1a	Name of plan ROSE PAVING, LLC EMPLOYEE'S 401(K) PROFIT SHARING PLAN
1b	Three-digit plan number (PN) ▶ 001
1c	Effective date of plan 01/01/2001
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) ROSE PAVING, LLC 7300 WEST 100TH PLACE BRIDGEVIEW, IL 60455
2b	Employer Identification Number (EIN) 47-5270739
2c	Plan Sponsor's telephone number 708-430-1110
2d	Business code (see instructions) 237310

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	07/23/2025	KELLY SUTHERLAND
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		3c Administrator's telephone number 4b EIN 4d PN
5 Total number of participants at the beginning of the plan year		5 394
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g(1) Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item) g(2) Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6a(1) 357 6a(2) 530 6b 0 6c 60 6d 590 6e 0 6f 590 6g(1) 190 6g(2) 271 6h 21
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2E 2F 2G 2J 2K 2T 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary
- (4) ☐ **DCG** (Individual Plan Information) – Number Attached _____
- (5) ☐ **MEP** (Multiple-Employer Retirement Plan Information)

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ **A** (Insurance Information) – Number Attached 0
- (4) ☒ **C** (Service Provider Information)
- (5) ☐ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2024 Form M-1 annual report. If the plan was not required to file the 2024 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2024
		This Form is Open to Public Inspection.

For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024		
A Name of plan ROSE PAVING, LLC EMPLOYEE'S 401(K) PROFIT SHARING PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 ROSE PAVING, LLC	D Employer Identification Number (EIN) 47-5270739	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL
04-2647786

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 64 65	RECORDKEEPER	53782	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

RAYMOND JAMES & ASSOCIATES INC

59-1237041

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	ADVISOR	30338	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2024
		This Form is Open to Public Inspection

For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024

A Name of plan ROSE PAVING, LLC EMPLOYEE'S 401(K) PROFIT SHARING PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 ROSE PAVING, LLC	D Employer Identification Number (EIN) 47-5270739

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions.....	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	237439	278961
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	218624	473482
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	9740375	14500702
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	0	0
(15) Other.....	1c(15)	0	0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	10196438	15253145
Liabilities			
g Benefit claims payable	1g	0	0
h Operating payables	1h	0	0
i Acquisition indebtedness	1i	0	0
j Other liabilities	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	10196438	15253145

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	271633	
(B) Participants	2a(1)(B)	1468000	
(C) Others (including rollovers)	2a(1)(C)	235333	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1974966
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	14235	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	22171	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		36406
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	319378	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		319378
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		1255749
c Other income	2c		0
d Total income. Add all income amounts in column (b) and enter total	2d		3586499

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	905650	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		905650
f Corrective distributions (see instructions)	2f		116543
g Certain deemed distributions of participant loans (see instructions)	2g		0
h Interest expense	2h		0
i Administrative expenses:			
(1) Salaries and allowances	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Recordkeeping fees	2i(3)	53782	
(4) IQPA audit fees	2i(4)	0	
(5) Investment advisory and investment management fees	2i(5)	30338	
(6) Bank or trust company trustee/custodial fees	2i(6)	0	
(7) Actuarial fees	2i(7)	0	
(8) Legal fees	2i(8)	0	
(9) Valuation/appraisal fees	2i(9)	0	
(10) Other trustee fees and expenses	2i(10)	0	
(11) Other expenses	2i(11)	0	
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		84120
j Total expenses. Add all expense amounts in column (b) and enter total	2j		1106313

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		2480186
l Transfers of assets:			
(1) To this plan	2l(1)		2576521
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **HANSEN PLAHM AND COMPANY**

(2) EIN: **85-2555361**

d The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1) ☐ This form is filed for a CCT, PSA, DCG or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)		☒	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)		☒	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		☒	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		☒	
e Was this plan covered by a fidelity bond?	☒		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		☒	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		☒	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		☒	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	☒		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)		☒	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		☒	
l Has the plan failed to provide any benefit when due under the plan?		☒	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	☒		
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	☒		

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2024 This Form is Open to Public Inspection.
For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024		
A Name of plan ROSE PAVING, LLC EMPLOYEE'S 401(K) PROFIT SHARING PLAN		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 ROSE PAVING, LLC		D Employer Identification Number (EIN) 47-5270739
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 04-6568107		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A		
If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____		
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2024 v. 240311		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:		
a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....	14a	
b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....	14b	
c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....	14c	
15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	
16 Information with respect to any employers who withdrew from the plan during the preceding plan year:		
a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	
17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
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18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐	
19 If the total number of participants is 1,000 or more, complete lines (a) and (b):	
a Enter the percentage of plan assets held as: Public Equity: _____% Private Equity: _____% Investment-Grade Debt and Interest Rate Hedging Assets: _____% High-Yield Debt: _____% Real Assets: _____% Cash or Cash Equivalents: _____% Other: _____%	
b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets: ☐ 0-5 years ☐ 5-10 years ☐ 10-15 years ☐ 15 years or more	
20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.	
a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No	
b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:	
☐ Yes.	
☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.	
☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.	
☐ No. Other. Provide explanation: _____	

Part VII	IRS Compliance Questions
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21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? ☐ Yes ☒ No	
21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).	
☐ Design-based safe harbor method	
☐ "Prior year" ADP test	
☒ "Current year" ADP test	
☐ N/A	
22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter <u>06 / 30 / 2020</u> (MM/DD/YYYY) and the Opinion Letter serial number <u>Q702438A</u> .	

RPI INVESTMENTS LP AND SUBSIDIARIES
Villa Park, Illinois

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

RPI INVESTMENTS LP AND SUBSIDIARIES
Villa Park, Illinois

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Members
RPI Investments LP and Subsidiaries
Villa Park, Illinois

Opinion

We have audited the consolidated financial statements of RPI Investments LP and Subsidiaries which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, statements of changes in partners' capital, and statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of RPI Investments LP and Subsidiaries as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 RPI Investments LP and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RPI Investments LP and Subsidiaries' ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 RPI Investments LP and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RPI Investments LP and Subsidiaries' 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.


Crowe LLP

Oak Brook Terrace, Illinois
June 25, 2025

RPI INVESTMENTS LP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash	\$ 22,737,047	\$ 6,873,824
Accounts receivable, net	97,878,660	43,111,237
Contract assets	30,277,694	13,279,903
Prepaid expenses and other current assets	10,838,250	6,065,677
Total current assets	<u>161,731,651</u>	<u>69,330,641</u>
Property and equipment, net	72,659,670	28,776,381
Restricted cash	75,000	75,000
Other long-term assets	1,532,926	711,449
Operating lease right-of-use assets, net	19,457,838	8,363,369
Intangible asset, net	41,246,142	31,664,952
Goodwill, net	363,219,561	202,397,170
	<u>425,531,467</u>	<u>243,211,940</u>
 Total assets	 <u>\$ 659,922,788</u>	 <u>\$ 341,318,962</u>
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Accounts payable	\$ 42,175,256	\$ 16,619,522
Contract liabilities	10,757,778	1,337,590
Other current liabilities	27,903,351	8,901,899
Current portion of term loans	2,423,928	1,050,000
Current portion of operating lease liabilities	4,233,918	1,384,453
Current portion of finance lease liabilities	1,042,477	524,931
Total current liabilities	<u>88,536,708</u>	<u>29,818,395</u>
Revolving line of credit	21,600,000	4,000,000
Subordinated notes payable	155,476,167	52,386,358
Long-term portion of term loans	232,839,130	100,577,875
Operating lease liabilities, net of current portion	15,594,818	7,107,653
Finance lease liabilities, net of current portion	2,450,958	646,793
Deferred tax liability	16,909,419	6,408,601
Other long-term liabilities	-	750,000
Total liabilities	<u>533,407,200</u>	<u>201,695,675</u>
Partners' capital		
Partners' capital	192,155,833	161,620,833
Accumulated deficit	(65,640,245)	(21,997,546)
Total partners' capital	<u>126,515,588</u>	<u>139,623,287</u>
 Total liabilities and partners' capital	 <u>\$ 659,922,788</u>	 <u>\$ 341,318,962</u>

See notes to consolidated financial statements.

RPI INVESTMENTS LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue	\$ 311,892,973	\$ 276,105,514
Cost of revenue	<u>220,865,255</u>	<u>189,551,505</u>
Gross margin	91,027,718	86,554,009
General and administrative expenses	41,574,474	37,385,434
Selling expenses	19,628,594	14,037,144
Depreciation and amortization	<u>37,640,598</u>	<u>31,109,458</u>
Operating (loss) income	(7,815,948)	4,021,973
Other income (expense)		
Transaction expenses	(5,500,423)	(1,239,567)
Other income	708,244	4,606
Interest expense	<u>(23,811,924)</u>	<u>(19,173,304)</u>
Loss before income tax expense (benefit)	(36,420,051)	(16,386,292)
Income tax expense (benefit)	<u>7,222,648</u>	<u>(582,154)</u>
Net loss	<u><u>\$ (43,642,699)</u></u>	<u><u>\$ (15,804,138)</u></u>

See notes to consolidated financial statements.

RPI INVESTMENTS LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
Years ended December 31, 2024 and 2023

	Partners' <u>Capital</u>	Accumulated <u>Deficit</u>	Total Partners' <u>Capital</u>
Balances, January 1, 2023	\$ 157,272,833	\$ (6,193,408)	\$ 151,079,425
Capital contributions	4,348,000	-	4,348,000
Net loss	<u>-</u>	<u>(15,804,138)</u>	<u>(15,804,138)</u>
Balances, December 31, 2023	161,620,833	(21,997,546)	139,623,287
Capital contributions	30,535,000	-	30,535,000
Net loss	<u>-</u>	<u>(43,642,699)</u>	<u>(43,642,699)</u>
Balances, December 31, 2024	<u><u>\$ 192,155,833</u></u>	<u><u>\$ (65,640,245)</u></u>	<u><u>\$ 126,515,588</u></u>

See notes to consolidated financial statements.

RPI INVESTMENTS LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Net loss	\$ (43,642,699)	\$ (15,804,138)
Adjustments to reconcile net loss to cash from operating activities		
Provision for credit losses	279,216	271,206
Depreciation on property and equipment	9,027,459	6,025,643
Amortization of goodwill	24,774,329	21,642,266
Amortization of intangible asset	3,838,810	3,441,548
Amortization of deferred financing costs	997,914	829,287
Non-cash operating lease expense	2,089,075	195,152
Non-cash interest expense	589,028	-
Loss on disposal of property and equipment	91,487	158,002
Deferred income taxes	6,516,358	(2,993,261)
Change in operating assets and liabilities		-
Accounts receivable	10,261,060	6,290,771
Contract assets	(16,997,791)	5,017,889
Prepaid expenses and other current assets	10,814,514	(1,782,652)
Other long-term assets	(934,437)	(14,936)
Accounts payable	(4,570,996)	(1,346,977)
Contract liabilities	9,420,188	(2,064,237)
Other current liabilities	13,293,026	1,608,689
Net cash from operating activities	<u>25,846,541</u>	<u>21,474,252</u>
Cash flows from investing activities		
Cash paid for business combinations	(265,951,700)	(26,810,290)
Payments on contingent consideration	(750,000)	-
Purchases of property and equipment	(3,931,205)	(5,759,944)
Net cash from investing activities	<u>(270,632,905)</u>	<u>(32,570,234)</u>
Cash flows from financing activities		
Payments on finance lease liabilities	(2,832,918)	(975,810)
Capital contributions	10,631,495	798,000
Borrowings (payments) on revolving credit facility	17,600,000	(10,000,000)
Borrowings on term loan	136,857,500	-
Payments on term loan	(1,090,000)	(1,050,000)
Borrowings on subordinated note payable	104,000,000	25,000,000
Payments for deferred financing costs	(4,516,490)	(1,048,442)
Net cash from financing activities	<u>260,649,587</u>	<u>12,723,748</u>
Net change in cash and restricted cash	15,863,223	1,627,766
Cash and restricted cash at beginning of period	<u>6,948,824</u>	<u>5,321,058</u>
Cash and restricted cash at end of year	<u>\$ 22,812,047</u>	<u>\$ 6,948,824</u>

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Supplemental disclosures of investing activities		
In connection with business combination, assets acquired and liabilities assumed as follows:		
Fair value of assets acquired	\$ 337,848,416	39,377,104
Liabilities assumed	<u>(59,333,855)</u>	<u>(5,143,007)</u>
Total net purchase price for business acquisition	278,514,561	34,234,097
Net working capital adjustment	-	-
Cash acquired from acquisition	(4,721,856)	(2,373,807)
Contingent consideration	12,062,500	(1,500,000)
Rollover equity	<u>(19,903,505)</u>	<u>(3,550,000)</u>
Net cash and cash equivalents paid for business acquisition	<u>\$ 265,951,700</u>	<u>\$ 26,810,290</u>
Supplemental cash flow information related to leases		
Recognition of operating lease right-of-use assets and liabilities according to the provisions of ASC 842	\$ 1,236,571	\$ 2,292,460
Recognition of finance lease property and equipment according to the provisions of ASC 842	702,556	1,484,013
Supplemental disclosures of cash flow information		
Interest paid	\$ 21,334,047	\$ 21,388,906
Income taxes paid	1,186,000	3,351,099

See notes to consolidated financial statements.

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: RPI Investments LP and Subsidiaries (the “Company”) provides services for parking lot preventative and restorative maintenance for businesses at various locations throughout the U.S and Canada. The Company is headquartered in Villa Park, Illinois with various offices and locations across the U.S.

Principles of Consolidation: The consolidated financial statements include the accounts of RPI Investments LP, RPI Parent, Inc., Rose Paving Holdco, Inc., Rose Paving, LLC and ASPS Parent, LLC (collectively, the “Company”). All significant intercompany transactions and accounts have been eliminated in the accompanying consolidated financial statements.

Use of Estimates in Preparing Consolidated Financial Statements: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates include the allowance for credit losses, estimated contract and costs for contracts in process, useful lives on property and equipment, the valuation of goodwill and intangibles assets, the valuation of the subordinated debt, and estimates used to determine fair value of assets acquired and liabilities assumed in business combinations.

Revenue Recognition: The Company recognizes revenue in the amount of the transaction price expected to be received for services provided over time as contractual performance obligations are fulfilled and control of services transfer to the customer. The Company initially assesses each contract or pool of contracts at their inception for all steps of the revenue recognition process and updates the assessment as facts, circumstances, and/or estimates change.

The Company’s contracts consist of short-term projects involving the repair and servicing of parking lots. The Company recognizes revenue over time as their contracts transfer control to the customer as the Company’s performance creates or enhances an asset the customer controls as the asset is created or enhanced. The Company’s contracts are accounted for as a single performance obligation as the Company provides a significant service of integrating all the services and/or goods within the contract.

The Company’s contracts generally are cost plus a fee contracts, fixed price, or unit price. Variable consideration associated with the pricing structure is estimated based on the most likely amount or expected value methods (depending on the contract terms), and the transaction price is adjusted to the extent it is probable that a significant reversal of revenue recognized will not occur. Contracts include payment terms that allow for billing as progress occurs. Depending on the nature of the work, the Company’s billing process, contract terms, and relationship with customer, these billings can lead or lag revenue recognized generating contract assets and liabilities as discussed below.

The transaction price represents the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to its customers. The Company’s contracts can have items that cause variable consideration such as the contract’s pricing structure, unpriced change orders, unapproved change orders, claims, incentive terms, and/or liquidated damages. These sources of variable considerations can either increase or decrease the transaction price and the Company estimates the amount of variable consideration to be included in the transaction price and the Company revisits its estimate of variable consideration to be included in the transaction price each reporting period. Variable consideration is included in the transaction price only to the extent it is probable, in the Company’s judgment, that a significant future reversal in the amount of cumulative revenue recognized under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(Continued)

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

For the Company's contracts, revenue is recognized utilizing the cost-to-cost input method to measure progress towards completion of the performance obligation as the Company believes it best depicts the transfer of control to the customer. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Contract costs consist of direct material, subcontract, equipment, direct labor, and other direct costs.

Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation may be revised in the near term. Changes in total estimated costs, and related progress towards complete satisfaction of a performance obligation, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs for a performance obligation indicates a loss, a provision for the entire estimated loss is made in the period in which the loss becomes evident. The Company excluded all costs associated with material project inefficiencies from its cost-to-cost method for revenue recognition and records them as incurred.

The Company generally provides limited warranties for work performed on its contracts. The related warranty periods typically are limited duration following substantial completion of the Company's work on a project and do not exceed one year. Historically, warranty claims have not resulted in material costs incurred. The Company records these warranties as assurance-type warranties on its contracts and does not consider them a distinct performance obligation.

The Company pays commissions to employees after successful completion and cash collection of each contract. Since the service period between contract inception and the payment of the commission is deemed substantive, the Company does not capitalize customer acquisition costs.

Economic factors that could affect the nature, amount, timing and uncertainty of revenue and cash flows for contracts with customers include the economic viability of its customers and the geographic need for the Company's services.

As all of the Company's revenue is over time, no disaggregation of revenue is presented.

Contract Assets and Liabilities: The Company bills contracts as they are performed in accordance with contract terms. The contract asset "cost and estimated earnings in excess of billings on contracts in process" on the consolidated balance sheet represents revenues earned on performance obligations in excess of billings to customers and deferred contract costs for costs not yet earned. The contract liability "billings in excess of costs and estimated earnings on contracts in process" on the consolidated balance sheet represents billings to customers in excess of revenues earned on performance obligations and accrued contract costs for costs not yet incurred.

Retainage receivables represent amounts invoiced to customers where payments have been withheld pending the completion of certain milestones, other contractual conditions or upon the completion of the project. Retainage agreements vary from project to project and balances could be outstanding for several months or years depending on the length of the contract.

Accounts Receivable and Allowance for Credit Losses: The Company records accounts receivable based on the amounts billed to customers. Billings and past due receivables are determined based on contractual terms. The Company does not accrue interest on any of its accounts receivable.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The allowance for credit losses is determined by management based on the Company's historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed.

Concentrations: As of December 31, 2024 and 2023, the Company had no customer concentrations within total accounts receivable. For the year ended December 31, 2024 and 2023, the Company had no customer concentrations within total revenue.

Cash: Cash includes cash and cash equivalents with original maturities of 90 days or less. The Company has cash on deposit with one financial institution in excess of the insurance limits provided by the Federal Deposit Insurance Corporation.

Restricted Cash: The Company has cash deposited in a restricted bank account due to an agreement with a customer who required such amount to be held in a restricted bank account in order to be available for future warranty work on a completed project. The cash is restricted through 2026, the balance is classified as long-term on the consolidated balance sheets as of December 31, 2024 and 2023.

Financial Instruments: The Company's financial instruments consist primarily of cash, accounts receivable, accounts payable, and debt. In management's opinion, the carrying amount of the revolving debt facility and term debt approximates their fair values at December 31, 2024 and 2023 since the interest rate is determined at a variable interest rate based as defined in the Credit Agreement.

Property and Equipment: Property and equipment acquired in business combinations (including the Acquisition in Note 2) are stated at fair value less accumulated depreciation. Property and equipment acquired in normal operations are stated at cost less accumulated depreciation. Expenditures for improvements and betterments are capitalized, and repairs and maintenance are charged to operations as incurred. Depreciation of the building, equipment, vehicles, and software is recorded using a straight-line method over the estimated useful lives of the related assets, primarily five years, except for the building that has a useful life of thirty-nine years. Amortization of leases and leasehold improvements is recorded ratably over the shorter of the estimated lives of the leasehold improvements or the length of the related leases (refer to Note 9).

Leases: At the inception of an arrangement, the Company determines if an arrangement is a lease based on all relevant facts and circumstances. Leases are classified as operating or finance leases at the lease commencement date. Operating leases are included in operating lease right-of-use assets, current portion of operating lease liabilities and operating lease liabilities, net of current portion in the accompanying consolidated balance sheet. The related amortization expense and imputed interest are charged against income in lieu of the lease rental expense. Leases are classified between current and long-term liabilities based on their payment terms. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Leases with a term of 12 months or less (short-term leases) are not recorded on the consolidated balance sheets.

Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The Company elected the private company alternative to use the risk-free rate for the discount rate.

(Continued)

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Deferred Financing Costs: Costs incurred in connection with obtaining long-term debt are deferred and amortized on a straight-line basis over the life of the related long-term debt, which approximates the effective interest method. Deferred financing costs associated with the Company's term loans are included as a reduction of long-term debt in the consolidated balance sheets. Deferred financing costs associated with the Company's subordinated notes payable are included as a reduction of subordinated notes payable in the consolidated balance sheets.

Intangible Asset: The Company has adopted the private company alternative in which all customer-related intangibles and noncompetition agreements that are not capable of being sold or licensed independently from the other assets of the acquired business are included in goodwill and not separately recognized. The intangible assets of the Company consist of the Company trade name. The trade name intangible asset is amortized over an estimated useful life ranging from two to ten years. Intangibles are tested for impairment whenever conditions indicate that an asset may be impaired. Management determined there was no impairment of intangible assets at December 31, 2024 and 2023.

Goodwill: Goodwill represents the excess of the purchase price over the fair value of the net assets of the business when acquired. The Company has adopted the alternative provisions of accounting for goodwill that are permitted for private companies. Under the alternative, goodwill is amortized on a straight-line basis over ten years. In addition, goodwill impairment testing is performed at the entity level when a triggering event indicates that the carrying value of the entity's goodwill may exceed its estimated fair value. Management determined that there was no impairment of goodwill at December 31, 2024 and 2023.

Long-Lived Assets: The Company regularly assesses the carrying value of its long-lived assets to be held and used, including property and equipment, trade name, and goodwill for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. If such events or circumstances are present, a loss is recognized to the extent the carrying value of the asset is in excess of fair value. No impairment loss was recognized for the years ended December 31, 2024 and 2023.

Investments: The Company has investments with less than 20% ownership and the Company has no controlling financial interest. The investments are carried at cost. The investments are included in other long-term assets on the consolidated balance sheets and not significant to the financial statements.

Income Taxes: Deferred taxes are provided for on a liability method whereby deferred tax assets are recognized for deductible temporary differences and tax credit carryforwards and deferred liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company follows guidance for accounting for uncertainty in income taxes. Under this guidance, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The Company recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Company has no amounts accrued for interest or penalties as of December 31, 2024 and 2023. The Company does not expect the total amount of unrecognized tax benefits to significantly increase or decrease in the next 12 months.

The Company is subject to federal income taxes in the United States of America as well as income taxes in multiple-state tax jurisdictions.

NOTE 2 - BUSINESS COMBINATIONS – 2024

Acquisition of Paving Associates LLC: On May 1, 2024 Rose Paving, LLC ("Buyer" or "Company") acquired 100% of the outstanding shares of Paving Associates LLC for a total purchase price of \$8,674,000 consisting of cash of \$7,674,000 and rollover equity of \$1,000,000. The cash payment was financed by a \$8,000,000 term loan (see Note 7). With regards to rollover equity, 9,333 Class A units were issued to the sellers. The fair value was determined using an identified value per share equivalent to the controlling shareholders with no discount applied. The Company incurred \$485,062 in acquisition costs. Of the total acquisition costs, \$160,000 of these costs were capitalized as deferred financing costs, and \$325,062 were recognized in transaction expenses within the consolidated statements of operations. The acquisition expands the Company's existing markets and access to new customers and created revenue and cost synergies which management believes will contribute to future profits.

The acquisition has been accounted for as a purchase and, accordingly, the operating results of Paving Associates LLC have been included in the Company's financial statements since the date of acquisition. At December 31, 2024, the purchase price is provisional and subject to finalization in 2025 as part of the measurement period.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of May 1, 2024:

Cash	\$ 263,129
Accounts receivable	573,609
Operating lease right-of-use assets, net	162,735
Prepaid expenses and other current assets	36,306
Property and equipment (2)	2,068,440
Intangible asset (1)	640,000
Goodwill	6,531,187
Total assets acquired	<u>10,275,406</u>
Accounts payable	\$ 365,750
Other current liabilities	755,162
Deferred tax liabilities	324,759
Operating lease liabilities	155,735
Total liabilities assumed	<u>1,601,406</u>
Net assets acquired	<u><u>\$ 8,674,000</u></u>

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2 - BUSINESS COMBINATIONS – 2024 (Continued)

- 1) The value of the trade name was calculated with the assistance of an external valuation firm using an income approach under the Relief from Royalty method and will be amortized over its remaining useful life of 10 years.
- 2) Fixed assets were valued with the assistance of an external valuation firm using a combination of market, income, and cost approaches and include a basis adjustment from historical cost of \$3,596,843.

As part of the business combination transaction described above, the Company acquired noncompetition agreements, customer lists and certain customer contracts of Paving Associates LLC. Based on the adoption of the intangible asset alternative as previously described in Note 1, the Company determined that the customer-related intangible assets acquired were not capable of being sold or licensed independently from the other assets of the acquired business. Therefore, neither the customer-related intangible assets nor the acquired non-competition agreements were recorded separately at the acquisition date. Goodwill arising from the acquisition largely consists of expected synergies of combining operations, the customer-related intangible assets, and non-competition agreements along with an assembled workforce. Goodwill will be amortized over ten years.

Acquisition of Spartan Paving, LLC: On August 16, 2024 Rose Paving, LLC acquired certain assets, liabilities and operations of Spartan Paving LLC for a total purchase price of \$1,871,829 consisting of cash. The Company did not incur material acquisition costs as part of the acquisition. The acquisition expands the Company's existing markets and access to new customers and created revenue and cost synergies which management believes will contribute to future profits.

The acquisition has been accounted for as a purchase and, accordingly, the acquired assets and assumed liabilities of Spartan Paving LLC have been included in the Company's financial statements since the date of acquisition. At December 31, 2024, the purchase price is provisional and subject to finalization in 2025 as part of the measurement period.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of August 16, 2024:

Property and equipment (1)	\$ 2,420,700
Goodwill	<u>79,708</u>
Total assets acquired	2,500,408
Accounts payable	<u>\$ 628,579</u>
Total liabilities assumed	<u>628,579</u>
Net assets acquired	<u><u>\$ 1,871,829</u></u>

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2 - BUSINESS COMBINATIONS – 2024 (Continued)

As part of the business combination transaction described above, the Company acquired noncompetition agreements, customer lists and certain customer contracts of Spartan Paving LLC. Based on the adoption of the intangible asset alternative as previously described in Note 1, the Company determined that the customer-related intangible assets acquired were not capable of being sold or licensed independently from the other assets of the acquired business. Therefore, neither the customer-related intangible assets nor the acquired non-competition agreements were recorded separately at the acquisition date. Goodwill arising from the acquisition largely consists of expected synergies of combining operations, the customer-related intangible assets, and non-competition agreements along with an assembled workforce. Goodwill will be amortized over ten years.

Acquisition of ASPS Holdings, LLC: On November 27, 2024, Rose Paving Holdco, Inc., a wholly owned subsidiary of RPI Investments, LP, completed the acquisition of ASPS Parent, LLC for a total purchase price of \$256,868,732 consisting of cash, rollover equity of \$18,903,550 and an earnout payment of \$12,062,500. The cash payment was financed by capital contributions and debt (see Note 7). With regards to the rollover equity, 130,369 Class A units were issued to the sellers. The fair value was determined using an identified value per share equivalent to the controlling shareholders with no discount applied. The fair value of the contingent consideration was estimated at \$12,000,000, which is included in other current liabilities within the consolidated balance sheet as of December 31, 2024. This amount was paid in April 2025.

The Company incurred \$4,250,000 in acquisition costs that were recognized in transaction expenses within the consolidated statements of operations. The acquisition expands the Company's existing and new markets and access to new customers and created revenue and costs synergies which management believes will contribute to future profits.

The acquisition has been accounted for as a purchase and, accordingly, the operating results of ASPS Parent, LLC have been included in the Company's financial statements since the date of acquisition. At December 31, 2024, the purchase price is provisional and subject to finalization in 2025 as part of the measurement period.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of November 27, 2024:

Cash	\$ 3,961,671
Accounts receivable	62,540,426
Prepaid expenses and other current assets	15,289,556
Operating lease right-of-use assets, net	4,683,845
Property and equipment (2)	37,689,566
Intangible asset (1)	12,500,000
Goodwill	176,541,294
Total assets acquired	<u>313,206,358</u>

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2 - BUSINESS COMBINATIONS – 2024 (Continued)

Accounts payable	\$ 28,650,050
Other current liabilities	16,844,783
Deferred tax liabilities	3,546,789
Operating lease liabilities	2,843,931
Finance lease liabilities	<u>4,452,073</u>
Total liabilities assumed	<u>56,337,626</u>
 Net assets acquired	 <u><u>\$ 256,868,732</u></u>

- 1) The value of the trade name was calculated with the assistance of an external valuation firm using an income approach under the Relief from Royalty method and will be amortized over its remaining useful life of 5 years.
- 2) Fixed assets were valued with the assistance of an external valuation firm using a combination of market, income, and cost approaches and include a basis adjustment from historical cost of \$41,870,417.

As part of the business combination transaction described above, the Company acquired noncompetition agreements, customer lists and certain customer contracts of ASPS Parent, LLC. Based on the adoption of the intangible asset alternative as previously described in Note 1, the Company determined that the customer-related intangible assets acquired were not capable of being sold or licensed independently from the other assets of the acquired business. Therefore, neither the customer-related intangible assets nor the acquired non-competition agreements were recorded separately at the acquisition date. Goodwill arising from the acquisition largely consists of expected synergies of combining operations, the customer-related intangible assets, and non-competition agreements along with an assembled workforce. Goodwill will be amortized over ten years.

Acquisition of United Tectonics, LLC: On December 31, 2024, Rose Paving, LLC ("Buyer" of "Company") acquired 100% of the outstanding shares of United Tectonics, LLC for a total purchase price of \$11,100,000 consisting of cash of \$10,100,000 and rollover equity of \$1,000,000. With regards to rollover equity, 6,250 Class A units were issued to the sellers. The fair value was determined using an identified value per share equivalent to the controlling shareholders with no discount applied. The Company incurred \$137,500 in acquisition costs. Of the total acquisition costs, \$67,500 were capitalized as deferred financing costs, and \$70,000 were recognized in transaction expenses within the consolidated statements of operations. The acquisition expands the Company's existing markets and access to new customers and created revenue and cost synergies which management believes will contribute to future profits.

The acquisition has been accounted for as a purchase and, accordingly, the operating results of United Tectonics, LLC have been included in the Company's financial statements since the date of acquisition. At December 31, 2024, the purchase price is provisional and subject to finalization in 2025 as part of the measurement period.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2 - BUSINESS COMBINATIONS – 2024 (Continued)

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of December 31, 2024:

Cash	\$ 497,056
Accounts receivable	2,193,664
Prepaid expenses and other current assets	261,225
Property and equipment (2)	4,589,155
Intangible asset (1)	280,000
Goodwill	4,045,144
Total assets acquired	<u>11,866,244</u>
Accounts payable	\$ 482,351
Other current liabilities	170,981
Deferred tax liabilities	112,912
Total liabilities assumed	<u>766,244</u>
Net assets acquired	<u>\$ 11,100,000</u>

- 1) The value of the trade name was calculated with the assistance of an external valuation firm using an income approach under the Relief from Royalty method and will be amortized over its remaining useful life of 2 years.
- 2) Fixed assets were valued with the assistance of an external valuation firm using a combination of market, income, and cost approaches and include a basis adjustment from historical cost of \$6,325,830.

NOTE 3 - BUSINESS COMBINATIONS - 2023

Acquisition of NVM Holdings, Inc.: On March 13, 2023, Rose Paving, LLC (“Buyer” or “Company”) acquired 100% of the outstanding shares of NVM Holdings, Inc. (“Acquiree”) for a total purchase price of \$21,820,095 consisting of cash of \$19,820,095 and rollover equity of \$2,000,000. A portion of the cash payment was financed by \$19,000,000 of subordinated note payables (see Note 8). With regards to rollover equity, 20,000 Class A units were issued to the sellers. The fair value was determined using an identified value per share equivalent to the controlling shareholders with no discount applied. The Company incurred \$1,184,889 in acquisition costs. Of the total acquisition costs, \$806,500 of these costs were capitalized as deferred financing costs, and \$378,389 were recognized in transaction expenses within the consolidated statement of operations. The acquisition supports the expansion of existing paving and concrete markets and access to new customers to create sales and cost synergies which management of the Company believes will contribute to future profits. The acquisition was accounted for as a business combination under the requirements of ASC 805, “*Business Combinations*”. As such, all identifiable assets and liabilities were recorded at the Parent’s acquisition date fair values. The acquisition has been accounted for as a purchase and, accordingly, the operating results of NVM Holdings, Inc. have been included in the Company’s financial statements since the date of acquisition.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3 - BUSINESS COMBINATIONS – 2023 (Continued)

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of March 13, 2023:

Cash	\$ 2,132,605
Accounts receivable	1,648,073
Contract Assets	399,380
Operating lease right-of-use assets, net	1,670,460
Property and equipment (2)	4,846,722
Intangible asset (1)	1,600,000
Goodwill	14,098,258
Total assets acquired	<u>26,395,498</u>
Accounts payable	\$ 1,316,892
Other current liabilities	315,467
Contract liabilities	474,001
Deferred tax liabilities	135,062
Operating lease liabilities	1,670,460
Finance lease liabilities	663,521
Total liabilities assumed	<u>4,575,403</u>
Net assets acquired	<u><u>\$ 21,820,095</u></u>

- 1) The value of the trade name was calculated with the assistance of an external valuation firm using an income approach under the Relief from Royalty method and will be amortized over its remaining useful life of 10 years.
- 2) Fixed assets were valued with the assistance of an external valuation firm using a combination of market, income, and cost approaches and include a basis adjustment from historical cost of \$3,268,563.

As part of the business combination transaction described above, the Company acquired noncompetition agreements, customer lists and certain customer contracts of NVM Holdings, Inc. Based on the adoption of the intangible asset alternative as previously described in Note 1, the Company determined that the customer-related intangible assets acquired were not capable of being sold or licensed independently from the other assets of the acquired business. Therefore, neither the customer-related intangible assets nor the acquired non-competition agreements were recorded separately at the acquisition date. Goodwill arising from the acquisition largely consists of the expected synergies of combining operations, the customer-related intangible assets, and non-competition agreements along with an assembled workforce. Goodwill will be amortized over ten years.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3 - BUSINESS COMBINATIONS – 2023 (Continued)

Acquisition of M&S Paving and Sealing, LLC: On August 31, 2023, Rose Paving, LLC (“Buyer” or “Company”) acquired 100% of the outstanding shares of M&S Paving and Sealing, LLC (“Acquiree”) for a total purchase price of \$7,033,671 consisting of cash of \$5,783,671 and rollover equity of \$1,250,000. A portion of the cash payment was financed by \$6,000,000 of subordinated note payables (see Note 8). With regards to rollover equity, 12,500 Class A units were issued to the sellers. The fair value was determined using an identified value per share equivalent to the controlling shareholders with no discount applied. The Company incurred \$559,550 in acquisition costs. Of the total acquisition costs, \$245,500 of these costs were capitalized as deferred financing costs, and \$314,050 were recognized in transaction expenses within the consolidated statement of operations. The acquisition supports the expansion of existing paving and concrete markets and access to new customers to create sales and cost synergies which management of the Company believes will contribute to future profits. The acquisition was accounted for as a business combination under the requirements of ASC 805, “*Business Combinations*”. As such, all identifiable assets and liabilities were recorded at the Parent’s acquisition date fair values. The acquisition has been accounted for as a purchase and, accordingly, the operating results of M&S Paving and Sealing, LLC have been included in the Company’s financial statements since the date of acquisition.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of August 31, 2023:

Cash	\$ 95,320
Accounts receivable	849,582
Property and equipment (2)	1,000,000
Intangible asset (1)	700,000
Goodwill	4,747,294
Total assets acquired	<u>7,392,196</u>
Other current liabilities	103,328
Deferred tax liabilities	255,197
Total liabilities assumed	<u>358,525</u>
Net assets acquired	<u>\$ 7,033,671</u>

- 1) The value of the trade name was calculated with the assistance of an external valuation firm using an income approach under the Relief from Royalty method and will be amortized over its remaining useful life of 10 years.
- 2) Fixed assets were valued with the assistance of an external valuation firm using a combination of market, income, and cost approaches and include a basis adjustment from historical cost of \$320,549.

As part of the business combination transaction described above, the Company acquired noncompetition agreements, customer lists and certain customer contracts of M&S Paving and Sealing, LLC. Based on the adoption of the intangible asset alternative as previously described in Note 1, the Company determined that the customer-related intangible assets acquired were not capable of being sold or licensed independently from the other assets of the acquired business. Therefore, neither the customer-related intangible assets nor the acquired non-competition agreements were recorded separately at the acquisition date. Goodwill arising from the acquisition largely consists of the expected synergies of combining operations, the customer-related intangible assets, and non-competition agreements along with an assembled workforce. Goodwill will be amortized over ten years.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3 - BUSINESS COMBINATIONS – 2023 (Continued)

Acquisition of Marathon Solutions Group, LLC: On December 31, 2023, Rose Paving, LLC (“Buyer” or “Company”) acquired 100% of the outstanding shares of Marathon Solutions Group, LLC (“Acquiree”) for a total purchase price of \$5,380,331 consisting of cash of \$3,580,331, rollover equity of \$300,000 and earn-out of \$1,500,000. With regards to rollover equity, 2,500 Class A units were issued to the sellers. The fair value was determined using an identified value per share equivalent to the controlling shareholders with no discount applied. The Company incurred \$407,834 in acquisition costs, which were recognized in transaction expenses within the consolidated statement of operations. The acquisition supports the expansion of existing paving and concrete markets and access to new customers to create sales and cost synergies which management of the Company believes will contribute to future profits. The acquisition was accounted for as a business combination under the requirements of ASC 805, “*Business Combinations*”. As such, all identifiable assets and liabilities were recorded at the Parent’s acquisition date fair values. The acquisition has been accounted for as a purchase and, accordingly, the operating results of Marathon Solutions Group, LLC have been included in the Company’s financial statements since the date of acquisition.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of December 31, 2023:

Cash	\$ 145,882
Accounts receivable	371,189
Property and equipment (2)	700,000
Intangible asset (1)	400,000
Goodwill	3,972,339
Total assets acquired	<u>5,589,410</u>
Accounts payable	139,736
Deferred tax liabilities	41,236
Other current liabilities	28,107
Total liabilities assumed	<u>209,079</u>
Net assets acquired	<u><u>\$ 5,380,331</u></u>

- 1) The value of the trade name was calculated with the assistance of an external valuation firm using an income approach under the Relief from Royalty method and will be amortized over its remaining useful life of 10 years.
- 2) Fixed assets were valued with the assistance of an external valuation firm using a combination of market, income, and cost approaches and include a basis adjustment from historical cost of \$365,092.

As part of the business combination transaction described above, the Company acquired noncompetition agreements, customer lists and certain customer contracts of Marathon Solutions Group, LLC. Based on the adoption of the intangible asset alternative as previously described in Note 1, the Company determined that the customer-related intangible assets acquired were not capable of being sold or licensed independently from the other assets of the acquired business. Therefore, neither the customer-related intangible assets nor the acquired non-competition agreements were recorded separately at the acquisition date. Goodwill arising from the acquisition largely consists of the expected synergies of combining operations, the customer-related intangible assets, and non-competition agreements along with an assembled workforce. Goodwill will be amortized over ten years.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Accounts receivable	\$ 100,399,870	\$ 43,780,573
Allowance for credit losses	<u>(2,521,210)</u>	<u>(669,336)</u>
	<u>\$ 97,878,660</u>	<u>\$ 43,111,237</u>

NOTE 5 - CONTRACT ASSETS AND LIABILITIES

The components of contract assets were comprised of the following:

	<u>2024</u>	<u>2023</u>
Cost and estimated earnings in excess of billings	\$ 28,973,694	\$ 12,855,580
Retention receivable	<u>1,304,000</u>	<u>424,323</u>
Total contract assets	<u>\$ 30,277,694</u>	<u>\$ 13,279,903</u>

The components of contract liabilities were comprised of the following:

	<u>2024</u>	<u>2023</u>
Billings in excess of cost and estimated earnings	\$ 10,757,778	\$ 1,337,590

The following is information with respect to contracts in process as of December 31, 2024 and 2023:

Costs incurred to date	\$ 84,864,042	\$ 31,433,057
Estimated earnings to date	<u>26,210,581</u>	<u>12,933,398</u>
	111,074,623	44,366,455
Less: billings to date	<u>92,858,707</u>	<u>32,848,465</u>
	<u>\$ 18,215,916</u>	<u>\$ 11,517,990</u>

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 5 - CONTRACT ASSETS AND LIABILITIES (Continued)

The above amounts are included within contract assets and contract liabilities in the accompanying consolidated balance sheets under the following captions:

	<u>2024</u>	<u>2023</u>
Costs and estimated earnings in excess of billings on contracts in process	\$ 28,973,694	\$ 12,855,580
Billings in excess of costs and estimated earnings on contracts in process	<u>(10,757,778)</u>	<u>(1,337,590)</u>
	<u>\$ 18,215,916</u>	<u>\$ 11,517,990</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment is as follows:

	<u>2024</u>	<u>2023</u>
Vehicles	\$ 29,603,338	\$ 16,814,811
Equipment	57,644,296	17,656,509
Leasehold improvements	<u>1,919,176</u>	<u>1,094,732</u>
	89,166,810	35,566,052
Accumulated depreciation	<u>(16,507,140)</u>	<u>(6,789,671)</u>
	<u>\$ 72,659,670</u>	<u>\$ 28,776,381</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$9,027,459 and \$6,025,643, respectively.

NOTE 7 - GOODWILL AND INTANGIBLES

Intangible assets, relating to the Company's trade name, and goodwill consisted of the following:

	<u>Estimated Useful Lives (in years)</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
<u>2024</u>				
Trade name	10	\$ 49,020,000	\$ 7,773,858	\$ 41,246,142
Goodwill	10	412,689,362	49,469,801	363,219,561
<u>2023</u>				
Trade name	10	\$ 35,600,000	\$ 3,935,048	\$ 31,664,952
Goodwill	10	226,967,118	24,569,948	202,397,170

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 7 - GOODWILL AND INTANGIBLES (Continued)

Amortization expense related to intangible assets was approximately \$3,839,000 and \$3,442,000, for the years ended December 31, 2024 and 2023. Amortization expense related to goodwill was approximately \$23,899,000 and \$21,642,000 for the years ended December 31, 2024 and 2023, respectively.

Amortization expense for each of the next five years and thereafter is estimated to be the following:

<u>Year</u>	<u>Trade name</u>	<u>Goodwill</u>
2025	\$ 5,014,000	\$ 40,932,059
2026	5,014,000	40,932,059
2027	4,874,000	40,932,059
2028	4,874,000	40,932,059
2029	4,874,000	40,932,059
Thereafter	<u>16,596,142</u>	<u>158,559,266</u>
	<u>\$ 41,246,142</u>	<u>\$ 363,219,561</u>

NOTE 8 - DEBT

The Company is party to a senior secured credit facility (the "Credit Facility") with a lender who is also a minority equity holder. The Credit Facility agreement provides for a term loan (Term Loan") and a revolving line of credit facility (the "Revolving Credit Facility"). As a sublimit to the Revolving Credit Facility, the Company has availability for letters of credit in the aggregate amount of \$1,000,000, as defined in the Credit Facility agreement. Amounts outstanding related to the Credit Facility agreement are secured by substantially all of the assets of the Company. The Credit Facility agreement expires on November 7, 2028. Borrowings under the Credit Facility agreement are either secured overnight financing rate ("SOFR") loans or the Base Rate, as defined in the Credit Facility agreement. SOFR rate loans bear interest at the SOFR as administered by the Federal Reserve Bank of New York, plus an applicable margin, as defined in the Credit Facility agreement. Base Rate loans bear interest at the greater of a) the Prime Rate, b) the Federal Funds rate plus 0.50%, c) Adjusted Term SOFR plus 1%, d) or 2% per annum, plus an applicable margin, as defined in the Credit Facility agreement. Interest on Base Rate loans is payable in arrears in arrears on the first day of each calendar month. Interest on SOFR loans is payable at the end of the interest period (which is three months), as defined in the Credit Facility agreement. Prepayments of the Term Loan are allowed under the Credit Facility agreement.

Term Loan: In connection with the initial acquisition that formed the Company on November 7, 2022, the Company borrowed \$105,000,000 on the Term Loan. As of December 31, 2024 and 2023, the Term Loan had an interest rate of 9.52% and 11.00%, respectively. The Term Loan is payable in quarterly installments of \$2,418,575, with the entire unpaid principal and interest balance due at maturity in the form a balloon payment in November 2029. Interest expense associated with the Term Loan for the years ended December 31, 2024 and 2023 was approximately \$10,558,000 and \$11,025,000, respectively. Unamortized deferred financing costs associated with the Term Loan was \$1,835,754 and \$2,322,125, respectively, at December 31, 2024 and 2023 and are presented net of the term loan on the accompanying consolidated balance sheets.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 8 - DEBT (Continued)

Amendment 1: On March 13, 2023, the Company entered into the first amendment to the credit agreement. This amendment was executed in connection with the acquisition of NVM Holdings, Inc. (see Note 2). Under the first amendment to the credit agreement, an incremental revolving commitment of \$2,500,000 was established, increasing the Company's total revolving credit facility from \$25,000,000 to \$27,500,000. See Revolving Credit Facility below. There were no financing costs incurred with the first amendment.

Amendment 2: On August 31, 2023, the Company entered into the second amendment to the credit agreement. This amendment was executed in connection with the acquisition of M&S Paving and Sealing, LLC (see Note 2). Under the second amendment to the credit agreement, a one-time waiver of financial covenants was approved, allowing the acquisition to proceed. The Holders agreed the M&S Paving and Sealing, LLC will be treated as a permitted acquisition for all purposes. There were no financing costs incurred with the second amendment.

Amendment 3: On May 1, 2024, the Company entered into the third amendment to the credit agreement. This amendment was executed in connection with the acquisition of Paving Associates, LLC (see Note 2). Under the third amendment to the credit agreement, an incremental term loan of \$8,000,000 was established. This amount is due on the same maturity schedule as existing term loans, with quarterly payments of \$20,000. This amendment is subject to the same interest rate and lien structure as the existing term loans.

Financing costs incurred with the third amendment to the credit agreement was \$318,000. Total unamortized deferred financing costs associated with the third amendment were \$279,455 as of December 31, 2024 and are presented net of the term loan on the accompanying consolidated balance sheets. Interest expense associated with the third amendment to the credit agreement for the year ended December 31, 2024 was approximately \$507,000.

Amendment 4: On November 27, 2024, the Company entered into the fourth amendment to the credit agreement. This amendment was executed in connection with the acquisition of Atlantic Southern Paving and Sealcoating, LLC (see Note 2). Under the fourth amendment to the credit agreement, an incremental term loan of \$119,857,500 was established. This amendment has a final maturity date of November 7, 2029, with quarterly payments of \$299,644. Interest accrues at the applicable SOFR-based rate, with a 1.00% floor plus a fixed margin of 5.00%.

In addition, the fourth amendment introduced a delayed draw term loan commitment of \$32,500,000, available to fund future permitted acquisitions and related expenses. This commitment terminates on November 27, 2026, and amounts borrowed will mature on November 7, 2029. Borrowings under this facility are subject to pro forma leverage compliance tests at the time of draw.

In addition, the fourth amendment also increased the revolving credit facility by \$27,500,000, resulting in a total revolving credit facility of \$55,000,000. The expanded facility remains subject to the same variable interest rate structure as before.

Financing costs incurred with the fourth amendment to the credit agreement was \$2,386,969. Total unamortized deferred financing costs associated with the third amendment were \$2,344,586 as of December 31, 2024 and are presented net of the term loan on the accompanying consolidated balance sheets. Interest expense associated with the fourth amendment to the credit agreement for the year ended December 31, 2024 was approximately \$1,063,000.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 8 - DEBT (Continued)

As of December 31, 2024, maturities of the term loan and delayed draw term loan for the next five years and thereafter are as follows:

2025	\$ 2,418,575
2026	2,418,575
2027	2,418,575
2028	2,418,575
2029	<u>221,048,553</u>
	<u>\$ 230,722,853</u>

Long-term debt associated with the term loan and delayed draw term loan consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Term loan	\$ 230,722,853	\$ 103,950,000
Delayed draw term loan	9,000,000	-
Less: unamortized deferred financing costs	(4,459,795)	(2,322,125)
Less: current portion of long-term debt	<u>(2,423,928)</u>	<u>(1,050,000)</u>
Long-term debt, net of current portion	<u>\$ 232,839,130</u>	<u>\$ 100,577,875</u>

Revolving Credit Facility: The Revolving Credit Facility allows for maximum borrowings of \$55,000,000 as of December 31, 2024. Available borrowings related to the Revolving Credit Facility are subject to a borrowing base calculation, as defined in the Credit Facility agreement. Total borrowings under the Revolving Credit Facility were \$21,600,000 and \$4,000,000 as of December 31, 2024 and 2023, and were subject to an interest rate of 9.52 % and 11.20%, respectively. As of December 31, 2024 and 2023, the Company had available borrowings related to the Revolving Credit Facility of \$33,400,000 and \$23,500,000, respectively. The Revolving Credit Facility has an unused commitment fee at a per annum rate of 0.50% that is payable monthly. The Revolving Credit Facility matures in November 2029. Interest expense associated with the Revolving Credit Facility for the years ended December 31, 2024 and 2023 was approximately \$2,238,000 and \$954,000, respectively. Unamortized deferred financing costs associated with the Revolving Credit Facility was \$871,762 and \$503,472 at December 31, 2024 and 2023, respectively, which are included in other long-term assets on the consolidated balance sheets.

The Credit Facility agreement is subject to financial covenants. Financial covenants include a total debt to earnings before interest, taxes, depreciation, and amortization ("EBITDA") ratio to be provided on a quarterly basis. Financial covenants also include a capital expenditure limit. As of December 31, 2024, the Company was in compliance with these financial covenants.

The Credit Facility agreement contains an excess cash flow provision, which will require accelerated payment of outstanding borrowings related to the Term Loan if cash flows exceed certain levels as defined within the Credit Facility agreement. There were no excess cash flow payments made as of December 31, 2024 and 2023.

(Continued)

NOTE 9 - SUBORDINATED NOTES PAYABLE

On November 7, 2022, the Company entered into a Subordinated Loan Agreement with an entity that is considered a related party. The Subordinated Loan Agreement matures May 7, 2029 with the entire unpaid principal and interest balance due at maturity in the form a balloon payment. This entity is considered a related party through common ownership in the Company. Under the Subordinated Loan Agreement, the Company borrowed \$29,000,000 which requires quarterly interest payments calculated at an annual rate of 11.25%.

Financing costs incurred with the Subordinated Loan Agreement were \$783,518. Total unamortized deferred financing costs associated with the Subordinated Loan Agreement were \$562,866, and \$683,406, respectively, as of December 31, 2024 and 2023. These unamortized deferred financing costs are presented net of the subordinated note payable on the accompanying consolidated balance sheets. Interest expense associated with the Subordinated Loan Agreement for the years ended December 31, 2024 and 2023 was approximately \$3,371,000 and \$3,262,500, respectively.

Subordinated Note Payable Amendment 1: On March 13, 2023, the Company entered into the first amendment to the Subordinated Loan Agreement mentioned above. Under the first amendment to the Subordinated Loan Agreement, the Company borrowed an additional \$19,000,000 which requires quarterly interest payments calculated at an annual rate of 12.50%.

Financing costs incurred with the first amendment to the Subordinated Loan Agreement was \$806,500. Total unamortized deferred financing costs associated with the first amendment to the Subordinated Loan Agreement were \$569,927 and \$698,967, respectively, as of December 31, 2024 and 2023. These unamortized deferred financing costs are presented net of the subordinated note payable on the accompanying consolidated balance sheets. Interest expense associated with the first amendment to the Subordinated Loan Agreement for the years ended December 31, 2024 and 2023 was approximately \$2,328,000 and \$1,907,000, respectively.

Subordinated Note Payable Amendment 2: On August 31, 2023, the Company entered into the second amendment to the Subordinated Loan Agreement mentioned above. Under the second amendment to the Subordinated Loan Agreement, the Company borrowed an additional \$6,000,000 which requires quarterly interest payments calculated at an annual rate of 12.50%.

Financing costs incurred with the second amendment to the Subordinated Loan Agreement was \$245,500. Total unamortized deferred financing costs associated with the second amendment to the Subordinated Loan Agreement were \$188,572 and \$231,268, respectively, as of December 31, 2024 and 2023. These unamortized deferred financing costs are presented net of the subordinated note payable on the accompanying consolidated balance sheets. Interest expense associated with the second amendment to the Subordinated Loan Agreement for the years ended December 31, 2024 and 2023 was approximately \$735,000 and \$251,000.

Subordinated Note Payable Amendment 3: On May 1, 2024, the Company entered into the third amendment to the Subordinated Loan Agreement mentioned above. Under the third agreement to the Subordinated Loan Agreement, the Holders of the debt consented to the Paving Associates LLC acquisition (see Note 2), despite the Company not meeting certain specified pre-closing notice and due diligence conditions that are normally required. The Holders agreed the Paving Associates LLC acquisition (see Note 2), will be treated as a permitted acquisition for all purposes. As part of the acquisition, the Company incurred a new term loan referred to as the Third Amendment Term Loan (see Note 7). There were no financing costs incurred with the third amendment.

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 9 - SUBORDINATED NOTES PAYABLE (Continued)

Subordinated Note Payable Amendment 4: On November 27, 2024, the Company entered into the fourth amendment to the Subordinated Loan Agreement mentioned above. This amendment occurred in conjunction with the acquisition of Atlantic Southern Paving and Sealcoating, LLC (see Note 2). Under the fourth agreement to the Subordinated Loan Agreement, the Company borrowed an additional \$61,500,000 which require quarterly interest payments calculated at an annual rate of 12.00%. This amendment matures on May 7, 2030. This amendment also established a delayed draw note commitment of \$7,500,000, available for future permitted acquisitions and other uses. This amendment also modified certain financial covenants.

Financing costs incurred with the fourth amendment to the Subordinated Loan Agreement was \$860,625. Total unamortized deferred financing costs associated with the fourth amendment to the Subordinated Loan Agreement were \$848,550 as of December 31, 2024 and are presented net of the subordinated note payable on the accompanying consolidated balance sheets. Interest expense associated with the fourth amendment to the Subordinated Loan Agreement for the year ended December 31, 2024 was \$687,000.

Subordinated Loan Agreement: On November 27, 2024, the Company entered into a Note Purchase Agreement with an entity that is considered a related party through common ownership. The Note Purchase Agreement matures May 27, 2031, with the entire unpaid principal and interest balance due at maturity in the form a balloon payment. Interest is placed-in-kind, compounding quarterly calculated at an annual rate of 14.25%. Under the Note Purchase Agreement, the Company borrowed \$42,500,000.

Financing costs incurred with the Subordinated Loan Agreement were \$956,250. Total unamortized deferred financing costs associated with the Subordinated Loan Agreement were \$942,946 as of December 31, 2024. These unamortized deferred financing costs are presented net of the subordinated note payable on the accompanying consolidated balance sheets. Interest expense associated with the Subordinated Loan Agreement for the year ended December 31, 2024 was approximately \$589,000 which was placed-in-kind.

Long-term debt associated with the subordinated notes payable consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subordinated notes payable	\$ 115,500,000	\$ 54,000,000
Subordinated loan agreement	43,089,028	-
Less: unamortized deferred financing costs	(3,112,861)	(1,613,642)
Less: current portion of long-term debt	<u>-</u>	<u>-</u>
Long-term debt, net of current portion	<u>\$ 155,476,167</u>	<u>\$ 52,386,358</u>

NOTE 10 - FINANCE AND OPERATING LEASES

The Company leases office spaces, vehicles and equipment with a mix of third parties and related parties. The leases generally provide for the lessee to pay taxes, maintenance, insurance, and certain other operating costs of the leased property. Lease payments to these related parties aggregated approximately \$942,109 and \$577,000, respectively, for the years ended December 31, 2024 and 2023. These leases mature through 2031.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 10 - FINANCE AND OPERATING LEASES (Continued)

A summary of amounts reported within the consolidated balance sheet as of December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Operating leases		
Operating lease right-of-use assets, net	\$ 19,457,838	\$ 8,363,369
Current operating lease liabilities	4,233,918	1,384,453
Long-term operating lease liabilities	<u>15,594,818</u>	<u>7,107,653</u>
Total operating lease liabilities	<u>\$ 19,828,736</u>	<u>\$ 8,492,106</u>
Finance leases		
Property and equipment, net [1]	\$ 4,692,236	\$ 1,484,013
Current finance lease liabilities	1,042,477	524,931
Long-term finance lease liabilities	<u>2,450,958</u>	<u>646,793</u>
Total finance lease liabilities	<u>\$ 3,493,435</u>	<u>\$ 1,171,724</u>

Maturities of operating lease liabilities are as follows as of December 31, 2024:

	<u>Related Parties</u>	<u>Third Parties</u>	<u>Total</u>
2025	1,041,984	3,991,541	5,033,525
2026	907,393	3,648,286	4,555,679
2027	899,072	2,688,467	3,587,539
2028	351,737	1,588,192	1,939,929
2029	106,694	1,228,165	1,334,859
Thereafter	<u>35,984</u>	<u>6,507,550</u>	<u>6,543,534</u>
Total lease payments	3,342,864	19,652,201	22,995,065
Less: imputed interest	<u>252,532</u>	<u>2,913,797</u>	<u>3,166,329</u>
Present value of lease liabilities	3,090,332	16,738,404	19,828,736
Less: current lease liabilities	<u>922,322</u>	<u>3,311,596</u>	<u>4,233,918</u>
Long-term lease liabilities	<u>\$ 2,168,010</u>	<u>\$ 13,426,808</u>	<u>\$ 15,594,818</u>

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 10 - FINANCE AND OPERATING LEASES (Continued)

Maturities of finance lease liabilities are as follows as of December 31, 2024:

	<u>Third Parties</u>
2025	\$ 1,304,262
2026	1,082,281
2027	959,105
2028	491,310
2029	206,839
Thereafter	<u>79,640</u>
Total lease payments	4,123,437
Less: imputed interest	<u>630,002</u>
Present value of lease liabilities	3,493,435
Less: current lease liabilities	<u>1,042,477</u>
Long-term lease liabilities	<u><u>\$ 2,450,958</u></u>

NOTE 11 - EMPLOYEE BENEFIT PLAN

The Company has a defined contribution plan covering all eligible employees. The Company contributes, on a discretionary basis, a matching percentage of the participants' contributions to the plan. The Company's employer matching contributions for the years ended December 31, 2024 and 2023 were approximately \$381,000 and \$329,000, respectively.

NOTE 12 - CONTINGENCIES AND COMMITMENTS

The Company is subject to various legal proceedings and claims that have arisen in the ordinary course of its business. These actions when ultimately concluded will not, in the opinion of management, have a material adverse effect upon the financial position, results of operations or liquidity of the Company.

NOTE 13 - RELATED PARTIES

As described in Note 10, the Company leases office space from entities that are related parties through common ownership with the Company. See additional discussion in Note 10.

As described in Notes 8 and Note 9, some of the Company's lenders also have minority equity positions in the Company. See additional discussion in Notes 8 and Note 9 related to the terms of the agreements, interest expense incurred, and deferred financing costs incurred.

The Company has a consulting arrangement with its primary equity sponsor, Tenex Capital Management. During the years ended December 31, 2024 and 2023, the Company incurred approximately \$858,000 and \$821,000 (these amounts include certain reimbursable expenses), which was reported as a component of general and administrative expenses in the consolidated statements of operations.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 14 - PROFIT INTERESTS

During 2023, the parent of the Company established an Equity Incentive Plan ("the Plan"). The Plan allows for the Company to issue up to 241,154 Profit Interest Units ("Units") at the parent for services to be rendered to the Company. There are 169,885 Units issued and outstanding as of December 31, 2024. The issued and outstanding Units are designed as either time vesting or performance vesting based on the terms of the agreements. 50% of all issued and outstanding Units are time vesting while 50% of issued and outstanding Units are performance vesting. The parents granted 21,814 of new Units during the year ended December 31, 2024.

Under the agreements, the time vesting Units vest at a rate of 20% per year from the anniversary of the grant. Total compensation expense related to time vesting Units is immaterial for the years ended December 31, 2024 and 2023.

The performance-vested Units remain unvested until either a liquidity event or a return of capital as designed in the agreements and are forfeited upon termination of employment. The Company will make distributions with respect to the vested profit interest units in accordance with the terms of operating agreement, whereby profits interest unit holders will share in residual return after the common stockholders meet a required return on their investment.

No compensation expense has been recorded relating to the performance-based profits interest units granted as they will vest only upon the occurrence of the liquidity event. As of December 31, 2024, the amount of unrecognized compensation expense attributable to the performance vesting Units is not immaterial.

NOTE 15 - INCOME TAXES

Income tax expense for the years ended December 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Tax expense (benefit)		
Current	\$ 258,839	\$ 1,979,612
Deferred	(3,383,258)	(2,561,767)
Valuation Allowance	10,347,067	-
	<u> </u>	<u> </u>
Net	<u>\$ 7,222,648</u>	<u>\$ (582,154)</u>

For the years ended 2024 and 2023, the provision for income taxes differs from the U.S. federal statutory rate of 21% primarily due to significant permanent differences, including the amortization of intangible assets and depreciation of fixed assets. The provision is also impacted by the valuation allowance recorded against the current year's expected net operating loss, as well as the limitation on the deductibility of business interest expense under IRC Section 163(j).

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 15 - INCOME TAXES (Continued)

At December 31, 2024 and 2023, the amounts of deferred tax assets and liabilities are as follows:

	<u>2024</u>	<u>2023</u>
Deferred tax assets		
Future deductible expenses	\$ 1,128,369	\$ 519,085
Interest limitations	4,304,735	4,070,264
Net Operating Loss	6,042,332	-
Other	686,892	285,762
	<u>12,162,329</u>	<u>4,875,111</u>
Deferred tax liabilities		
Property and equipment	\$ (13,745,878)	\$ (6,360,264)
Intangibles	(3,462,020)	(3,494,934)
Other	(1,516,782)	(1,428,514)
	<u>(18,724,681)</u>	<u>(11,283,712)</u>
Less Valuation Allowance	<u>\$ (10,347,067)</u>	<u>\$ -</u>
Net	<u>\$ (16,909,419)</u>	<u>\$ (6,408,601)</u>

The Company assessed the likelihood that its deferred income tax assets will be realized. In evaluating the ability to realize its deferred income tax assets, management considered all available positive and negative evidence. Based on the Company's assessment, the Company determined that it is more likely than not that the benefit of its deferred tax assets relating to net operating losses and interest expense limitations will not be realized and recorded a valuation allowance of \$10,347,067 in the current period.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for all years since inception in 2022. Management has determined that the Company does not have any material uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2024 to determine the need for any adjustments to and/or disclosures within the consolidated financial statements for the year ended December 31, 2024. Management has performed a review of matters through June 25, 2025, the date the consolidated financial statements were available to be issued.

Through June 2025, the Company executed agreements to acquiring two Companies. The acquisitions were completed to further expand the geography reach and services of the Company. The total purchase price of the two acquisitions approximated \$12,000,000, subject to net working capital provisions as stated in the agreement. The acquisitions were primarily paid in cash, funded through debt, and rollover equity interests.

RPI INVESTMENTS LP AND SUBSIDIARIES

Villa Park, Illinois

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

RPI INVESTMENTS LP AND SUBSIDIARIES
Villa Park, Illinois

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Members
RPI Investments LP and Subsidiaries
Villa Park, Illinois

Opinion

We have audited the consolidated financial statements of RPI Investments LP and Subsidiaries which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, statements of changes in partners' capital, and statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of RPI Investments LP and Subsidiaries as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 RPI Investments LP and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RPI Investments LP and Subsidiaries' ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 RPI Investments LP and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RPI Investments LP and Subsidiaries' 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.


Crowe LLP

Oak Brook Terrace, Illinois
June 25, 2025

RPI INVESTMENTS LP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash	\$ 22,737,047	\$ 6,873,824
Accounts receivable, net	97,878,660	43,111,237
Contract assets	30,277,694	13,279,903
Prepaid expenses and other current assets	10,838,250	6,065,677
Total current assets	<u>161,731,651</u>	<u>69,330,641</u>
Property and equipment, net	72,659,670	28,776,381
Restricted cash	75,000	75,000
Other long-term assets	1,532,926	711,449
Operating lease right-of-use assets, net	19,457,838	8,363,369
Intangible asset, net	41,246,142	31,664,952
Goodwill, net	363,219,561	202,397,170
	<u>425,531,467</u>	<u>243,211,940</u>
 Total assets	 <u>\$ 659,922,788</u>	 <u>\$ 341,318,962</u>
 LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Accounts payable	\$ 42,175,256	\$ 16,619,522
Contract liabilities	10,757,778	1,337,590
Other current liabilities	27,903,351	8,901,899
Current portion of term loans	2,423,928	1,050,000
Current portion of operating lease liabilities	4,233,918	1,384,453
Current portion of finance lease liabilities	1,042,477	524,931
Total current liabilities	<u>88,536,708</u>	<u>29,818,395</u>
Revolving line of credit	21,600,000	4,000,000
Subordinated notes payable	155,476,167	52,386,358
Long-term portion of term loans	232,839,130	100,577,875
Operating lease liabilities, net of current portion	15,594,818	7,107,653
Finance lease liabilities, net of current portion	2,450,958	646,793
Deferred tax liability	16,909,419	6,408,601
Other long-term liabilities	-	750,000
Total liabilities	<u>533,407,200</u>	<u>201,695,675</u>
Partners' capital		
Partners' capital	192,155,833	161,620,833
Accumulated deficit	(65,640,245)	(21,997,546)
Total partners' capital	<u>126,515,588</u>	<u>139,623,287</u>
 Total liabilities and partners' capital	 <u>\$ 659,922,788</u>	 <u>\$ 341,318,962</u>

See notes to consolidated financial statements.

RPI INVESTMENTS LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue	\$ 311,892,973	\$ 276,105,514
Cost of revenue	<u>220,865,255</u>	<u>189,551,505</u>
Gross margin	91,027,718	86,554,009
General and administrative expenses	41,574,474	37,385,434
Selling expenses	19,628,594	14,037,144
Depreciation and amortization	<u>37,640,598</u>	<u>31,109,458</u>
Operating (loss) income	(7,815,948)	4,021,973
Other income (expense)		
Transaction expenses	(5,500,423)	(1,239,567)
Other income	708,244	4,606
Interest expense	<u>(23,811,924)</u>	<u>(19,173,304)</u>
Loss before income tax expense (benefit)	(36,420,051)	(16,386,292)
Income tax expense (benefit)	<u>7,222,648</u>	<u>(582,154)</u>
Net loss	<u><u>\$ (43,642,699)</u></u>	<u><u>\$ (15,804,138)</u></u>

See notes to consolidated financial statements.

RPI INVESTMENTS LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
Years ended December 31, 2024 and 2023

	Partners' <u>Capital</u>	Accumulated <u>Deficit</u>	Total Partners' <u>Capital</u>
Balances, January 1, 2023	\$ 157,272,833	\$ (6,193,408)	\$ 151,079,425
Capital contributions	4,348,000	-	4,348,000
Net loss	<u>-</u>	<u>(15,804,138)</u>	<u>(15,804,138)</u>
Balances, December 31, 2023	161,620,833	(21,997,546)	139,623,287
Capital contributions	30,535,000	-	30,535,000
Net loss	<u>-</u>	<u>(43,642,699)</u>	<u>(43,642,699)</u>
Balances, December 31, 2024	<u><u>\$ 192,155,833</u></u>	<u><u>\$ (65,640,245)</u></u>	<u><u>\$ 126,515,588</u></u>

See notes to consolidated financial statements.

RPI INVESTMENTS LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Net loss	\$ (43,642,699)	\$ (15,804,138)
Adjustments to reconcile net loss to cash from operating activities		
Provision for credit losses	279,216	271,206
Depreciation on property and equipment	9,027,459	6,025,643
Amortization of goodwill	24,774,329	21,642,266
Amortization of intangible asset	3,838,810	3,441,548
Amortization of deferred financing costs	997,914	829,287
Non-cash operating lease expense	2,089,075	195,152
Non-cash interest expense	589,028	-
Loss on disposal of property and equipment	91,487	158,002
Deferred income taxes	6,516,358	(2,993,261)
Change in operating assets and liabilities		-
Accounts receivable	10,261,060	6,290,771
Contract assets	(16,997,791)	5,017,889
Prepaid expenses and other current assets	10,814,514	(1,782,652)
Other long-term assets	(934,437)	(14,936)
Accounts payable	(4,570,996)	(1,346,977)
Contract liabilities	9,420,188	(2,064,237)
Other current liabilities	13,293,026	1,608,689
Net cash from operating activities	<u>25,846,541</u>	<u>21,474,252</u>
Cash flows from investing activities		
Cash paid for business combinations	(265,951,700)	(26,810,290)
Payments on contingent consideration	(750,000)	-
Purchases of property and equipment	(3,931,205)	(5,759,944)
Net cash from investing activities	<u>(270,632,905)</u>	<u>(32,570,234)</u>
Cash flows from financing activities		
Payments on finance lease liabilities	(2,832,918)	(975,810)
Capital contributions	10,631,495	798,000
Borrowings (payments) on revolving credit facility	17,600,000	(10,000,000)
Borrowings on term loan	136,857,500	-
Payments on term loan	(1,090,000)	(1,050,000)
Borrowings on subordinated note payable	104,000,000	25,000,000
Payments for deferred financing costs	(4,516,490)	(1,048,442)
Net cash from financing activities	<u>260,649,587</u>	<u>12,723,748</u>
Net change in cash and restricted cash	15,863,223	1,627,766
Cash and restricted cash at beginning of period	<u>6,948,824</u>	<u>5,321,058</u>
Cash and restricted cash at end of year	<u>\$ 22,812,047</u>	<u>\$ 6,948,824</u>

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Supplemental disclosures of investing activities		
In connection with business combination, assets acquired and liabilities assumed as follows:		
Fair value of assets acquired	\$ 337,848,416	39,377,104
Liabilities assumed	<u>(59,333,855)</u>	<u>(5,143,007)</u>
Total net purchase price for business acquisition	278,514,561	34,234,097
Net working capital adjustment	-	-
Cash acquired from acquisition	(4,721,856)	(2,373,807)
Contingent consideration	12,062,500	(1,500,000)
Rollover equity	<u>(19,903,505)</u>	<u>(3,550,000)</u>
Net cash and cash equivalents paid for business acquisition	<u>\$ 265,951,700</u>	<u>\$ 26,810,290</u>
Supplemental cash flow information related to leases		
Recognition of operating lease right-of-use assets and liabilities according to the provisions of ASC 842	\$ 1,236,571	\$ 2,292,460
Recognition of finance lease property and equipment according to the provisions of ASC 842	702,556	1,484,013
Supplemental disclosures of cash flow information		
Interest paid	\$ 21,334,047	\$ 21,388,906
Income taxes paid	1,186,000	3,351,099

See notes to consolidated financial statements.

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: RPI Investments LP and Subsidiaries (the “Company”) provides services for parking lot preventative and restorative maintenance for businesses at various locations throughout the U.S and Canada. The Company is headquartered in Villa Park, Illinois with various offices and locations across the U.S.

Principles of Consolidation: The consolidated financial statements include the accounts of RPI Investments LP, RPI Parent, Inc., Rose Paving Holdco, Inc., Rose Paving, LLC and ASPS Parent, LLC (collectively, the “Company”). All significant intercompany transactions and accounts have been eliminated in the accompanying consolidated financial statements.

Use of Estimates in Preparing Consolidated Financial Statements: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates include the allowance for credit losses, estimated contract and costs for contracts in process, useful lives on property and equipment, the valuation of goodwill and intangibles assets, the valuation of the subordinated debt, and estimates used to determine fair value of assets acquired and liabilities assumed in business combinations.

Revenue Recognition: The Company recognizes revenue in the amount of the transaction price expected to be received for services provided over time as contractual performance obligations are fulfilled and control of services transfer to the customer. The Company initially assesses each contract or pool of contracts at their inception for all steps of the revenue recognition process and updates the assessment as facts, circumstances, and/or estimates change.

The Company’s contracts consist of short-term projects involving the repair and servicing of parking lots. The Company recognizes revenue over time as their contracts transfer control to the customer as the Company’s performance creates or enhances an asset the customer controls as the asset is created or enhanced. The Company’s contracts are accounted for as a single performance obligation as the Company provides a significant service of integrating all the services and/or goods within the contract.

The Company’s contracts generally are cost plus a fee contracts, fixed price, or unit price. Variable consideration associated with the pricing structure is estimated based on the most likely amount or expected value methods (depending on the contract terms), and the transaction price is adjusted to the extent it is probable that a significant reversal of revenue recognized will not occur. Contracts include payment terms that allow for billing as progress occurs. Depending on the nature of the work, the Company’s billing process, contract terms, and relationship with customer, these billings can lead or lag revenue recognized generating contract assets and liabilities as discussed below.

The transaction price represents the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to its customers. The Company’s contracts can have items that cause variable consideration such as the contract’s pricing structure, unpriced change orders, unapproved change orders, claims, incentive terms, and/or liquidated damages. These sources of variable considerations can either increase or decrease the transaction price and the Company estimates the amount of variable consideration to be included in the transaction price and the Company revisits its estimate of variable consideration to be included in the transaction price each reporting period. Variable consideration is included in the transaction price only to the extent it is probable, in the Company’s judgment, that a significant future reversal in the amount of cumulative revenue recognized under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(Continued)

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

For the Company's contracts, revenue is recognized utilizing the cost-to-cost input method to measure progress towards completion of the performance obligation as the Company believes it best depicts the transfer of control to the customer. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Contract costs consist of direct material, subcontract, equipment, direct labor, and other direct costs.

Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation may be revised in the near term. Changes in total estimated costs, and related progress towards complete satisfaction of a performance obligation, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs for a performance obligation indicates a loss, a provision for the entire estimated loss is made in the period in which the loss becomes evident. The Company excluded all costs associated with material project inefficiencies from its cost-to-cost method for revenue recognition and records them as incurred.

The Company generally provides limited warranties for work performed on its contracts. The related warranty periods typically are limited duration following substantial completion of the Company's work on a project and do not exceed one year. Historically, warranty claims have not resulted in material costs incurred. The Company records these warranties as assurance-type warranties on its contracts and does not consider them a distinct performance obligation.

The Company pays commissions to employees after successful completion and cash collection of each contract. Since the service period between contract inception and the payment of the commission is deemed substantive, the Company does not capitalize customer acquisition costs.

Economic factors that could affect the nature, amount, timing and uncertainty of revenue and cash flows for contracts with customers include the economic viability of its customers and the geographic need for the Company's services.

As all of the Company's revenue is over time, no disaggregation of revenue is presented.

Contract Assets and Liabilities: The Company bills contracts as they are performed in accordance with contract terms. The contract asset "cost and estimated earnings in excess of billings on contracts in process" on the consolidated balance sheet represents revenues earned on performance obligations in excess of billings to customers and deferred contract costs for costs not yet earned. The contract liability "billings in excess of costs and estimated earnings on contracts in process" on the consolidated balance sheet represents billings to customers in excess of revenues earned on performance obligations and accrued contract costs for costs not yet incurred.

Retainage receivables represent amounts invoiced to customers where payments have been withheld pending the completion of certain milestones, other contractual conditions or upon the completion of the project. Retainage agreements vary from project to project and balances could be outstanding for several months or years depending on the length of the contract.

Accounts Receivable and Allowance for Credit Losses: The Company records accounts receivable based on the amounts billed to customers. Billings and past due receivables are determined based on contractual terms. The Company does not accrue interest on any of its accounts receivable.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The allowance for credit losses is determined by management based on the Company's historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed.

Concentrations: As of December 31, 2024 and 2023, the Company had no customer concentrations within total accounts receivable. For the year ended December 31, 2024 and 2023, the Company had no customer concentrations within total revenue.

Cash: Cash includes cash and cash equivalents with original maturities of 90 days or less. The Company has cash on deposit with one financial institution in excess of the insurance limits provided by the Federal Deposit Insurance Corporation.

Restricted Cash: The Company has cash deposited in a restricted bank account due to an agreement with a customer who required such amount to be held in a restricted bank account in order to be available for future warranty work on a completed project. The cash is restricted through 2026, the balance is classified as long-term on the consolidated balance sheets as of December 31, 2024 and 2023.

Financial Instruments: The Company's financial instruments consist primarily of cash, accounts receivable, accounts payable, and debt. In management's opinion, the carrying amount of the revolving debt facility and term debt approximates their fair values at December 31, 2024 and 2023 since the interest rate is determined at a variable interest rate based as defined in the Credit Agreement.

Property and Equipment: Property and equipment acquired in business combinations (including the Acquisition in Note 2) are stated at fair value less accumulated depreciation. Property and equipment acquired in normal operations are stated at cost less accumulated depreciation. Expenditures for improvements and betterments are capitalized, and repairs and maintenance are charged to operations as incurred. Depreciation of the building, equipment, vehicles, and software is recorded using a straight-line method over the estimated useful lives of the related assets, primarily five years, except for the building that has a useful life of thirty-nine years. Amortization of leases and leasehold improvements is recorded ratably over the shorter of the estimated lives of the leasehold improvements or the length of the related leases (refer to Note 9).

Leases: At the inception of an arrangement, the Company determines if an arrangement is a lease based on all relevant facts and circumstances. Leases are classified as operating or finance leases at the lease commencement date. Operating leases are included in operating lease right-of-use assets, current portion of operating lease liabilities and operating lease liabilities, net of current portion in the accompanying consolidated balance sheet. The related amortization expense and imputed interest are charged against income in lieu of the lease rental expense. Leases are classified between current and long-term liabilities based on their payment terms. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Leases with a term of 12 months or less (short-term leases) are not recorded on the consolidated balance sheets.

Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The Company elected the private company alternative to use the risk-free rate for the discount rate.

(Continued)

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Deferred Financing Costs: Costs incurred in connection with obtaining long-term debt are deferred and amortized on a straight-line basis over the life of the related long-term debt, which approximates the effective interest method. Deferred financing costs associated with the Company's term loans are included as a reduction of long-term debt in the consolidated balance sheets. Deferred financing costs associated with the Company's subordinated notes payable are included as a reduction of subordinated notes payable in the consolidated balance sheets.

Intangible Asset: The Company has adopted the private company alternative in which all customer-related intangibles and noncompetition agreements that are not capable of being sold or licensed independently from the other assets of the acquired business are included in goodwill and not separately recognized. The intangible assets of the Company consist of the Company trade name. The trade name intangible asset is amortized over an estimated useful life ranging from two to ten years. Intangibles are tested for impairment whenever conditions indicate that an asset may be impaired. Management determined there was no impairment of intangible assets at December 31, 2024 and 2023.

Goodwill: Goodwill represents the excess of the purchase price over the fair value of the net assets of the business when acquired. The Company has adopted the alternative provisions of accounting for goodwill that are permitted for private companies. Under the alternative, goodwill is amortized on a straight-line basis over ten years. In addition, goodwill impairment testing is performed at the entity level when a triggering event indicates that the carrying value of the entity's goodwill may exceed its estimated fair value. Management determined that there was no impairment of goodwill at December 31, 2024 and 2023.

Long-Lived Assets: The Company regularly assesses the carrying value of its long-lived assets to be held and used, including property and equipment, trade name, and goodwill for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. If such events or circumstances are present, a loss is recognized to the extent the carrying value of the asset is in excess of fair value. No impairment loss was recognized for the years ended December 31, 2024 and 2023.

Investments: The Company has investments with less than 20% ownership and the Company has no controlling financial interest. The investments are carried at cost. The investments are included in other long-term assets on the consolidated balance sheets and not significant to the financial statements.

Income Taxes: Deferred taxes are provided for on a liability method whereby deferred tax assets are recognized for deductible temporary differences and tax credit carryforwards and deferred liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company follows guidance for accounting for uncertainty in income taxes. Under this guidance, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The Company recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Company has no amounts accrued for interest or penalties as of December 31, 2024 and 2023. The Company does not expect the total amount of unrecognized tax benefits to significantly increase or decrease in the next 12 months.

The Company is subject to federal income taxes in the United States of America as well as income taxes in multiple-state tax jurisdictions.

NOTE 2 - BUSINESS COMBINATIONS – 2024

Acquisition of Paving Associates LLC: On May 1, 2024 Rose Paving, LLC ("Buyer" or "Company") acquired 100% of the outstanding shares of Paving Associates LLC for a total purchase price of \$8,674,000 consisting of cash of \$7,674,000 and rollover equity of \$1,000,000. The cash payment was financed by a \$8,000,000 term loan (see Note 7). With regards to rollover equity, 9,333 Class A units were issued to the sellers. The fair value was determined using an identified value per share equivalent to the controlling shareholders with no discount applied. The Company incurred \$485,062 in acquisition costs. Of the total acquisition costs, \$160,000 of these costs were capitalized as deferred financing costs, and \$325,062 were recognized in transaction expenses within the consolidated statements of operations. The acquisition expands the Company's existing markets and access to new customers and created revenue and cost synergies which management believes will contribute to future profits.

The acquisition has been accounted for as a purchase and, accordingly, the operating results of Paving Associates LLC have been included in the Company's financial statements since the date of acquisition. At December 31, 2024, the purchase price is provisional and subject to finalization in 2025 as part of the measurement period.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of May 1, 2024:

Cash	\$ 263,129
Accounts receivable	573,609
Operating lease right-of-use assets, net	162,735
Prepaid expenses and other current assets	36,306
Property and equipment (2)	2,068,440
Intangible asset (1)	640,000
Goodwill	6,531,187
Total assets acquired	<u>10,275,406</u>
Accounts payable	\$ 365,750
Other current liabilities	755,162
Deferred tax liabilities	324,759
Operating lease liabilities	155,735
Total liabilities assumed	<u>1,601,406</u>
Net assets acquired	<u><u>\$ 8,674,000</u></u>

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2 - BUSINESS COMBINATIONS – 2024 (Continued)

- 1) The value of the trade name was calculated with the assistance of an external valuation firm using an income approach under the Relief from Royalty method and will be amortized over its remaining useful life of 10 years.
- 2) Fixed assets were valued with the assistance of an external valuation firm using a combination of market, income, and cost approaches and include a basis adjustment from historical cost of \$3,596,843.

As part of the business combination transaction described above, the Company acquired noncompetition agreements, customer lists and certain customer contracts of Paving Associates LLC. Based on the adoption of the intangible asset alternative as previously described in Note 1, the Company determined that the customer-related intangible assets acquired were not capable of being sold or licensed independently from the other assets of the acquired business. Therefore, neither the customer-related intangible assets nor the acquired non-competition agreements were recorded separately at the acquisition date. Goodwill arising from the acquisition largely consists of expected synergies of combining operations, the customer-related intangible assets, and non-competition agreements along with an assembled workforce. Goodwill will be amortized over ten years.

Acquisition of Spartan Paving, LLC: On August 16, 2024 Rose Paving, LLC acquired certain assets, liabilities and operations of Spartan Paving LLC for a total purchase price of \$1,871,829 consisting of cash. The Company did not incur material acquisition costs as part of the acquisition. The acquisition expands the Company's existing markets and access to new customers and created revenue and cost synergies which management believes will contribute to future profits.

The acquisition has been accounted for as a purchase and, accordingly, the acquired assets and assumed liabilities of Spartan Paving LLC have been included in the Company's financial statements since the date of acquisition. At December 31, 2024, the purchase price is provisional and subject to finalization in 2025 as part of the measurement period.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of August 16, 2024:

Property and equipment (1)	\$ 2,420,700
Goodwill	<u>79,708</u>
Total assets acquired	2,500,408
Accounts payable	<u>\$ 628,579</u>
Total liabilities assumed	<u>628,579</u>
Net assets acquired	<u><u>\$ 1,871,829</u></u>

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2 - BUSINESS COMBINATIONS – 2024 (Continued)

As part of the business combination transaction described above, the Company acquired noncompetition agreements, customer lists and certain customer contracts of Spartan Paving LLC. Based on the adoption of the intangible asset alternative as previously described in Note 1, the Company determined that the customer-related intangible assets acquired were not capable of being sold or licensed independently from the other assets of the acquired business. Therefore, neither the customer-related intangible assets nor the acquired non-competition agreements were recorded separately at the acquisition date. Goodwill arising from the acquisition largely consists of expected synergies of combining operations, the customer-related intangible assets, and non-competition agreements along with an assembled workforce. Goodwill will be amortized over ten years.

Acquisition of ASPS Holdings, LLC: On November 27, 2024, Rose Paving Holdco, Inc., a wholly owned subsidiary of RPI Investments, LP, completed the acquisition of ASPS Parent, LLC for a total purchase price of \$256,868,732 consisting of cash, rollover equity of \$18,903,550 and an earnout payment of \$12,062,500. The cash payment was financed by capital contributions and debt (see Note 7). With regards to the rollover equity, 130,369 Class A units were issued to the sellers. The fair value was determined using an identified value per share equivalent to the controlling shareholders with no discount applied. The fair value of the contingent consideration was estimated at \$12,000,000, which is included in other current liabilities within the consolidated balance sheet as of December 31, 2024. This amount was paid in April 2025.

The Company incurred \$4,250,000 in acquisition costs that were recognized in transaction expenses within the consolidated statements of operations. The acquisition expands the Company's existing and new markets and access to new customers and created revenue and costs synergies which management believes will contribute to future profits.

The acquisition has been accounted for as a purchase and, accordingly, the operating results of ASPS Parent, LLC have been included in the Company's financial statements since the date of acquisition. At December 31, 2024, the purchase price is provisional and subject to finalization in 2025 as part of the measurement period.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of November 27, 2024:

Cash	\$ 3,961,671
Accounts receivable	62,540,426
Prepaid expenses and other current assets	15,289,556
Operating lease right-of-use assets, net	4,683,845
Property and equipment (2)	37,689,566
Intangible asset (1)	12,500,000
Goodwill	176,541,294
Total assets acquired	<u>313,206,358</u>

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2 - BUSINESS COMBINATIONS – 2024 (Continued)

Accounts payable	\$ 28,650,050
Other current liabilities	16,844,783
Deferred tax liabilities	3,546,789
Operating lease liabilities	2,843,931
Finance lease liabilities	<u>4,452,073</u>
Total liabilities assumed	<u>56,337,626</u>
 Net assets acquired	 <u><u>\$ 256,868,732</u></u>

- 1) The value of the trade name was calculated with the assistance of an external valuation firm using an income approach under the Relief from Royalty method and will be amortized over its remaining useful life of 5 years.
- 2) Fixed assets were valued with the assistance of an external valuation firm using a combination of market, income, and cost approaches and include a basis adjustment from historical cost of \$41,870,417.

As part of the business combination transaction described above, the Company acquired noncompetition agreements, customer lists and certain customer contracts of ASPS Parent, LLC. Based on the adoption of the intangible asset alternative as previously described in Note 1, the Company determined that the customer-related intangible assets acquired were not capable of being sold or licensed independently from the other assets of the acquired business. Therefore, neither the customer-related intangible assets nor the acquired non-competition agreements were recorded separately at the acquisition date. Goodwill arising from the acquisition largely consists of expected synergies of combining operations, the customer-related intangible assets, and non-competition agreements along with an assembled workforce. Goodwill will be amortized over ten years.

Acquisition of United Tectonics, LLC: On December 31, 2024, Rose Paving, LLC ("Buyer" of "Company") acquired 100% of the outstanding shares of United Tectonics, LLC for a total purchase price of \$11,100,000 consisting of cash of \$10,100,000 and rollover equity of \$1,000,000. With regards to rollover equity, 6,250 Class A units were issued to the sellers. The fair value was determined using an identified value per share equivalent to the controlling shareholders with no discount applied. The Company incurred \$137,500 in acquisition costs. Of the total acquisition costs, \$67,500 were capitalized as deferred financing costs, and \$70,000 were recognized in transaction expenses within the consolidated statements of operations. The acquisition expands the Company's existing markets and access to new customers and created revenue and cost synergies which management believes will contribute to future profits.

The acquisition has been accounted for as a purchase and, accordingly, the operating results of United Tectonics, LLC have been included in the Company's financial statements since the date of acquisition. At December 31, 2024, the purchase price is provisional and subject to finalization in 2025 as part of the measurement period.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2 - BUSINESS COMBINATIONS – 2024 (Continued)

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of December 31, 2024:

Cash	\$ 497,056
Accounts receivable	2,193,664
Prepaid expenses and other current assets	261,225
Property and equipment (2)	4,589,155
Intangible asset (1)	280,000
Goodwill	4,045,144
Total assets acquired	<u>11,866,244</u>
Accounts payable	\$ 482,351
Other current liabilities	170,981
Deferred tax liabilities	112,912
Total liabilities assumed	<u>766,244</u>
Net assets acquired	<u><u>\$ 11,100,000</u></u>

- 1) The value of the trade name was calculated with the assistance of an external valuation firm using an income approach under the Relief from Royalty method and will be amortized over its remaining useful life of 2 years.
- 2) Fixed assets were valued with the assistance of an external valuation firm using a combination of market, income, and cost approaches and include a basis adjustment from historical cost of \$6,325,830.

NOTE 3 - BUSINESS COMBINATIONS - 2023

Acquisition of NVM Holdings, Inc.: On March 13, 2023, Rose Paving, LLC (“Buyer” or “Company”) acquired 100% of the outstanding shares of NVM Holdings, Inc. (“Acquiree”) for a total purchase price of \$21,820,095 consisting of cash of \$19,820,095 and rollover equity of \$2,000,000. A portion of the cash payment was financed by \$19,000,000 of subordinated note payables (see Note 8). With regards to rollover equity, 20,000 Class A units were issued to the sellers. The fair value was determined using an identified value per share equivalent to the controlling shareholders with no discount applied. The Company incurred \$1,184,889 in acquisition costs. Of the total acquisition costs, \$806,500 of these costs were capitalized as deferred financing costs, and \$378,389 were recognized in transaction expenses within the consolidated statement of operations. The acquisition supports the expansion of existing paving and concrete markets and access to new customers to create sales and cost synergies which management of the Company believes will contribute to future profits. The acquisition was accounted for as a business combination under the requirements of ASC 805, “*Business Combinations*”. As such, all identifiable assets and liabilities were recorded at the Parent’s acquisition date fair values. The acquisition has been accounted for as a purchase and, accordingly, the operating results of NVM Holdings, Inc. have been included in the Company’s financial statements since the date of acquisition.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3 - BUSINESS COMBINATIONS – 2023 (Continued)

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of March 13, 2023:

Cash	\$ 2,132,605
Accounts receivable	1,648,073
Contract Assets	399,380
Operating lease right-of-use assets, net	1,670,460
Property and equipment (2)	4,846,722
Intangible asset (1)	1,600,000
Goodwill	14,098,258
Total assets acquired	<u>26,395,498</u>
Accounts payable	\$ 1,316,892
Other current liabilities	315,467
Contract liabilities	474,001
Deferred tax liabilities	135,062
Operating lease liabilities	1,670,460
Finance lease liabilities	663,521
Total liabilities assumed	<u>4,575,403</u>
Net assets acquired	<u><u>\$ 21,820,095</u></u>

- 1) The value of the trade name was calculated with the assistance of an external valuation firm using an income approach under the Relief from Royalty method and will be amortized over its remaining useful life of 10 years.
- 2) Fixed assets were valued with the assistance of an external valuation firm using a combination of market, income, and cost approaches and include a basis adjustment from historical cost of \$3,268,563.

As part of the business combination transaction described above, the Company acquired noncompetition agreements, customer lists and certain customer contracts of NVM Holdings, Inc. Based on the adoption of the intangible asset alternative as previously described in Note 1, the Company determined that the customer-related intangible assets acquired were not capable of being sold or licensed independently from the other assets of the acquired business. Therefore, neither the customer-related intangible assets nor the acquired non-competition agreements were recorded separately at the acquisition date. Goodwill arising from the acquisition largely consists of the expected synergies of combining operations, the customer-related intangible assets, and non-competition agreements along with an assembled workforce. Goodwill will be amortized over ten years.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3 - BUSINESS COMBINATIONS – 2023 (Continued)

Acquisition of M&S Paving and Sealing, LLC: On August 31, 2023, Rose Paving, LLC (“Buyer” or “Company”) acquired 100% of the outstanding shares of M&S Paving and Sealing, LLC (“Acquiree”) for a total purchase price of \$7,033,671 consisting of cash of \$5,783,671 and rollover equity of \$1,250,000. A portion of the cash payment was financed by \$6,000,000 of subordinated note payables (see Note 8). With regards to rollover equity, 12,500 Class A units were issued to the sellers. The fair value was determined using an identified value per share equivalent to the controlling shareholders with no discount applied. The Company incurred \$559,550 in acquisition costs. Of the total acquisition costs, \$245,500 of these costs were capitalized as deferred financing costs, and \$314,050 were recognized in transaction expenses within the consolidated statement of operations. The acquisition supports the expansion of existing paving and concrete markets and access to new customers to create sales and cost synergies which management of the Company believes will contribute to future profits. The acquisition was accounted for as a business combination under the requirements of ASC 805, “*Business Combinations*”. As such, all identifiable assets and liabilities were recorded at the Parent’s acquisition date fair values. The acquisition has been accounted for as a purchase and, accordingly, the operating results of M&S Paving and Sealing, LLC have been included in the Company’s financial statements since the date of acquisition.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of August 31, 2023:

Cash	\$ 95,320
Accounts receivable	849,582
Property and equipment (2)	1,000,000
Intangible asset (1)	700,000
Goodwill	4,747,294
Total assets acquired	<u>7,392,196</u>
Other current liabilities	103,328
Deferred tax liabilities	255,197
Total liabilities assumed	<u>358,525</u>
Net assets acquired	<u><u>\$ 7,033,671</u></u>

- 1) The value of the trade name was calculated with the assistance of an external valuation firm using an income approach under the Relief from Royalty method and will be amortized over its remaining useful life of 10 years.
- 2) Fixed assets were valued with the assistance of an external valuation firm using a combination of market, income, and cost approaches and include a basis adjustment from historical cost of \$320,549.

As part of the business combination transaction described above, the Company acquired noncompetition agreements, customer lists and certain customer contracts of M&S Paving and Sealing, LLC. Based on the adoption of the intangible asset alternative as previously described in Note 1, the Company determined that the customer-related intangible assets acquired were not capable of being sold or licensed independently from the other assets of the acquired business. Therefore, neither the customer-related intangible assets nor the acquired non-competition agreements were recorded separately at the acquisition date. Goodwill arising from the acquisition largely consists of the expected synergies of combining operations, the customer-related intangible assets, and non-competition agreements along with an assembled workforce. Goodwill will be amortized over ten years.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3 - BUSINESS COMBINATIONS – 2023 (Continued)

Acquisition of Marathon Solutions Group, LLC: On December 31, 2023, Rose Paving, LLC (“Buyer” or “Company”) acquired 100% of the outstanding shares of Marathon Solutions Group, LLC (“Acquiree”) for a total purchase price of \$5,380,331 consisting of cash of \$3,580,331, rollover equity of \$300,000 and earn-out of \$1,500,000. With regards to rollover equity, 2,500 Class A units were issued to the sellers. The fair value was determined using an identified value per share equivalent to the controlling shareholders with no discount applied. The Company incurred \$407,834 in acquisition costs, which were recognized in transaction expenses within the consolidated statement of operations. The acquisition supports the expansion of existing paving and concrete markets and access to new customers to create sales and cost synergies which management of the Company believes will contribute to future profits. The acquisition was accounted for as a business combination under the requirements of ASC 805, “*Business Combinations*”. As such, all identifiable assets and liabilities were recorded at the Parent’s acquisition date fair values. The acquisition has been accounted for as a purchase and, accordingly, the operating results of Marathon Solutions Group, LLC have been included in the Company’s financial statements since the date of acquisition.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed, at estimated fair value as of December 31, 2023:

Cash	\$ 145,882
Accounts receivable	371,189
Property and equipment (2)	700,000
Intangible asset (1)	400,000
Goodwill	3,972,339
Total assets acquired	<u>5,589,410</u>
Accounts payable	139,736
Deferred tax liabilities	41,236
Other current liabilities	28,107
Total liabilities assumed	<u>209,079</u>
Net assets acquired	<u><u>\$ 5,380,331</u></u>

- 1) The value of the trade name was calculated with the assistance of an external valuation firm using an income approach under the Relief from Royalty method and will be amortized over its remaining useful life of 10 years.
- 2) Fixed assets were valued with the assistance of an external valuation firm using a combination of market, income, and cost approaches and include a basis adjustment from historical cost of \$365,092.

As part of the business combination transaction described above, the Company acquired noncompetition agreements, customer lists and certain customer contracts of Marathon Solutions Group, LLC. Based on the adoption of the intangible asset alternative as previously described in Note 1, the Company determined that the customer-related intangible assets acquired were not capable of being sold or licensed independently from the other assets of the acquired business. Therefore, neither the customer-related intangible assets nor the acquired non-competition agreements were recorded separately at the acquisition date. Goodwill arising from the acquisition largely consists of the expected synergies of combining operations, the customer-related intangible assets, and non-competition agreements along with an assembled workforce. Goodwill will be amortized over ten years.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Accounts receivable	\$ 100,399,870	\$ 43,780,573
Allowance for credit losses	<u>(2,521,210)</u>	<u>(669,336)</u>
	<u>\$ 97,878,660</u>	<u>\$ 43,111,237</u>

NOTE 5 - CONTRACT ASSETS AND LIABILITIES

The components of contract assets were comprised of the following:

	<u>2024</u>	<u>2023</u>
Cost and estimated earnings in excess of billings	\$ 28,973,694	\$ 12,855,580
Retention receivable	<u>1,304,000</u>	<u>424,323</u>
Total contract assets	<u>\$ 30,277,694</u>	<u>\$ 13,279,903</u>

The components of contract liabilities were comprised of the following:

	<u>2024</u>	<u>2023</u>
Billings in excess of cost and estimated earnings	\$ 10,757,778	\$ 1,337,590

The following is information with respect to contracts in process as of December 31, 2024 and 2023:

Costs incurred to date	\$ 84,864,042	\$ 31,433,057
Estimated earnings to date	<u>26,210,581</u>	<u>12,933,398</u>
	111,074,623	44,366,455
Less: billings to date	<u>92,858,707</u>	<u>32,848,465</u>
	<u>\$ 18,215,916</u>	<u>\$ 11,517,990</u>

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 5 - CONTRACT ASSETS AND LIABILITIES (Continued)

The above amounts are included within contract assets and contract liabilities in the accompanying consolidated balance sheets under the following captions:

	<u>2024</u>	<u>2023</u>
Costs and estimated earnings in excess of billings on contracts in process	\$ 28,973,694	\$ 12,855,580
Billings in excess of costs and estimated earnings on contracts in process	<u>(10,757,778)</u>	<u>(1,337,590)</u>
	<u>\$ 18,215,916</u>	<u>\$ 11,517,990</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment is as follows:

	<u>2024</u>	<u>2023</u>
Vehicles	\$ 29,603,338	\$ 16,814,811
Equipment	57,644,296	17,656,509
Leasehold improvements	<u>1,919,176</u>	<u>1,094,732</u>
	89,166,810	35,566,052
Accumulated depreciation	<u>(16,507,140)</u>	<u>(6,789,671)</u>
	<u>\$ 72,659,670</u>	<u>\$ 28,776,381</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$9,027,459 and \$6,025,643, respectively.

NOTE 7 - GOODWILL AND INTANGIBLES

Intangible assets, relating to the Company's trade name, and goodwill consisted of the following:

	<u>Estimated Useful Lives (in years)</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
<u>2024</u>				
Trade name	10	\$ 49,020,000	\$ 7,773,858	\$ 41,246,142
Goodwill	10	412,689,362	49,469,801	363,219,561
<u>2023</u>				
Trade name	10	\$ 35,600,000	\$ 3,935,048	\$ 31,664,952
Goodwill	10	226,967,118	24,569,948	202,397,170

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 7 - GOODWILL AND INTANGIBLES (Continued)

Amortization expense related to intangible assets was approximately \$3,839,000 and \$3,442,000, for the years ended December 31, 2024 and 2023. Amortization expense related to goodwill was approximately \$23,899,000 and \$21,642,000 for the years ended December 31, 2024 and 2023, respectively.

Amortization expense for each of the next five years and thereafter is estimated to be the following:

<u>Year</u>	<u>Trade name</u>	<u>Goodwill</u>
2025	\$ 5,014,000	\$ 40,932,059
2026	5,014,000	40,932,059
2027	4,874,000	40,932,059
2028	4,874,000	40,932,059
2029	4,874,000	40,932,059
Thereafter	<u>16,596,142</u>	<u>158,559,266</u>
	<u>\$ 41,246,142</u>	<u>\$ 363,219,561</u>

NOTE 8 - DEBT

The Company is party to a senior secured credit facility (the "Credit Facility") with a lender who is also a minority equity holder. The Credit Facility agreement provides for a term loan (Term Loan") and a revolving line of credit facility (the "Revolving Credit Facility"). As a sublimit to the Revolving Credit Facility, the Company has availability for letters of credit in the aggregate amount of \$1,000,000, as defined in the Credit Facility agreement. Amounts outstanding related to the Credit Facility agreement are secured by substantially all of the assets of the Company. The Credit Facility agreement expires on November 7, 2028. Borrowings under the Credit Facility agreement are either secured overnight financing rate ("SOFR") loans or the Base Rate, as defined in the Credit Facility agreement. SOFR rate loans bear interest at the SOFR as administered by the Federal Reserve Bank of New York, plus an applicable margin, as defined in the Credit Facility agreement. Base Rate loans bear interest at the greater of a) the Prime Rate, b) the Federal Funds rate plus 0.50%, c) Adjusted Term SOFR plus 1%, d) or 2% per annum, plus an applicable margin, as defined in the Credit Facility agreement. Interest on Base Rate loans is payable in arrears in arrears on the first day of each calendar month. Interest on SOFR loans is payable at the end of the interest period (which is three months), as defined in the Credit Facility agreement. Prepayments of the Term Loan are allowed under the Credit Facility agreement.

Term Loan: In connection with the initial acquisition that formed the Company on November 7, 2022, the Company borrowed \$105,000,000 on the Term Loan. As of December 31, 2024 and 2023, the Term Loan had an interest rate of 9.52% and 11.00%, respectively. The Term Loan is payable in quarterly installments of \$2,418,575, with the entire unpaid principal and interest balance due at maturity in the form a balloon payment in November 2029. Interest expense associated with the Term Loan for the years ended December 31, 2024 and 2023 was approximately \$10,558,000 and \$11,025,000, respectively. Unamortized deferred financing costs associated with the Term Loan was \$1,835,754 and \$2,322,125, respectively, at December 31, 2024 and 2023 and are presented net of the term loan on the accompanying consolidated balance sheets.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 8 - DEBT (Continued)

Amendment 1: On March 13, 2023, the Company entered into the first amendment to the credit agreement. This amendment was executed in connection with the acquisition of NVM Holdings, Inc. (see Note 2). Under the first amendment to the credit agreement, an incremental revolving commitment of \$2,500,000 was established, increasing the Company's total revolving credit facility from \$25,000,000 to \$27,500,000. See Revolving Credit Facility below. There were no financing costs incurred with the first amendment.

Amendment 2: On August 31, 2023, the Company entered into the second amendment to the credit agreement. This amendment was executed in connection with the acquisition of M&S Paving and Sealing, LLC (see Note 2). Under the second amendment to the credit agreement, a one-time waiver of financial covenants was approved, allowing the acquisition to proceed. The Holders agreed the M&S Paving and Sealing, LLC will be treated as a permitted acquisition for all purposes. There were no financing costs incurred with the second amendment.

Amendment 3: On May 1, 2024, the Company entered into the third amendment to the credit agreement. This amendment was executed in connection with the acquisition of Paving Associates, LLC (see Note 2). Under the third amendment to the credit agreement, an incremental term loan of \$8,000,000 was established. This amount is due on the same maturity schedule as existing term loans, with quarterly payments of \$20,000. This amendment is subject to the same interest rate and lien structure as the existing term loans.

Financing costs incurred with the third amendment to the credit agreement was \$318,000. Total unamortized deferred financing costs associated with the third amendment were \$279,455 as of December 31, 2024 and are presented net of the term loan on the accompanying consolidated balance sheets. Interest expense associated with the third amendment to the credit agreement for the year ended December 31, 2024 was approximately \$507,000.

Amendment 4: On November 27, 2024, the Company entered into the fourth amendment to the credit agreement. This amendment was executed in connection with the acquisition of Atlantic Southern Paving and Sealcoating, LLC (see Note 2). Under the fourth amendment to the credit agreement, an incremental term loan of \$119,857,500 was established. This amendment has a final maturity date of November 7, 2029, with quarterly payments of \$299,644. Interest accrues at the applicable SOFR-based rate, with a 1.00% floor plus a fixed margin of 5.00%.

In addition, the fourth amendment introduced a delayed draw term loan commitment of \$32,500,000, available to fund future permitted acquisitions and related expenses. This commitment terminates on November 27, 2026, and amounts borrowed will mature on November 7, 2029. Borrowings under this facility are subject to pro forma leverage compliance tests at the time of draw.

In addition, the fourth amendment also increased the revolving credit facility by \$27,500,000, resulting in a total revolving credit facility of \$55,000,000. The expanded facility remains subject to the same variable interest rate structure as before.

Financing costs incurred with the fourth amendment to the credit agreement was \$2,386,969. Total unamortized deferred financing costs associated with the third amendment were \$2,344,586 as of December 31, 2024 and are presented net of the term loan on the accompanying consolidated balance sheets. Interest expense associated with the fourth amendment to the credit agreement for the year ended December 31, 2024 was approximately \$1,063,000.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 8 - DEBT (Continued)

As of December 31, 2024, maturities of the term loan and delayed draw term loan for the next five years and thereafter are as follows:

2025	\$ 2,418,575
2026	2,418,575
2027	2,418,575
2028	2,418,575
2029	<u>221,048,553</u>
	<u>\$ 230,722,853</u>

Long-term debt associated with the term loan and delayed draw term loan consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Term loan	\$ 230,722,853	\$ 103,950,000
Delayed draw term loan	9,000,000	-
Less: unamortized deferred financing costs	(4,459,795)	(2,322,125)
Less: current portion of long-term debt	<u>(2,423,928)</u>	<u>(1,050,000)</u>
Long-term debt, net of current portion	<u>\$ 232,839,130</u>	<u>\$ 100,577,875</u>

Revolving Credit Facility: The Revolving Credit Facility allows for maximum borrowings of \$55,000,000 as of December 31, 2024. Available borrowings related to the Revolving Credit Facility are subject to a borrowing base calculation, as defined in the Credit Facility agreement. Total borrowings under the Revolving Credit Facility were \$21,600,000 and \$4,000,000 as of December 31, 2024 and 2023, and were subject to an interest rate of 9.52 % and 11.20%, respectively. As of December 31, 2024 and 2023, the Company had available borrowings related to the Revolving Credit Facility of \$33,400,000 and \$23,500,000, respectively. The Revolving Credit Facility has an unused commitment fee at a per annum rate of 0.50% that is payable monthly. The Revolving Credit Facility matures in November 2029. Interest expense associated with the Revolving Credit Facility for the years ended December 31, 2024 and 2023 was approximately \$2,238,000 and \$954,000, respectively. Unamortized deferred financing costs associated with the Revolving Credit Facility was \$871,762 and \$503,472 at December 31, 2024 and 2023, respectively, which are included in other long-term assets on the consolidated balance sheets.

The Credit Facility agreement is subject to financial covenants. Financial covenants include a total debt to earnings before interest, taxes, depreciation, and amortization ("EBITDA") ratio to be provided on a quarterly basis. Financial covenants also include a capital expenditure limit. As of December 31, 2024, the Company was in compliance with these financial covenants.

The Credit Facility agreement contains an excess cash flow provision, which will require accelerated payment of outstanding borrowings related to the Term Loan if cash flows exceed certain levels as defined within the Credit Facility agreement. There were no excess cash flow payments made as of December 31, 2024 and 2023.

(Continued)

NOTE 9 - SUBORDINATED NOTES PAYABLE

On November 7, 2022, the Company entered into a Subordinated Loan Agreement with an entity that is considered a related party. The Subordinated Loan Agreement matures May 7, 2029 with the entire unpaid principal and interest balance due at maturity in the form a balloon payment. This entity is considered a related party through common ownership in the Company. Under the Subordinated Loan Agreement, the Company borrowed \$29,000,000 which requires quarterly interest payments calculated at an annual rate of 11.25%.

Financing costs incurred with the Subordinated Loan Agreement were \$783,518. Total unamortized deferred financing costs associated with the Subordinated Loan Agreement were \$562,866, and \$683,406, respectively, as of December 31, 2024 and 2023. These unamortized deferred financing costs are presented net of the subordinated note payable on the accompanying consolidated balance sheets. Interest expense associated with the Subordinated Loan Agreement for the years ended December 31, 2024 and 2023 was approximately \$3,371,000 and \$3,262,500, respectively.

Subordinated Note Payable Amendment 1: On March 13, 2023, the Company entered into the first amendment to the Subordinated Loan Agreement mentioned above. Under the first amendment to the Subordinated Loan Agreement, the Company borrowed an additional \$19,000,000 which requires quarterly interest payments calculated at an annual rate of 12.50%.

Financing costs incurred with the first amendment to the Subordinated Loan Agreement was \$806,500. Total unamortized deferred financing costs associated with the first amendment to the Subordinated Loan Agreement were \$569,927 and \$698,967, respectively, as of December 31, 2024 and 2023. These unamortized deferred financing costs are presented net of the subordinated note payable on the accompanying consolidated balance sheets. Interest expense associated with the first amendment to the Subordinated Loan Agreement for the years ended December 31, 2024 and 2023 was approximately \$2,328,000 and \$1,907,000, respectively.

Subordinated Note Payable Amendment 2: On August 31, 2023, the Company entered into the second amendment to the Subordinated Loan Agreement mentioned above. Under the second amendment to the Subordinated Loan Agreement, the Company borrowed an additional \$6,000,000 which requires quarterly interest payments calculated at an annual rate of 12.50%.

Financing costs incurred with the second amendment to the Subordinated Loan Agreement was \$245,500. Total unamortized deferred financing costs associated with the second amendment to the Subordinated Loan Agreement were \$188,572 and \$231,268, respectively, as of December 31, 2024 and 2023. These unamortized deferred financing costs are presented net of the subordinated note payable on the accompanying consolidated balance sheets. Interest expense associated with the second amendment to the Subordinated Loan Agreement for the years ended December 31, 2024 and 2023 was approximately \$735,000 and \$251,000.

Subordinated Note Payable Amendment 3: On May 1, 2024, the Company entered into the third amendment to the Subordinated Loan Agreement mentioned above. Under the third agreement to the Subordinated Loan Agreement, the Holders of the debt consented to the Paving Associates LLC acquisition (see Note 2), despite the Company not meeting certain specified pre-closing notice and due diligence conditions that are normally required. The Holders agreed the Paving Associates LLC acquisition (see Note 2), will be treated as a permitted acquisition for all purposes. As part of the acquisition, the Company incurred a new term loan referred to as the Third Amendment Term Loan (see Note 7). There were no financing costs incurred with the third amendment.

RPI INVESTMENTS LP AND SUBSIDIARIES
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NOTE 9 - SUBORDINATED NOTES PAYABLE (Continued)

Subordinated Note Payable Amendment 4: On November 27, 2024, the Company entered into the fourth amendment to the Subordinated Loan Agreement mentioned above. This amendment occurred in conjunction with the acquisition of Atlantic Southern Paving and Sealcoating, LLC (see Note 2). Under the fourth agreement to the Subordinated Loan Agreement, the Company borrowed an additional \$61,500,000 which require quarterly interest payments calculated at an annual rate of 12.00%. This amendment matures on May 7, 2030. This amendment also established a delayed draw note commitment of \$7,500,000, available for future permitted acquisitions and other uses. This amendment also modified certain financial covenants.

Financing costs incurred with the fourth amendment to the Subordinated Loan Agreement was \$860,625. Total unamortized deferred financing costs associated with the fourth amendment to the Subordinated Loan Agreement were \$848,550 as of December 31, 2024 and are presented net of the subordinated note payable on the accompanying consolidated balance sheets. Interest expense associated with the fourth amendment to the Subordinated Loan Agreement for the year ended December 31, 2024 was \$687,000.

Subordinated Loan Agreement: On November 27, 2024, the Company entered into a Note Purchase Agreement with an entity that is considered a related party through common ownership. The Note Purchase Agreement matures May 27, 2031, with the entire unpaid principal and interest balance due at maturity in the form a balloon payment. Interest is placed-in-kind, compounding quarterly calculated at an annual rate of 14.25%. Under the Note Purchase Agreement, the Company borrowed \$42,500,000.

Financing costs incurred with the Subordinated Loan Agreement were \$956,250. Total unamortized deferred financing costs associated with the Subordinated Loan Agreement were \$942,946 as of December 31, 2024. These unamortized deferred financing costs are presented net of the subordinated note payable on the accompanying consolidated balance sheets. Interest expense associated with the Subordinated Loan Agreement for the year ended December 31, 2024 was approximately \$589,000 which was placed-in-kind.

Long-term debt associated with the subordinated notes payable consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subordinated notes payable	\$ 115,500,000	\$ 54,000,000
Subordinated loan agreement	43,089,028	-
Less: unamortized deferred financing costs	(3,112,861)	(1,613,642)
Less: current portion of long-term debt	<u>-</u>	<u>-</u>
Long-term debt, net of current portion	<u>\$ 155,476,167</u>	<u>\$ 52,386,358</u>

NOTE 10 - FINANCE AND OPERATING LEASES

The Company leases office spaces, vehicles and equipment with a mix of third parties and related parties. The leases generally provide for the lessee to pay taxes, maintenance, insurance, and certain other operating costs of the leased property. Lease payments to these related parties aggregated approximately \$942,109 and \$577,000, respectively, for the years ended December 31, 2024 and 2023. These leases mature through 2031.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 - FINANCE AND OPERATING LEASES (Continued)

A summary of amounts reported within the consolidated balance sheet as of December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Operating leases		
Operating lease right-of-use assets, net	\$ 19,457,838	\$ 8,363,369
Current operating lease liabilities	4,233,918	1,384,453
Long-term operating lease liabilities	<u>15,594,818</u>	<u>7,107,653</u>
Total operating lease liabilities	<u>\$ 19,828,736</u>	<u>\$ 8,492,106</u>
Finance leases		
Property and equipment, net [1]	\$ 4,692,236	\$ 1,484,013
Current finance lease liabilities	1,042,477	524,931
Long-term finance lease liabilities	<u>2,450,958</u>	<u>646,793</u>
Total finance lease liabilities	<u>\$ 3,493,435</u>	<u>\$ 1,171,724</u>

Maturities of operating lease liabilities are as follows as of December 31, 2024:

	<u>Related Parties</u>	<u>Third Parties</u>	<u>Total</u>
2025	1,041,984	3,991,541	5,033,525
2026	907,393	3,648,286	4,555,679
2027	899,072	2,688,467	3,587,539
2028	351,737	1,588,192	1,939,929
2029	106,694	1,228,165	1,334,859
Thereafter	<u>35,984</u>	<u>6,507,550</u>	<u>6,543,534</u>
Total lease payments	3,342,864	19,652,201	22,995,065
Less: imputed interest	<u>252,532</u>	<u>2,913,797</u>	<u>3,166,329</u>
Present value of lease liabilities	3,090,332	16,738,404	19,828,736
Less: current lease liabilities	<u>922,322</u>	<u>3,311,596</u>	<u>4,233,918</u>
Long-term lease liabilities	<u>\$ 2,168,010</u>	<u>\$ 13,426,808</u>	<u>\$ 15,594,818</u>

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 10 - FINANCE AND OPERATING LEASES (Continued)

Maturities of finance lease liabilities are as follows as of December 31, 2024:

	<u>Third Parties</u>
2025	\$ 1,304,262
2026	1,082,281
2027	959,105
2028	491,310
2029	206,839
Thereafter	<u>79,640</u>
Total lease payments	4,123,437
Less: imputed interest	<u>630,002</u>
Present value of lease liabilities	3,493,435
Less: current lease liabilities	<u>1,042,477</u>
Long-term lease liabilities	<u><u>\$ 2,450,958</u></u>

NOTE 11 - EMPLOYEE BENEFIT PLAN

The Company has a defined contribution plan covering all eligible employees. The Company contributes, on a discretionary basis, a matching percentage of the participants' contributions to the plan. The Company's employer matching contributions for the years ended December 31, 2024 and 2023 were approximately \$381,000 and \$329,000, respectively.

NOTE 12 - CONTINGENCIES AND COMMITMENTS

The Company is subject to various legal proceedings and claims that have arisen in the ordinary course of its business. These actions when ultimately concluded will not, in the opinion of management, have a material adverse effect upon the financial position, results of operations or liquidity of the Company.

NOTE 13 - RELATED PARTIES

As described in Note 10, the Company leases office space from entities that are related parties through common ownership with the Company. See additional discussion in Note 10.

As described in Notes 8 and Note 9, some of the Company's lenders also have minority equity positions in the Company. See additional discussion in Notes 8 and Note 9 related to the terms of the agreements, interest expense incurred, and deferred financing costs incurred.

The Company has a consulting arrangement with its primary equity sponsor, Tenex Capital Management. During the years ended December 31, 2024 and 2023, the Company incurred approximately \$858,000 and \$821,000 (these amounts include certain reimbursable expenses), which was reported as a component of general and administrative expenses in the consolidated statements of operations.

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 14 - PROFIT INTERESTS

During 2023, the parent of the Company established an Equity Incentive Plan ("the Plan"). The Plan allows for the Company to issue up to 241,154 Profit Interest Units ("Units") at the parent for services to be rendered to the Company. There are 169,885 Units issued and outstanding as of December 31, 2024. The issued and outstanding Units are designed as either time vesting or performance vesting based on the terms of the agreements. 50% of all issued and outstanding Units are time vesting while 50% of issued and outstanding Units are performance vesting. The parents granted 21,814 of new Units during the year ended December 31, 2024.

Under the agreements, the time vesting Units vest at a rate of 20% per year from the anniversary of the grant. Total compensation expense related to time vesting Units is immaterial for the years ended December 31, 2024 and 2023.

The performance-vested Units remain unvested until either a liquidity event or a return of capital as designed in the agreements and are forfeited upon termination of employment. The Company will make distributions with respect to the vested profit interest units in accordance with the terms of operating agreement, whereby profits interest unit holders will share in residual return after the common stockholders meet a required return on their investment.

No compensation expense has been recorded relating to the performance-based profits interest units granted as they will vest only upon the occurrence of the liquidity event. As of December 31, 2024, the amount of unrecognized compensation expense attributable to the performance vesting Units is not immaterial.

NOTE 15 - INCOME TAXES

Income tax expense for the years ended December 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Tax expense (benefit)		
Current	\$ 258,839	\$ 1,979,612
Deferred	(3,383,258)	(2,561,767)
Valuation Allowance	10,347,067	-
	<u> </u>	<u> </u>
Net	<u>\$ 7,222,648</u>	<u>\$ (582,154)</u>

For the years ended 2024 and 2023, the provision for income taxes differs from the U.S. federal statutory rate of 21% primarily due to significant permanent differences, including the amortization of intangible assets and depreciation of fixed assets. The provision is also impacted by the valuation allowance recorded against the current year's expected net operating loss, as well as the limitation on the deductibility of business interest expense under IRC Section 163(j).

(Continued)

RPI INVESTMENTS LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 15 - INCOME TAXES (Continued)

At December 31, 2024 and 2023, the amounts of deferred tax assets and liabilities are as follows:

	<u>2024</u>	<u>2023</u>
Deferred tax assets		
Future deductible expenses	\$ 1,128,369	\$ 519,085
Interest limitations	4,304,735	4,070,264
Net Operating Loss	6,042,332	-
Other	686,892	285,762
	<u>12,162,329</u>	<u>4,875,111</u>
Deferred tax liabilities		
Property and equipment	\$ (13,745,878)	\$ (6,360,264)
Intangibles	(3,462,020)	(3,494,934)
Other	(1,516,782)	(1,428,514)
	<u>(18,724,681)</u>	<u>(11,283,712)</u>
Less Valuation Allowance	<u>\$ (10,347,067)</u>	<u>\$ -</u>
Net	<u>\$ (16,909,419)</u>	<u>\$ (6,408,601)</u>

The Company assessed the likelihood that its deferred income tax assets will be realized. In evaluating the ability to realize its deferred income tax assets, management considered all available positive and negative evidence. Based on the Company's assessment, the Company determined that it is more likely than not that the benefit of its deferred tax assets relating to net operating losses and interest expense limitations will not be realized and recorded a valuation allowance of \$10,347,067 in the current period.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for all years since inception in 2022. Management has determined that the Company does not have any material uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2024 to determine the need for any adjustments to and/or disclosures within the consolidated financial statements for the year ended December 31, 2024. Management has performed a review of matters through June 25, 2025, the date the consolidated financial statements were available to be issued.

Through June 2025, the Company executed agreements to acquiring two Companies. The acquisitions were completed to further expand the geography reach and services of the Company. The total purchase price of the two acquisitions approximated \$12,000,000, subject to net working capital provisions as stated in the agreement. The acquisitions were primarily paid in cash, funded through debt, and rollover equity interests.