

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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2022

OR

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

For the transition period from _____ to _____

Commission File Number 001-35504

FORUM ENERGY TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

61-1488595

(I.R.S. Employer Identification No.)

10344 Sam Houston Park Drive Suite 300 Houston Texas 77064

(Address of Principal Executive Offices)

(Zip Code)

(281) 949-2500

(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	FET	New York Stock Exchange

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of November 7, 2022 there were 5,731,469 common shares outstanding.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Forum Energy Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)

(in thousands, except per share information)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	\$ 181,835	\$ 140,984	\$ 509,255	\$ 392,921
Cost of sales	130,472	106,119	370,700	299,667
Gross profit	51,363	34,865	138,555	93,254
Operating expenses				
Selling, general and administrative expenses	43,713	42,334	131,515	125,992
Gain on disposal of assets and other	(52)	(93)	(938)	(1,362)
Total operating expenses	43,661	42,241	130,577	124,630
Operating income (loss)	7,702	(7,376)	7,978	(31,376)
Other expense (income)				
Interest expense	8,143	7,128	23,609	24,065
Foreign exchange and other gains, net	(18,288)	(3,962)	(37,112)	(1,431)
Loss on extinguishment of debt	—	196	—	5,290
Total other expense (income), net	(10,145)	3,362	(13,503)	27,924
Income (loss) before income taxes	17,847	(10,738)	21,481	(59,300)
Income tax expense	1,370	849	4,939	3,756
Net income (loss)	\$ 16,477	\$ (11,587)	\$ 16,542	\$ (63,056)
Weighted average shares outstanding				
Basic	5,778	5,661	5,736	5,637
Diluted	10,552	5,661	10,489	5,637
Earnings (loss) per share				
Basic	\$ 2.85	\$ (2.05)	\$ 2.88	\$ (11.19)
Diluted	\$ 1.82	\$ (2.05)	\$ 2.37	\$ (11.19)
Other comprehensive income (loss), net of tax:				
Net income (loss)	\$ 16,477	\$ (11,587)	\$ 16,542	\$ (63,056)
Change in foreign currency translation, net of tax of \$0	(22,690)	(5,822)	(46,199)	(2,604)
Gain on pension liability	66	45	153	101
Comprehensive loss	\$ (6,147)	\$ (17,364)	\$ (29,504)	\$ (65,559)

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

Forum Energy Technologies, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except share information)	September 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 19,778	\$ 46,858
Accounts receivable—trade, net of allowances of \$10,026 and \$11,114	147,783	123,903
Inventories, net	270,626	241,740
Prepaid expenses and other current assets	22,649	23,702
Accrued revenue	934	2,245
Costs and estimated profits in excess of billings	16,590	8,285
Total current assets	478,361	446,733
Property and equipment, net of accumulated depreciation	86,190	94,005
Operating lease assets	20,833	25,431
Deferred financing costs, net	1,245	1,484
Intangible assets, net	196,581	217,405
Deferred income taxes, net	632	203
Other long-term assets	6,408	6,075
Total assets	\$ 790,250	\$ 791,336
Liabilities and equity		
Current liabilities		
Current portion of long-term debt	\$ 502	\$ 860
Accounts payable—trade	111,253	99,379
Accrued liabilities	74,498	58,436
Deferred revenue	10,141	7,276
Billings in excess of costs and profits recognized	683	9,705
Total current liabilities	197,077	175,656
Long-term debt, net of current portion	247,511	232,370
Deferred income taxes, net	918	834
Operating lease liabilities	28,025	34,745
Other long-term liabilities	14,114	18,605
Total liabilities	487,645	462,210
Commitments and contingencies		
Equity		
Common stock, \$0.01 par value, 14,800,000 shares authorized, 6,223,271 and 6,100,886 shares issued	62	61
Additional paid-in capital	1,252,945	1,249,962
Treasury stock at cost, 467,153 shares	(135,562)	(135,562)
Retained deficit	(667,765)	(684,307)
Accumulated other comprehensive loss	(147,075)	(101,028)
Total equity	302,605	329,126
Total liabilities and equity	\$ 790,250	\$ 791,336

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

Forum Energy Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities		
Net income (loss)	\$ 16,542	\$ (63,056)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation expense	9,678	13,159
Amortization of intangible assets	18,487	18,896
Inventory write down	1,580	4,019
Stock-based compensation expense	3,537	5,691
Loss on extinguishment of debt	—	5,290
Deferred income taxes	(1,870)	(473)
Noncash losses and other, net	5,480	5,567
Changes in operating assets and liabilities		
Accounts receivable—trade	(28,729)	(38,215)
Inventories	(37,160)	13,089
Prepaid expenses and other assets	1,408	(8,264)
Cost and estimated profit in excess of billings	(10,251)	(3,469)
Accounts payable, deferred revenue and other accrued liabilities	(2,022)	35,919
Billings in excess of costs and estimated profits earned	(8,812)	3,747
Net cash used in operating activities	\$ (32,132)	\$ (8,100)
Cash flows from investing activities		
Capital expenditures for property and equipment	(4,779)	(999)
Proceeds from sale of property and equipment	2,672	6,826
Payments related to business acquisitions and dispositions	(485)	(1,283)
Net cash provided by (used in) investing activities	\$ (2,592)	\$ 4,544
Cash flows from financing activities		
Borrowings on Credit Facility	423,945	—
Repayments on Credit Facility	(413,205)	(13,126)
Cash paid to repurchase 2025 Notes	—	(58,596)
Payment of capital lease obligations	(746)	(1,023)
Repurchases of stock	(826)	(349)
Deferred financing costs	—	(1,464)
Net cash provided by (used in) financing activities	\$ 9,168	\$ (74,558)
Effect of exchange rate changes on cash	(1,524)	(459)
Net decrease in cash, cash equivalents and restricted cash	(27,080)	(78,573)
Cash, cash equivalents and restricted cash at beginning of period	46,858	128,617
Cash, cash equivalents and restricted cash at end of period	\$ 19,778	\$ 50,044
Noncash activities		
Operating lease right of use assets obtained in exchange for lease obligations	3,248	1,055
Finance lease right of use assets obtained in exchange for lease obligations	458	228

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

Forum Energy Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

Nine Months Ended September 30, 2022

(in thousands)	Common stock	Additional paid-in capital	Treasury stock	Retained deficit	Accumulated other comprehensive income / (loss)	Total equity
Balance at December 31, 2021	\$ 61	\$ 1,249,962	\$ (135,562)	\$ (684,307)	\$ (101,028)	\$ 329,126
Stock-based compensation expense	—	2,151	—	—	—	2,151
Restricted stock issuance, net of forfeitures	1	(361)	—	—	—	(360)
Currency translation adjustment	—	—	—	—	(6,992)	(6,992)
Change in pension liability	—	—	—	—	30	30
Net loss	—	—	—	(9,199)	—	(9,199)
Balance at March 31, 2022	\$ 62	\$ 1,251,752	\$ (135,562)	\$ (693,506)	\$ (107,990)	\$ 314,756
Stock-based compensation expense	—	621	—	—	—	621
Restricted stock issuance, net of forfeitures	—	(1)	—	—	—	(1)
Liability awards converted to share settled	—	275	—	—	—	275
Currency translation adjustment	—	—	—	—	(16,518)	(16,518)
Change in pension liability	—	—	—	—	57	57
Net income	—	—	—	9,264	—	9,264
Balance at June 30, 2022	62	1,252,647	(135,562)	(684,242)	(124,451)	308,454
Stock-based compensation expense	—	765	—	—	—	765
Restricted stock issuance, net of forfeitures	—	(467)	—	—	—	(467)
Treasury stock	—	—	—	—	—	—
Currency translation adjustment	—	—	—	—	(22,690)	(22,690)
Change in pension liability	—	—	—	—	66	66
Net income	—	—	—	16,477	—	16,477
Balance at September 30, 2022	\$ 62	\$ 1,252,945	\$ (135,562)	\$ (667,765)	\$ (147,075)	\$ 302,605

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

Forum Energy Technologies, Inc. and subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

Nine Months Ended September 30, 2021

(in thousands)	Common stock	Additional paid-in capital	Treasury stock	Retained deficit	Accumulated other comprehensive income / (loss)	Total equity
Balance at December 31, 2020	\$ 60	\$ 1,242,720	\$ (134,499)	\$ (601,656)	\$ (100,389)	\$ 406,236
Stock-based compensation expense	—	1,896	—	—	—	1,896
Restricted stock issuance, net of forfeitures	—	(139)	—	—	—	(139)
Currency translation adjustment	—	—	—	—	3,152	3,152
Change in pension liability	—	—	—	—	77	77
Net loss	—	—	—	(29,663)	—	(29,663)
Balance at March 31, 2021	\$ 60	\$ 1,244,477	\$ (134,499)	\$ (631,319)	\$ (97,160)	\$ 381,559
Stock-based compensation expense	—	1,914	—	—	—	1,914
Restricted stock issuance, net of forfeitures	—	(2)	—	—	—	(2)
Currency translation adjustment	—	—	—	—	66	66
Change in pension liability	—	—	—	—	(21)	(21)
Net loss	—	—	—	(21,806)	—	(21,806)
Balance at June 30, 2021	\$ 60	\$ 1,246,389	\$ (134,499)	\$ (653,125)	\$ (97,115)	\$ 361,710
Stock-based compensation expense	—	1,881	—	—	—	1,881
Restricted stock issuance, net of forfeitures	1	(209)	—	—	—	(208)
Currency translation adjustment	—	—	—	—	(5,822)	(5,822)
Change in pension liability	—	—	—	—	45	45
Net loss	—	—	—	(11,587)	—	(11,587)
Balance at September 30, 2021	\$ 61	\$ 1,248,061	\$ (134,500)	\$ (664,712)	\$ (102,892)	\$ 346,018

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

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

1. Organization and Basis of Presentation

Forum Energy Technologies, Inc. (the "Company," "FET," "we," "our," or "us"), a Delaware corporation, is a global company serving the oil, natural gas, industrial and renewable energy industries. FET provides value added solutions that increase the safety and efficiency of energy exploration and production. We are an environmentally and socially responsible company headquartered in Houston, Texas with manufacturing, distribution and service facilities strategically located throughout the world.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company include the accounts of the Company and its subsidiaries. All intercompany transactions have been eliminated in consolidation.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for the fair statement of the Company's financial position, results of operations and cash flows have been included. Operating results for the three and nine months ended September 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022 or any other interim period.

These interim financial statements are unaudited and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America ("GAAP") for complete consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021, which are included in the Company's 2021 Annual Report on Form 10-K filed with the SEC on March 4, 2022.

COVID-19 Impacts

The outbreak of COVID-19 in 2020 caused significant disruptions in the U.S. and world economies which led to significant reductions in demand for crude oil. During 2021, distribution of vaccines resulted in reopening of certain economies and increasing demand for oil and natural gas. However, ongoing COVID-19 outbreaks and related work restrictions continue to contribute to disruptions in global supply chains, which have contributed to materials delays and inflationary pressures for certain goods and services. We anticipate that our liquidity, financial condition and future results of operations will continue to be impacted by measures taken in response to COVID-19 outbreaks.

2. Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB"), which we adopt as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on our consolidated financial statements upon adoption.

Accounting Standards Adopted in 2022

Convertible Debt. In August 2020, the FASB issued ASU No. 2020-06 Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. This update reduces the number of accounting models for convertible debt instruments resulting in fewer embedded conversion features being separately recognized from the host contract as compared with current GAAP. In addition, this update also makes targeted changes to the disclosures for convertible instruments and earnings-per-share guidance. We adopted this new standard as of January 1, 2022. The adoption of this new standard did not have a material impact on our unaudited condensed consolidated financial statements.

3. Revenue

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to receive in exchange for those goods or services. For a detailed discussion of our revenue recognition policies, refer to the Company's 2021 Annual Report on Form 10-K.

Disaggregated Revenue

Refer to Note 10 *Business Segments* for disaggregated revenue by product line and geography.

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

Contract Balances

Contract balances are determined on a contract by contract basis. Contract assets represent revenue recognized for goods and services provided to our customers when payment is conditioned on something other than the passage of time. Similarly, we record a contract liability when we receive consideration, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of a sales contract. Such contract liabilities typically result from billings in excess of costs incurred on construction contracts and advance payments received on product sales.

The following table reflects the changes in our contract assets and contract liabilities balances for the nine months ended September 30, 2022 (in thousands):

	September 30,		Increase / (Decrease)	
	2022	December 31, 2021	\$	%
Accrued revenue	\$ 934	\$ 2,245		
Costs and estimated profits in excess of billings	16,590	8,285		
Contract assets	\$ 17,524	\$ 10,530	\$ 6,994	66 %
Deferred revenue	\$ 10,141	\$ 7,276		
Billings in excess of costs and profits recognized	683	9,705		
Contract liabilities	\$ 10,824	\$ 16,981	\$ (6,157)	(36)%

During the nine months ended September 30, 2022, our contract assets increased by \$7.0 million and our contract liabilities decreased by \$6.2 million primarily due to the timing of milestone billings for projects in our Subsea product line.

During the nine months ended September 30, 2022, we recognized \$12.9 million of revenue that was included in the contract liability balance at the beginning of the period.

As the majority of our contracts are less than one year in duration, we have elected to apply the practical expedient which allows an entity to exclude disclosures about its remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

4. Acquisitions

2021 Acquisition of Hawker Equipment Solutions

On December 20, 2021, we acquired certain assets of Hawker Equipment Solutions, LLC ("Hawker") for total cash consideration of \$5.1 million, of which, \$3.4 million was paid in the fourth quarter of 2021 with the balance expected to be paid over the subsequent five years, including \$0.5 million paid in the first nine months of 2022. Hawker is a manufacturer of hydraulic pickup and laydown units. This acquisition is included in the Drilling product line within the Drilling and Downhole segment. The fair values of the assets acquired and liabilities assumed, as well as the pro forma results of operations for this acquisition, have not been presented because they are not material to the consolidated financial statements.

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

5. Inventories

Our significant components of inventory at September 30, 2022 and December 31, 2021 were as follows (in thousands):

	September 30, 2022	December 31, 2021
Raw materials and parts	\$ 97,409	\$ 97,053
Work in process	29,805	24,618
Finished goods	185,159	182,954
Gross inventories	312,373	304,625
Inventory reserve	(41,747)	(62,885)
Inventories	\$ 270,626	\$ 241,740

6. Intangible Assets

Intangible assets consisted of the following as of September 30, 2022 and December 31, 2021, respectively (in thousands):

	September 30, 2022			
	Gross Carrying Amount	Accumulated Amortization	Net Intangibles	Amortization Period (In Years)
Customer relationships	\$ 264,159	\$ (141,555)	\$ 122,604	10 - 15
Patents and technology	88,188	(33,551)	54,637	5 - 19
Non-compete agreements	186	(186)	—	2 - 6
Trade names	42,246	(26,299)	15,947	7 - 19
Trademarks	5,089	(1,696)	3,393	15
Intangible Assets Total	\$ 399,868	\$ (203,287)	\$ 196,581	

	December 31, 2021			
	Gross Carrying Amount	Accumulated Amortization	Net Intangibles	Amortization Period (In Years)
Customer relationships	\$ 269,589	\$ (133,451)	\$ 136,138	10 - 15
Patents and technology	89,449	(29,785)	59,664	5 - 19
Non-compete agreements	191	(173)	18	2 - 6
Trade names	43,125	(25,187)	17,938	7 - 19
Trademarks	5,089	(1,442)	3,647	15
Intangible Assets Total	\$ 407,443	\$ (190,038)	\$ 217,405	

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

7. Debt

Notes payable and lines of credit as of September 30, 2022 and December 31, 2021 consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
2025 Notes	\$ 256,970	\$ 256,970
Unamortized debt discount	(16,550)	(20,035)
Debt issuance cost	(4,062)	(4,918)
Credit Facility	10,740	—
Other debt	915	1,213
Total debt	248,013	233,230
Less: current maturities	(502)	(860)
Long-term debt	<u>\$ 247,511</u>	<u>\$ 232,370</u>

2025 Notes

In August 2020, we exchanged \$315.5 million principal amount of our previous 6.25% unsecured notes due 2021 (“2021 Notes”) for new 9.00% convertible secured notes due August 2025 (the “2025 Notes”). This transaction was accounted for as an extinguishment of the 2021 Notes with the new 2025 Notes recorded at fair value on the transaction date. We estimated the fair value of the 2025 Notes to be \$282.6 million at the issuance date, resulting in a \$32.9 million discount (“Debt Discount”) at issuance. As a result, we recognized a \$28.7 million gain on extinguishment of debt that reflects the difference in the \$314.8 million net carrying value of the 2021 Notes exchanged, including debt issuance costs and unamortized debt premium, less the \$282.6 million estimated fair value of 2025 Notes and a \$3.5 million early participation fee paid to bondholders that participated in the exchange. The Debt Discount is being amortized as non-cash interest expense over the term of the 2025 Notes using the effective interest method.

The 2025 Notes pay interest at the rate of 9.00%, of which 6.25% is payable in cash and 2.75% is payable in cash or additional notes, at the Company’s option. The 2025 Notes are secured by a first lien on substantially all of the Company’s assets, except for Credit Facility priority collateral, which secures the 2025 Notes on a second lien basis. As of September 30, 2022, approximately \$123 million principal amount of the 2025 Notes is mandatorily convertible into shares of our common stock at a conversion rate of 37.0370 shares per \$1,000 principal amount of 2025 Notes converted, equivalent to a conversion price of \$27.00 per share, subject, however, to the condition that the per share daily volume weighted average price for the common stock over the preceding 20-trading day period is at least \$30.00 per share. Holders of the 2025 Notes also have optional conversion rights in the event that the Company elects to redeem the 2025 Notes in cash and at the final maturity of the new notes. Any interest that the Company elects to pay in additional notes is also subject to the mandatory and optional conversion rights.

During the nine months ended September 30, 2021, we repurchased an aggregate \$59.9 million of principal amount of our 2025 Notes for \$58.6 million. The net carrying value of the extinguished debt, including unamortized debt discount and debt issuance costs, was \$53.3 million, resulting in a \$5.3 million loss on extinguishment of debt.

Credit Facility

In September 2021, we amended our senior secured revolving credit facility (“Credit Facility”) to, among other things, extend the maturity date to September 2026, reduce the aggregate amount of the commitment under the Credit Facility, and change the interest rate applicable to outstanding loans. Following such amendment, our Credit Facility provides revolving credit commitments of \$179.0 million (with a sublimit of up to \$45.0 million available for the issuance of letters of credit for the account of the Company and certain of its domestic subsidiaries) (the “U.S. Line”), of which up to \$20.0 million is available to certain of our Canadian subsidiaries for loans in U.S. or Canadian dollars (with a sublimit of up to \$3.0 million available for the issuance of letters of credit for the account of our Canadian subsidiaries) (the “Canadian Line”).

Availability under the Credit Facility is subject to a borrowing base calculated by reference to eligible accounts receivable in the U.S., Canada and certain other jurisdictions (subject to a cap) and eligible inventory in the U.S. and Canada. Such eligible accounts receivable and eligible inventory serve as priority collateral for the Credit

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

Facility, which is also secured on a second lien basis by substantially all of the Company's other assets. The amount of eligible inventory included in the borrowing base is restricted to the lesser of \$126.0 million (subject to a quarterly reduction of \$0.5 million) and 80.0% of the total borrowing base. Our borrowing capacity under the Credit Facility could be reduced or eliminated, depending on future fluctuations in our receivables and inventory. As of September 30, 2022, our total borrowing base was \$160.0 million, of which \$10.7 million was drawn and \$22.1 million was used for security of outstanding letters of credit, resulting in remaining availability of \$127.2 million.

Borrowings under the U.S. Line bear interest at a rate equal to, at our option, either (a) the LIBOR rate, subject to a floor of 0.00%, plus a margin of 2.25% to 2.75%, or (b) a base rate plus a margin of 1.25% to 1.75%, in each case based upon the Company's quarterly total net leverage ratio. The U.S. Line base rate is determined by reference to the greatest of (i) the federal funds rate plus 0.50% per annum, (ii) the one-month adjusted LIBOR plus 1.00% per annum, and (iii) the rate of interest announced, from time to time, by Wells Fargo at its principal office in San Francisco as its prime rate, subject to a floor of 0.00%.

Borrowings under the Canadian Line bear interest at a rate equal to, at Forum Canada's option, either (a) the Canadian Dollar Offered Rate ("CDOR") rate, subject to a floor of 0.00%, plus a margin of 2.25% to 2.75%, or (b) a base rate plus a margin of 1.25% to 1.75%, in each case based upon the Company's quarterly net leverage ratio. The Canadian line base rate is determined by reference to the greater of (i) the one-month CDOR rate plus 1.00% and (ii) the prime rate for Canadian dollar commercial loans made in Canada as reported by Thomson Reuters, subject to a floor of 0.00%. The weighted average interest rate under the Credit Facility was approximately 5.02% for the nine months ended September 30, 2022.

The Credit Facility also provides for a commitment fee in the amount of (a) 0.375% on the unused portion of commitments if average usage of the Credit Facility is greater than 50% and (b) 0.500% on the unused portion of commitments if average usage of the Credit Facility is less than or equal to 50%.

If excess availability under the Credit Facility falls below the greater of 12.5% of the borrowing base and \$22.4 million, we will be required to maintain a fixed charge coverage ratio of at least 1.00:1.00 as of the end of each fiscal quarter until excess availability under the Credit Facility exceeds such thresholds for at least 60 consecutive days. Furthermore, the Credit Facility includes an obligation to prepay outstanding loans with cash on hand in excess of certain thresholds and includes a cross-default to the 2025 Notes.

Deferred Loan Costs

We have incurred loan costs that have been deferred and are amortized to interest expense over the term of the 2025 Notes and the Credit Facility. In connection with the September 2021 Credit Facility amendment, we deferred approximately \$1.6 million of loan costs that will be amortized over the facility's remaining life.

Other Debt

Other debt consists primarily of various finance leases of equipment.

Letters of Credit and Guarantees

We execute letters of credit in the normal course of business to secure the delivery of product from specific vendors and also to guarantee our fulfillment of performance obligations relating to certain large contracts. We had \$22.1 million and \$19.1 million in total outstanding letters of credit as of September 30, 2022 and December 31, 2021, respectively.

8. Income Taxes

For interim periods, our income tax expense or benefit is computed based on our estimated annual effective tax rate and any discrete items that impact the interim periods. For the three and nine months ended September 30, 2022, we recorded a tax expense of \$1.4 million and \$4.9 million, respectively. For the three and nine months ended September 30, 2021, we recorded a tax expense of \$0.8 million and \$3.8 million, respectively. The estimated annual effective tax rates for all periods were impacted by losses in jurisdictions where the recording of a tax benefit is not available. Furthermore, the tax expense or benefit recorded can vary from period to period depending on the Company's relative mix of earnings and losses by jurisdiction.

We have deferred tax assets related to net operating loss and other tax carryforwards in the U.S. and in certain states and foreign jurisdictions. We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning and recent operating results. As of September 30, 2022, we do not anticipate being able to fully utilize all of the losses prior to their expiration in the following jurisdictions: the U.S., the U.K., Germany, Singapore, China and Saudi Arabia. As a result, we have certain valuation allowances against our deferred tax assets as of September 30, 2022.

9. Fair Value Measurements

The Company had \$10.7 million of borrowings outstanding under the Credit Facility as of September 30, 2022. The Credit Facility incurs interest at a variable interest rate, and therefore, the carrying amount approximates fair value. The fair value of the debt is classified as a Level 2 measurement because interest rates charged are similar to other financial instruments with similar terms and maturities.

The fair value of our 2025 Notes is estimated using Level 2 inputs in the fair value hierarchy and is based on quoted prices for those or similar instruments. At September 30, 2022, the fair value and the carrying value of our 2025 Notes approximated \$248.2 million and \$236.4 million, respectively. At December 31, 2021, the fair value and the carrying value of our 2025 Notes approximated \$225.0 million and \$232.0 million, respectively.

There were no other significant outstanding financial instruments as of September 30, 2022 and December 31, 2021 that required measuring the amounts at fair value on a recurring basis. We did not change our valuation techniques associated with recurring fair value measurements from prior periods, and there were no transfers between levels of the fair value hierarchy during the nine months ended September 30, 2022.

10. Business Segments

The Company reports results of operations in the following three reporting segments: Drilling & Downhole, Completions and Production. The amounts indicated below as "Corporate" relate to costs and assets not allocated to the reportable segments. Summary financial data by segment follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue:				
Drilling & Downhole	\$ 75,723	\$ 63,180	223,476	173,406
Completions	72,246	49,692	190,867	134,051
Production	34,238	28,457	95,622	85,825
Eliminations	(372)	(345)	(710)	(361)
Total revenue	\$ 181,835	\$ 140,984	\$ 509,255	\$ 392,921
Operating income (loss):				
Drilling & Downhole	\$ 9,481	\$ 4,042	\$ 23,995	\$ 2,237
Completions	5,915	250	8,787	(52)
Production	665	(3,374)	(1,241)	(11,256)
Corporate	(8,411)	(8,387)	(24,501)	(23,667)
Segment operating income (loss)	7,650	(7,469)	7,040	(32,738)
Gain on disposal of assets and other	(52)	(93)	(938)	(1,362)
Operating income (loss)	\$ 7,702	\$ (7,376)	\$ 7,978	\$ (31,376)

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

A summary of consolidated assets by reportable segment is as follows (in thousands):

	September 30, 2022	December 31, 2021
Drilling & Downhole	\$ 317,807	\$ 313,493
Completions	364,952	351,908
Production	91,476	83,150
Corporate	16,015	42,785
Total assets	\$ 790,250	\$ 791,336

Corporate assets primarily include cash and certain prepaid assets.

The following table presents our revenues disaggregated by product line (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Drilling Technologies	\$ 38,159	\$ 23,211	\$ 100,934	\$ 69,355
Downhole Technologies	21,916	17,623	62,902	49,329
Subsea Technologies	15,648	22,346	59,640	54,722
Stimulation and Intervention	43,647	25,562	111,143	68,618
Coiled Tubing	28,599	24,130	79,724	65,433
Production Equipment	18,463	14,314	50,055	46,107
Valve Solutions	15,775	14,143	45,567	39,718
Eliminations	(372)	(345)	(710)	(361)
Total revenue	\$ 181,835	\$ 140,984	\$ 509,255	\$ 392,921

The following table presents our revenues disaggregated by geography (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
United States	\$ 124,896	\$ 88,532	\$ 336,754	\$ 234,246
Canada	14,169	10,946	35,761	30,027
Europe & Africa	14,291	17,416	45,186	45,643
Middle East	12,751	10,916	38,700	33,196
Asia-Pacific	9,537	7,302	26,963	31,097
Latin America	6,191	5,872	25,891	18,712
Total Revenue	\$ 181,835	\$ 140,984	\$ 509,255	\$ 392,921

11. Commitments and Contingencies

In the ordinary course of business, the Company is, and in the future could be, involved in various pending or threatened legal actions, some of which may or may not be covered by insurance. Management reviewed such pending judicial and legal proceedings, the reasonably anticipated costs and expenses in connection with such proceedings, and the availability and limits of insurance coverage, and has established reserves that are believed to be appropriate in light of those outcomes that are believed to be probable and can be estimated. The reserves accrued at September 30, 2022 and December 31, 2021, respectively, are immaterial. In the opinion of management, the Company's ultimate liability, if any, with respect to these actions is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

Forum Energy Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)

For further disclosure regarding certain litigation matters, refer to Note 13 of the notes to the consolidated financial statements included in Item 8 of the Company's 2021 Annual Report on Form 10-K filed with the SEC on March 4, 2022. There have been no material changes related to these matters during the nine months ended September 30, 2022.

12. Earnings (Loss) Per Share

The calculation of basic and diluted earnings per share for each period presented was as follows (dollars and shares in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (loss) - basic	\$ 16,477	\$ (11,587)	16,542	(63,056)
Interest on dilutive convertible notes due 2025	2,762	—	8,286	—
Net income (loss) - diluted	\$ 19,239	\$ (11,587)	24,828	(63,056)
Weighted average shares outstanding - basic	5,778	5,661	5,736	5,637
Dilutive effect of stock options and restricted stock	227	—	206	—
Dilutive effect of convertible notes due 2025	4,547	—	4,547	—
Weighted average shares outstanding - diluted	10,552	5,661	10,489	5,637
Earnings (loss) per share				
Basic	\$ 2.85	\$ (2.05)	\$ 2.88	\$ (11.19)
Diluted	\$ 1.82	\$ (2.05)	\$ 2.37	\$ (11.19)

The diluted earnings per share calculation excludes approximately 54 thousand shares for the three months ended September 30, 2022, and 95 thousand shares for the nine months ended September 30, 2022, because they were anti-dilutive. For the three months and nine months ended September 30, 2021, we excluded all potentially dilutive restricted shares, stock options and the assumed conversion of the 2025 Notes in calculating diluted earnings per share as the effect was anti-dilutive due to net losses incurred for these periods.

13. Stockholders' Equity

Stock-based compensation

During the nine months ended September 30, 2022, the Company granted 101,111 restricted stock units to employees that vest ratably over three years.

In addition, during the nine months ended September 30, 2022, the Company granted 101,111 restricted stock units to employees that vest ratably over three years contingent upon achieving a minimum stock price of \$23.68 for 20 trading days during each performance period. These awards may be settled in cash or shares at the company's option. These awards were originally classified as cash-settled liability settled awards. On May 10, 2022, shareholders approved an additional 325,000 shares to be added to the employee equity incentive plan and the fair value of the awards was remeasured as of May 10, 2022. In connection with their remeasurement, the Company determined that the awards would be settled in shares instead of cash and they were classified as equity.

14. Related Party Transactions

The Company has sold and purchased inventory, services and fixed assets to and from certain affiliates of certain directors. The dollar amounts of these related party activities are not significant to the Company's unaudited condensed consolidated financial statements.

Item 2. Management's discussion and analysis of financial condition and results of operations

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control. All statements, other than statements of historical fact, included in this Quarterly Report on Form 10-Q regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Quarterly Report on Form 10-Q, the words "will," "could," "believe," "anticipate," "intend," "estimate," "expect," "may," "continue," "predict," "potential," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. We disclaim any obligation to update or revise these statements unless required by law, and you should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this Quarterly Report on Form 10-Q are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved. We disclose important factors that could cause our actual results to differ materially from our expectations in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed with the SEC on March 4, 2022, and elsewhere in this Quarterly Report on Form 10-Q. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

Overview

We are a global company serving the oil, natural gas, industrial and renewable energy industries. FET provides value added solutions aimed at improving the safety, efficiency and environmental impact of our customers' operations. We are an environmentally and socially responsible company headquartered in Houston, Texas with manufacturing, distribution and service facilities strategically located throughout the world. Our products include highly engineered capital equipment as well as consumable products. These consumable products are used in drilling, well construction and completions activities, within the supporting infrastructure, and at processing centers and refineries. Our engineered capital products are directed at drilling rig equipment for new rigs, upgrades and refurbishment projects, subsea construction and development projects, pressure pumping equipment, the placement of production equipment on new producing wells, downstream capital projects and capital equipment for renewable energy projects. For the nine months ended September 30, 2022, approximately 52% of our revenue was derived from consumable products and activity-based equipment, while the balance was primarily derived from capital products with a small amount from rental and other services.

We design, manufacture and supply high quality reliable products that create value for our diverse customer base, which includes, among others, oil and natural gas operators, land and offshore drilling contractors, oilfield service companies, subsea construction and service companies, and pipeline and refinery operators. In addition, we offer some of our products to renewable energy and new energy companies.

We expect that the world's long-term energy demand will continue to rise. We also expect hydrocarbons will continue to play a vital role in meeting the world's long-term energy needs while renewable energy sources continue to develop. As such, we remain focused on serving our customers in both oil and natural gas as well as renewable energy applications. We are also continuing to develop products to help oil and natural gas operators lower their emissions while also deploying our existing product technologies in renewable energy applications and seeking to develop innovative equipment.

A summary of the products and services offered by each segment is as follows:

- *Drilling & Downhole.* This segment designs, manufactures and supplies products and provides related services to the drilling, well construction, artificial lift and subsea energy construction markets, including applications in oil and natural gas, renewable energy, defense, and communications. The products and related services consist primarily of: (i) capital equipment and a broad line of expendable products consumed in the drilling process; (ii) well construction casing and cementing equipment and protection products for artificial lift equipment and cables; and (iii) subsea remotely operated vehicles ("ROVs") and trenchers, submarine rescue vehicles, specialty components and tooling, and complementary subsea technical services.
- *Completions.* This segment designs, manufactures and supplies products and provides related services to the coiled tubing, well stimulation and intervention markets. The products and related services consist primarily of: (i) capital and consumable products sold to the pressure pumping, hydraulic fracturing and flowback services markets, including hydraulic fracturing pumps, cooling systems, high-pressure flexible hoses and flow iron as well as wireline cable and pressure control equipment used in the well completion and intervention service markets; and (ii) coiled tubing strings and coiled line pipe and related services.
- *Production.* This segment designs, manufactures and supplies products and provides related equipment and services for production and infrastructure markets. The products and related services consist primarily of: (i) engineered process systems, production equipment, as well as specialty separation equipment; and (ii) a wide range of industrial valves focused on serving oil and natural gas customers as well as power generation, renewable energy and other general industrial applications.

Market Conditions

Demand for our products and services is directly related to the capital and operating budgets of our customers. These budgets are heavily influenced by current and expected energy prices. In addition, demand for our capital products is driven by the utilization of service company equipment. Utilization is a function of equipment capacity and durability in demanding environments.

In 2021, distribution of vaccines and reopening of certain economies led to an increase in demand for oil and natural gas following an unprecedented decline from the COVID-19 pandemic. At the same time, the supply of oil and natural gas was impacted by ongoing capacity constraints by OPEC+ and North American exploration and production companies. As a result of these supply and demand factors, commodity prices increased substantially in 2021.

During the first nine months of 2022, the supply of oil and natural gas was further impacted by political and social responses to the Russia and Ukraine war resulting in further increases in energy prices, especially in Europe. In addition, ongoing COVID-19 outbreaks, related work restrictions and other worldwide labor constraints continue to cause disruptions in global supply chains. These disruptions have led to inflationary pressures. In response, the Federal Reserve raised interest rates significantly in 2022 and further rate increases are expected. These macroeconomic conditions could lead to a global or regional recession, which may lower demand for commodities, such as oil and natural gas, and have a direct impact on commodity prices.

Our revenues are highly correlated to the U.S. drilling rig count, which has increased to 765 rigs as of the end of the third quarter 2022 from a low of 244 rigs in August 2020. The level of active hydraulic fracturing fleets has also increased substantially in order to meet increasing oil and natural gas demand. Despite these improvements, drilling and completions activity remains below pre-pandemic levels. In addition, publicly owned exploration and production companies in North America remain under pressure by investors to constrain capital expenditures in order to generate positive cash flows. In contrast, privately owned exploration and production companies in North America have increased their drilling and completions activity in response to the higher oil and natural gas price environment. It is generally expected that public and private exploration and production companies will continue to make investments in a similar fashion for at least the next twelve months.

Activity levels have also increased in international markets, as well as in global offshore and subsea activity. As a result, demand for our drilling and subsea offerings has increased due to an improved outlook for our international drilling and subsea customers.

The table below shows average crude oil and natural gas prices for West Texas Intermediate crude oil (“WTI”), United Kingdom Brent crude oil (“Brent”), and Henry Hub natural gas:

	Three Months Ended		
	September 30,	June 30,	September 30,
	2022	2022	2021
Average global oil, \$/bbl			
West Texas Intermediate	\$ 93.06	\$ 108.83	\$ 70.54
United Kingdom Brent	\$ 100.71	\$ 113.84	\$ 73.51
Average North American Natural Gas, \$/Mcf			
Henry Hub	\$ 8.03	\$ 7.50	\$ 4.35

The price of oil has varied dramatically over the last several years. The spot prices for WTI and Brent fell from \$61.14 and \$67.77 per barrel, respectively, as of December 31, 2019 to lows below \$15.00 per barrel in April 2020. Since that time, oil prices rebounded to an average of \$108.83 and \$113.84, for WTI and Brent, respectively, in the second quarter 2022, and retreated to \$93.06 and \$100.71, respectively, in the third quarter 2022. In addition, natural gas prices have increased by 85% comparing the third quarter 2022 to the third quarter 2021.

The table below shows the average number of active drilling rigs, based on the weekly Baker Hughes Incorporated rig count, operating by geographic area and drilling for different purposes.

	Three Months Ended		
	September 30,	June 30,	September 30,
	2022	2022	2021
Active Rigs by Location			
United States	761	713	496
Canada	199	113	151
International	857	812	772
Global Active Rigs	1,817	1,638	1,419
Land vs. Offshore Rigs			
Land	1,590	1,430	1,222
Offshore	227	208	197
Global Active Rigs	1,817	1,638	1,419
U.S. Commodity Target			
Oil/Gas	599	564	394
Gas	158	148	101
Unclassified	4	1	1
Total U.S. Active Rigs	761	713	496
U.S. Well Path			
Horizontal	692	652	451
Vertical	28	26	20
Directional	41	35	25
Total U.S. Active Rigs	761	713	496

A substantial portion of our revenue is impacted by the level of rig activity and the number of wells completed. The average U.S. rig count for the third quarter 2022 was 7% and 53% higher compared to the second quarter 2022 and third quarter 2021, respectively. The U.S. rig count started 2020 at 805 working rigs and fell 70% to a low of 244 rigs in August 2020. Since that time, the number of active rigs has partially recovered, ending the third quarter 2022 at 765 rigs. Despite this improvement, the U.S. drilling rig count remains below pre-pandemic levels.

The table below shows the amount of total inbound orders by segment:

(in millions of dollars)	Three Months Ended			Nine Months Ended	
	September 30,	June 30,	September 30,	September 30,	September 30,
	2022	2022	2021	2022	2021
Drilling & Downhole	\$ 73.3	\$ 74.4	\$ 83.4	\$ 218.6	\$ 221.8
Completions	78.7	64.7	59.6	197.1	154.2
Production	45.7	63.8	32.8	149.9	96.6
Total Orders	\$ 197.7	\$ 202.9	\$ 175.8	\$ 565.6	\$ 472.6

Results of operations

Three months ended September 30, 2022 compared with three months ended September 30, 2021

(in thousands of dollars, except per share information)	Three Months Ended September 30,		Change	
	2022	2021	\$	%
Revenue:				
Drilling & Downhole	\$ 75,723	\$ 63,180	\$ 12,543	19.9 %
Completions	72,246	49,692	22,554	45.4 %
Production	34,238	28,457	5,781	20.3 %
Eliminations	(372)	(345)	(27)	(7.8) %
Total revenue	181,835	140,984	40,851	29.0 %
Operating income (loss):				
Drilling & Downhole	9,481	4,042	5,439	134.6 %
Operating margin %	12.5 %	6.4 %		
Completions	5,915	250	5,665	*
Operating margin %	8.2 %	0.5 %		
Production	665	(3,374)	4,039	119.7 %
Operating margin %	1.9 %	(11.9) %		
Corporate	(8,411)	(8,387)	(24)	(0.3) %
Total segment operating income (loss)	7,650	(7,469)	15,119	202.4 %
Operating margin %	4.2 %	(5.3) %		
Gain on disposal of assets and other	(52)	(93)	41	44.1 %
Operating income (loss)	7,702	(7,376)	15,078	204.4 %
Interest expense	8,143	7,128	1,015	14.2 %
Foreign exchange gains and other, net	(18,288)	(3,962)	(14,326)	*
Loss on extinguishment of debt	—	196	(196)	(100.0) %
Total other (income) expense, net	(10,145)	3,362	(13,507)	(401.8) %
Income (loss) before income taxes	17,847	(10,738)	28,585	266.2 %
Income tax expense	1,370	849	521	61.4 %
Net income (loss)	\$ 16,477	\$ (11,587)	\$ 28,064	242.2 %
Weighted average shares outstanding				
Basic	5,778	5,661		
Diluted	10,552	5,661		
Earnings (loss) per share				
Basic	\$ 2.85	\$ (2.05)		
Diluted	\$ 1.82	\$ (2.05)		
* not meaningful				

Revenue

Our revenue for the three months ended September 30, 2022 was \$181.8 million, an increase of \$40.9 million, or 29.0%, compared to the three months ended September 30, 2021. For the three months ended September 30, 2022, our Drilling & Downhole, Completions, and Production segments comprised 41.6%, 39.6%, and 18.8% of our total revenue, respectively, which compared to 44.8%, 35.0%, and 20.2% of our total revenue, respectively, for the three months ended September 30, 2021. The overall increase in revenue is primarily related to higher sales volumes due to higher drilling and completions activity levels in the third quarter 2022 compared to the third quarter 2021. The changes in revenue by operating segment consisted of the following:

Drilling & Downhole segment — Revenue was \$75.7 million for the three months ended September 30, 2022, an increase of \$12.5 million, or 19.9%, compared to the three months ended September 30, 2021. This increase was led by a \$14.9 million, or 64.4%, increase in revenue for our Drilling Technologies product line due to higher sales volumes of consumable products and capital equipment from the 28% year-over-year increase in global rig count. Revenue for our Downhole Technologies product line increased by \$4.3 million, or 24.4%, primarily due to higher sales volumes of artificial lift products due to the increase in the number of well completions and workover activity in the third quarter 2022 compared to the third quarter 2021. Revenue for our Subsea Technologies product line decreased by \$6.7 million, or (30.0)%, from lower sales of Work Class ROVs into domestic and international markets.

Completions segment — Revenue was \$72.2 million for the three months ended September 30, 2022, an increase of \$22.6 million, or 45.4%, compared to the three months ended September 30, 2021. This significant improvement includes a revenue increase of \$18.1 million, or 70.7%, for our Stimulation & Intervention product line primarily due to higher capital equipment sales to pressure pumping customers and increasing service company demand of wireline cable to support hydraulic fracturing activity. Revenue for our Coiled Tubing product line increased by \$4.5 million, or 18.5%, driven by increasing U.S. hydraulic fracturing activity levels in the third quarter 2022 compared to the third quarter 2021.

Production segment — Revenue was \$34.2 million for the three months ended September 30, 2022, an increase of \$5.8 million, or 20.3%, compared to the three months ended September 30, 2021. This increase was driven by a \$4.1 million, or 29.0%, increase in project revenue for our processing and treatment equipment within our Production Equipment product line and a \$1.6 million, or 11.5%, increase in sales of our valve products, primarily due to higher sales volumes into the North America downstream market.

Segment operating income (loss) and segment operating margin percentage

Segment operating income for the three months ended September 30, 2022 was \$7.7 million, a \$15.1 million improvement compared to a loss of \$7.5 million for the three months ended September 30, 2021. For the three months ended September 30, 2022, segment operating margin percentage was 4.2% compared to (5.3)% for the three months ended September 30, 2021. Segment operating margin percentage is calculated by dividing segment operating income (loss) by revenue for the period. The change in operating income (loss) for each segment is explained as follows:

Drilling & Downhole segment — Segment operating income was \$9.5 million, or 12.5%, for the three months ended September 30, 2022 compared to operating income of \$4.0 million, or 6.4%, for the three months ended September 30, 2021. The \$5.4 million improvement in segment operating results is primarily attributable to higher gross profit from the 19.9% increase in segment revenues, partially offset by higher freight and employee related costs.

Completions segment — Segment operating income was \$5.9 million, or 8.2%, for the three months ended September 30, 2022 compared to segment operating income of \$0.3 million, or 0.5%, for the three months ended September 30, 2021. The \$5.7 million improvement in segment operating results was primarily due to higher gross profit from the 45.4% increase in revenues discussed above, partially offset by higher freight and employee related costs.

Production segment — Segment operating income was \$0.7 million, or 1.9%, for the three months ended September 30, 2022 compared to a loss of \$3.4 million, or (11.9)%, for the three months ended September 30, 2021. The \$4.0 million improvement in segment operating results was driven by the 20.3% increase in revenues discussed above as well as lower depreciation and other facility costs in connection with cost reductions implemented in 2021. These improvements were partially offset by higher freight and material costs as a result of inflationary pressures from global supply chains.

Corporate — Selling, general and administrative expenses for Corporate remained flat at \$8.4 million for the three months ended September 30, 2022 compared with the three months ended September 30, 2021. Corporate costs

include, among other items, payroll related costs for management, administration, finance, legal, and human resources personnel; professional fees for legal, accounting and related services; and marketing costs.

Other items not included in segment operating income (loss)

Gain on the disposal of assets and other is not included in segment operating income (loss), but is included in total operating loss.

Other income and expense

Other income and expense includes interest expense, foreign exchange gains and other, and loss on extinguishment of debt. We incurred \$8.1 million of interest expense during the three months ended September 30, 2022, an increase of \$1.0 million compared to the three months ended September 30, 2021 due to higher interest rates on borrowings under the credit facility.

The foreign exchange gains are primarily the result of movements in the British pound, Euro and Canadian dollar relative to the U.S. dollar. These movements in exchange rates create foreign exchange gains or losses when applied to monetary assets or liabilities denominated in currencies other than the location's functional currency, primarily U.S. dollar denominated cash, trade account receivables and net intercompany receivable balances for our entities using a functional currency other than the U.S. dollar.

During the three months ended September 30, 2021, we repurchased an aggregate \$1.9 million principal amount of our 2025 Notes at approximately par value. The net carrying value of the extinguished debt, including unamortized debt discount and debt issuance costs, was \$1.7 million, resulting in a \$0.2 million loss on extinguishment of debt.

Taxes

We recorded tax expense of \$1.4 million and \$0.8 million for the three months ended September 30, 2022 and September 30, 2021, respectively. The estimated annual effective tax rates for the three months ended September 30, 2022 and 2021 were impacted by losses in jurisdictions where the recording of a tax benefit is not available. Furthermore, the tax expense or benefit recorded can vary from period to period depending on the Company's relative mix of earnings and losses by jurisdiction.

Nine months ended September 30, 2022 compared with nine months ended September 30, 2021

	Nine Months Ended September 30,		Change	
	2022	2021	\$	%
(in thousands of dollars, except per share information)				
Revenue:				
Drilling & Downhole	\$ 223,476	\$ 173,406	\$ 50,070	28.9 %
Completions	190,867	134,051	56,816	42.4 %
Production	95,622	85,825	9,797	11.4 %
Eliminations	(710)	(361)	(349)	(96.7)%
Total revenue	509,255	392,921	116,334	29.6 %
Operating income (loss):				
Drilling & Downhole	23,995	2,237	21,758	972.6 %
<i>Operating margin %</i>	<i>10.7 %</i>	<i>1.3 %</i>		
Completions	8,787	(52)	8,839	*
<i>Operating margin %</i>	<i>4.6 %</i>	<i>— %</i>		
Production	(1,241)	(11,256)	10,015	89.0 %
<i>Operating margin %</i>	<i>(1.3)%</i>	<i>(13.1)%</i>		
Corporate	(24,501)	(23,667)	(834)	(3.5)%
Total segment operating income (loss)	7,040	(32,738)	39,778	121.5 %
<i>Operating margin %</i>	<i>1.4 %</i>	<i>(8.3)%</i>		
Gain on disposal of assets and other	(938)	(1,362)	424	31.1 %
Operating income (loss)	7,978	(31,376)	39,354	125.4 %
Interest expense	23,609	24,065	(456)	(1.9)%
Foreign exchange gains and other, net	(37,112)	(1,431)	(35,681)	*
Loss on extinguishment of debt	—	5,290	(5,290)	(100.0)%
Total other (income) expense	(13,503)	27,924	(41,427)	(148.4)%
Income (loss) before income taxes	21,481	(59,300)	80,781	136.2 %
Income tax expense	4,939	3,756	1,183	31.5 %
Net income (loss)	\$ 16,542	\$ (63,056)	\$ 79,598	126.2 %
Weighted average shares outstanding				
Basic	5,736	5,637		
Diluted	10,489	5,637		
Earnings (loss) per share				
Basic	\$ 2.88	\$ (11.19)		
Diluted	\$ 2.37	\$ (11.19)		
* <i>not meaningful</i>				

Revenue

Our revenue for the nine months ended September 30, 2022 was \$509.3 million, an increase of \$116.3 million, or 29.6%, compared to the nine months ended September 30, 2021. For the nine months ended September 30, 2022, our Drilling & Downhole, Completions, and Production segments comprised 43.9%, 37.3%, and 18.8% of our total revenue, respectively, which compared to 44.1%, 34.1%, and 21.8% of our total revenue, respectively, for the nine months ended September 30, 2021. The overall increase in revenue is related to higher sales volumes due to improving market conditions in the first nine months of 2022 compared to the first nine months of 2021 as a result of higher drilling and completions activity levels to support increasing global energy demand. The changes in revenue by operating segment consisted of the following:

Drilling & Downhole segment — Revenue was \$223.5 million for the nine months ended September 30, 2022, an increase of \$50.1 million, or 28.9%, compared to the nine months ended September 30, 2021. This increase was led by revenue growth of \$31.6 million, or 45.5%, in our Drilling Technologies product line from higher sales of capital equipment and consumable products from the 29% year-over-year increase in global rig count. Revenue for our Downhole Technologies product line increased by \$13.6 million, or 27.5%, primarily due to higher sales of artificial lift products as a result of higher well completions activity levels. Revenue for our Subsea Technologies product line increased by \$4.9 million, or 9.0%, primarily due to higher sales of Observation Class ROVs and cable management systems into domestic and international markets.

Completions segment — Revenue was \$190.9 million for the nine months ended September 30, 2022, an increase of \$56.8 million, or 42.4%, compared to the nine months ended September 30, 2021. This increase includes a \$42.5 million, or 62.0%, increase in sales volumes for our Stimulation and Intervention product line and a \$14.3 million, or 21.8%, increase in sales volumes for our Coiled Tubing product line. These higher revenue levels were driven by increasing U.S. hydraulic fracturing and well intervention service activity levels in the first nine months of 2022 compared to the same period of 2021 in response to higher energy demand.

Production segment — Revenue was \$95.6 million for the nine months ended September 30, 2022, an increase of \$9.8 million, or 11.4%, compared to the nine months ended September 30, 2021. This increase is driven by higher sales volumes of valves, primarily in the North America downstream market, and higher project revenue for our processing and treatment equipment within our Production Equipment product line as demand continues to recover from the COVID 19 pandemic.

Segment operating income (loss) and segment operating margin percentage

Segment operating income for the nine months ended September 30, 2022 was \$7.0 million, a \$39.8 million improvement compared to a loss of \$32.7 million for the nine months ended September 30, 2021. For the nine months ended September 30, 2022, segment operating margin percentage was 1.4% compared to (8.3)% for the nine months ended September 30, 2021. Segment operating margin percentage is calculated by dividing segment operating income (loss) by revenue for the period. The change in operating income (loss) for each segment is explained as follows:

Drilling & Downhole segment — Segment operating income was \$24.0 million, or 10.7%, for the nine months ended September 30, 2022 compared to \$2.2 million, or 1.3%, for the nine months ended September 30, 2021. The \$21.8 million improvement in segment operating results is primarily attributable to higher gross profit from the 28.9% increase in revenue discussed above. In addition, segment operating results also improved due to a \$3.9 million reduction in inventory write downs and lower restructuring related costs in connection with cost reductions executed in early 2021.

Completions segment — Segment operating income was \$8.8 million, or 4.6%, for the nine months ended September 30, 2022 compared to a loss of \$0.1 million for the nine months ended September 30, 2021. The \$8.8 million improvement in segment operating results is primarily attributable to higher gross profit from the 42.4% increase in revenues discussed above, partially offset by higher freight and employee related costs.

Production segment — Segment operating loss was \$1.2 million, or (1.3)%, for the nine months ended September 30, 2022 compared to a loss of \$11.3 million, or (13.1)%, for the nine months ended September 30, 2021. The \$10.0 million improvement is primarily attributable to higher gross margin from the 11.4% revenue growth discussed above as well as lower depreciation and other facility costs in connection with cost reductions implemented in 2021. These improvements were partially offset by higher freight and material costs as a result of inflationary pressures from global supply chains.

Corporate — Selling, general and administrative expenses for Corporate were \$24.5 million for the nine months ended September 30, 2022, a \$0.8 million increase compared to the nine months ended September 30, 2021. This increase was primarily related to higher professional fees. Corporate costs include, among other items, payroll related costs for management, administration, finance, legal, and human resources personnel; professional fees for legal, accounting and related services; and marketing costs.

Other items not included in segment operating income (loss)

Gain on the disposal of assets and other is not included in segment operating income (loss), but is included in total operating loss.

Other expense

Other expense includes interest expense, foreign exchange (gains) losses and other, and loss on extinguishment of debt. We incurred \$23.6 million of interest expense during the nine months ended September 30, 2022, a decrease of \$0.5 million from the nine months ended September 30, 2021 primarily due to the lower average outstanding balance on our 2025 Notes in the nine months ending September 30, 2022.

The foreign exchange (gains) losses are primarily the result of movements in the British pound, Euro and Canadian dollar relative to the U.S. dollar. These movements in exchange rates create foreign exchange gains or losses when applied to monetary assets or liabilities denominated in currencies other than the location's functional currency, primarily U.S. dollar denominated cash, trade account receivables and net intercompany receivable balances for our entities using a functional currency other than the U.S. dollar.

During the nine months ended September 30, 2021, we repurchased an aggregate \$59.9 million of principal amount of our 2025 Notes for \$58.6 million. The net carrying value of the extinguished debt, including unamortized debt discount and debt issuance costs, was \$53.3 million, resulting in a \$5.3 million loss on extinguishment of debt.

Taxes

We recorded a tax expense of \$4.9 million and expense of \$3.8 million for the nine months ended September 30, 2022 September 30, 2021, respectively. The estimated annual effective tax rates for the nine months ended September 30, 2022 and 2021 were impacted by losses in jurisdictions where the recording of a tax benefit is not available. Furthermore, the tax expense or benefit recorded can vary from period to period depending on the Company's relative mix of earnings and losses by jurisdiction.

Liquidity and capital resources

Sources and uses of liquidity

Our internal sources of liquidity are cash on hand and cash flows from operations, while our primary external sources include trade credit, the Credit Facility and the 2025 Notes. Our primary uses of capital have been for inventory, sales on credit to our customers, maintenance and growth capital expenditures, and debt repayments. We continually monitor other potential capital sources, including equity and debt financing, to meet our investment and target liquidity requirements. Our future success and growth will be highly dependent on our ability to generate positive operating cash flow and access outside sources of capital.

As of September 30, 2022, we had \$257.0 million principal amount of 2025 Notes outstanding and \$10.7 million of borrowings outstanding under our revolving Credit Facility. The 2025 Notes mature in August 2025 and subject to certain exceptions, the Credit Facility matures in September 2026. See Note 7 *Debt* for further details related to the terms for our 2025 Notes and Credit Facility.

As of September 30, 2022, we had cash and cash equivalents of \$19.8 million and \$127.2 million of availability under the Credit Facility. We anticipate that our future working capital requirements for our operations will fluctuate directionally with revenues. Furthermore, availability under the Credit Facility will fluctuate directionally based on the level of our eligible accounts receivable and inventory subject to applicable sublimits. In addition, we continue to

expect total 2022 capital expenditures to be less than \$10.0 million, consisting of, among other items, replacing end of life machinery and equipment.

We expect our available cash on-hand, cash generated by operations, and estimated availability under the Credit Facility to be adequate to fund current operations during the next 12 months. In addition, based on existing market conditions and our expected liquidity needs, among other factors, we may use a portion of our cash flows from operations, proceeds from divestitures, securities offerings or other eligible capital to reduce the principal amount of our 2025 Notes outstanding or repurchase shares of our common stock under our repurchase program.

In November 2021, our board of directors approved a program for the repurchase of outstanding shares of our common stock with an aggregate purchase amount of up to \$10.0 million. Shares may be repurchased under the program from time to time, in amounts and at prices that the company deems appropriate, subject to market and business conditions, applicable legal requirements and other considerations. As of the end of the third quarter 2022, we repurchased approximately 56,000 shares of our common stock for aggregate consideration of approximately \$1.1 million with remaining authorization under this program of \$8.9 million.

In the fourth quarter of 2021, we completed the acquisition of Hawker for total cash consideration of \$5.1 million, of which, \$3.4 million was paid in the fourth quarter of 2021 with the balance expected to be paid over the next five years, including \$0.5 million paid in the first nine months of 2022. For additional information, see Note 4 Acquisitions. We may pursue other acquisitions in the future, which may be funded with cash and/or equity. Our ability to make significant acquisitions for cash may require us to pursue additional equity or debt financing, which we may not be able to obtain on terms acceptable to us or at all.

Our cash flows for the nine months ended September 30, 2022 and 2021 are presented below (in millions):

	Nine Months Ended September 30,	
	2022	2021
Net cash used in operating activities	\$ (32.1)	\$ (8.1)
Net cash provided by (used in) investing activities	(2.6)	4.5
Net cash provided by (used in) financing activities	9.2	(74.6)
Effect of exchange rate changes on cash	(1.6)	(0.4)
Net decrease in cash, cash equivalents and restricted cash	\$ (27.1)	\$ (78.6)

Net cash used in operating activities

Net cash used in operating activities was \$32.1 million for the nine months ended September 30, 2022 compared to \$8.1 million for the nine months ended September 30, 2021. This decline in operating cash flows is primarily attributable to net increases in working capital, primarily inventory and accounts receivable, which used cash of \$85.6 million for the nine months ended September 30, 2022 compared to providing cash of \$2.8 million for the nine months ended September 30, 2021. This decline was partially offset by an improvement in net income adjusted for non-cash items, which provided \$53.4 million of cash for the nine months ended September 30, 2022 compared to using \$10.9 million for the nine months ended September 30, 2021.

Net cash provided by (used in) investing activities

Net cash used in investing activities was \$2.6 million for the nine months ended September 30, 2022, including \$4.8 million of capital expenditures, partially offset by \$2.7 million of proceeds from the sale of property and equipment. Net cash provided by investing activities was \$4.5 million for the nine months ended September 30, 2021, including \$6.8 million of proceeds from the sale of property and equipment, partially offset by \$1.3 million of cash paid for the net working capital settlement related to the disposition of our ABZ and QVA valve brands and \$1.0 million of capital expenditures.

Net cash provided by (used in) financing activities

Net cash provided by financing activities was \$9.2 million for the nine months ended September 30, 2022 compared to \$74.6 million of cash used in financing activities for the nine months ended September 30, 2021, respectively. The change in net cash provided by (used in) financing activities primarily resulted from \$10.7 million of net borrowings on the revolving Credit Facility for the nine months ended September 30, 2022 compared to a net \$58.6 million of cash used to repurchase 2025 Notes and \$13.1 million of repayments on the revolving Credit Facility during the nine months ended September 30, 2021.

Supplemental Guarantor Financial Information

The Company's 2025 Notes are guaranteed by our domestic subsidiaries which are 100% owned, directly or indirectly, by the Company. The guarantees are full and unconditional, joint and several.

The guarantees of the 2025 Notes are (i) pari passu in right of payment with all existing and future senior indebtedness of such guarantor, including all obligations under our Credit Facility; (ii) secured by certain collateral of such guarantor, subject to permitted liens under the indenture governing the 2025 Notes; (iii) effectively senior to all unsecured indebtedness of that guarantor, to the extent of the value of the collateral securing the 2025 Notes (after giving effect to the liens securing our Credit Facility and any other senior liens on the collateral); and (v) senior in right of payment to any future subordinated indebtedness of that guarantor.

In the event of a bankruptcy, liquidation or reorganization of any of the non-guarantor subsidiaries of the 2025 Notes, the non-guarantor subsidiaries of such notes will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company or to any guarantors.

The 2025 Notes guarantees shall each be released upon (i) any sale or other disposition of all or substantially all of the assets of such guarantor (by merger, consolidation or otherwise) to a person that is not (either before or after giving effect to such transaction) the Company or a subsidiary, if the sale or other disposition does not violate the applicable provisions of the indenture governing such notes; (ii) any sale, exchange or transfer (by merger, consolidation or otherwise) of the equity interests of such guarantor after which the applicable guarantor is no longer a subsidiary, which sale, exchange or transfer does not violate the applicable provisions of the indenture governing such notes; (iii) legal or covenant defeasance or satisfaction and discharge of the indenture governing such notes; or (iv) dissolution of such guarantor, provided no default or event of default has occurred that is continuing.

The obligations of each guarantor of the 2025 Notes under its guarantee will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such guarantor (including, without limitation, any guarantees under the Credit Facility) and any collections from or payments made by or on behalf of any other guarantor in respect of the obligations of such other guarantor under its guarantee or pursuant to its contribution obligations under the applicable indenture, result in the obligations of such guarantor under its guarantee not constituting a fraudulent conveyance, fraudulent preference or fraudulent transfer or otherwise reviewable transaction under applicable law. Nonetheless, in the event of the bankruptcy, insolvency or financial difficulty of a guarantor, such guarantor's obligations under its guarantee may be subject to review and avoidance under applicable fraudulent conveyance, fraudulent preference, fraudulent transfer and insolvency laws.

We are presenting the following summarized financial information for the Company and the subsidiary guarantors (collectively referred to as the "Obligated Group") pursuant to Rule 13-01 of Regulation S-X, Guarantors and Issuers of Guaranteed Securities Registered or Being Registered. For purposes of the following summarized financial information, transactions between the Company and the subsidiary guarantors, presented on a combined basis, have been eliminated and information for the non-guarantor subsidiaries have been excluded. Amounts due to the non-guarantor subsidiaries and other related parties, as applicable, have been separately presented within the summarized financial information below.

Summarized financial information for the year-to-date interim period and the most recent annual period was as follows (in thousands):

Summarized Statements of Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	\$ 145,028	\$ 108,099	\$ 398,412	\$ 287,336
Cost of sales	108,175	86,495	299,714	229,143
Operating income (loss)	19,013	(3,998)	39,096	(31,892)
Net income (loss)	16,477	(11,587)	16,542	(63,056)

Summarized Balance Sheet	September 30, 2022	December 31, 2021
Current assets	\$ 361,048	\$ 327,281
Non-current assets	276,435	298,172
Current liabilities	\$ 166,770	\$ 144,487
Payables to non-guarantor subsidiaries	132,073	125,281
Non-current liabilities	268,622	259,622

Critical accounting policies and estimates

There have been no material changes in our critical accounting policies and procedures during the nine months ended September 30, 2022. For a detailed discussion of our critical accounting policies and estimates, refer to our 2021 Annual Report on Form 10-K. For recent accounting pronouncements, refer to Note 2 *Recent Accounting Pronouncements*.

Item 3. Quantitative and qualitative disclosures about market risk

Not required under Regulation S-K for “smaller reporting companies.”

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined under Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures have been designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures include controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of September 30, 2022. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2022.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Information related to Item 1. Legal Proceedings is included in Note 11 *Commitments and Contingencies*, which is incorporated herein by reference.

Item 1A. Risk Factors

For additional information about our risk factors, see “Risk Factors” in Item 1A of our 2021 Annual Report on Form 10-K.

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

In November 2021, our board of directors approved a program for the repurchase of outstanding shares of our common stock with an aggregate purchase amount of up to \$10 million. Shares may be repurchased under the program from time to time, in amounts and at prices that the company deems appropriate, subject to market and business conditions, applicable legal requirements and other considerations. The program may be executed using open market purchases pursuant to Rule 10b-18 under the Exchange Act, in privately negotiated agreements, by way of issuer tender offers, Rule 10b5-1 plans or other transactions. From the inception of the program through September 30, 2022, we have repurchased approximately 56 thousand shares of our common stock for aggregate consideration of approximately \$1.1 million at an average price of \$18.87 per share, with remaining authorization under this program of \$8.9 million. There is no expiration date for the program.

No shares were purchased during the nine months ended September 30, 2022.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number	DESCRIPTION
22.1*	— Subsidiary guarantors of the Company's Convertible Secured Notes due 2025.
31.1**	— Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	— Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	— Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	— Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	— Inline XBRL Instance Document
101.SCH**	— Inline XBRL Taxonomy Extension Schema Document.
101.CAL**	— Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB**	— Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	— Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF**	— Inline XBRL Taxonomy Extension Definition Linkbase Document.
104**	— Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Previously filed.

**Filed herewith.

#Identifies management contracts and compensatory plans or arrangements.

SIGNATURES

As required by Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has authorized this report to be signed on its behalf by the undersigned authorized individuals.

FORUM ENERGY TECHNOLOGIES, INC.

Date: November 9, 2022

By: /s/ D. Lyle Williams, Jr.

D. Lyle Williams, Jr.

Executive Vice President and Chief Financial Officer

(As Duly Authorized Officer and Principal Financial Officer)

By: /s/ Katherine C. Keller

Katherine C. Keller

Vice President and Principal Accounting Officer

(As Duly Authorized Officer and Principal Accounting Officer)

**Forum Energy Technologies, Inc.
Certification**

I, Neal Lux, certify that:

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

Date: November 9, 2022

By: /s/ Neal Lux

Neal Lux
President and Chief Executive Officer

**Forum Energy Technologies, Inc.
Certification**

I, D. Lyle Williams, Jr., certify that:

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

Date: November 9, 2022

By: /s/ D. Lyle Williams, Jr.

D. Lyle Williams, Jr.

Executive Vice President and Chief Financial Officer

Certification Pursuant to 18 U.S.C. Section 1350
(Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the "Company") for the quarter ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Neal Lux, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2022

By: /s/ Neal Lux

Neal Lux

President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification shall not be deemed filed by the Company for purposes of § 18 of the Exchange Act.

Certification Pursuant to 18 U.S.C. Section 1350
(Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the "Company") for the quarter ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), D. Lyle Williams, Jr., as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2022

By: /s/ D. Lyle Williams, Jr.

D. Lyle Williams, Jr.

Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification shall not be deemed filed by the Company for purposes of § 18 of the Exchange Act.