# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**

# FORM 10-Q

**(Mark One)**

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**for the quarterly period ended 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: 000-10436**

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

| | |
|---|---|
| **Pennsylvania**<br>(State of Incorporation) | **25-1324733**<br>(I. R. S. Employer Identification No.) |
| **415 Holiday Drive, Suite 100, Pittsburgh, Pennsylvania**<br>(Address of principal executive offices) | **15220**<br>(Zip Code) |

**(412) 928-3400**
(Registrant's telephone number, including area code)

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $0.01 | FSTR | NASDAQ Global Select Market |

Indicate by check mark whether the registrant (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 (section 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 ☐ | Accelerated filer ☒ |
| Non-accelerated filer ☐ | Smaller reporting company ☒ |
| | Emerging growth company ☐ |

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

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 1, 2022, there were 10,929,296 shares of the registrant's common stock, par value $0.01 per share, outstanding.

L.B. FOSTER COMPANY AND SUBSIDIARIES

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**Part I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

| | September 30, 2022 (Unaudited) | December 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 4,943 | $ 10,372 |
| Accounts receivable - net (Note 6) | 80,672 | 55,911 |
| Contract assets - net (Note 4) | 31,963 | 36,179 |
| Inventories - net (Note 7) | 85,146 | 62,871 |
| Other current assets | 13,664 | 14,146 |
| **Total current assets** | 216,388 | 179,479 |
| Property, plant, and equipment - net (Note 8) | 83,957 | 58,222 |
| Operating lease right-of-use assets - net (Note 9) | 12,701 | 15,131 |
| Other assets: | | |
| Goodwill (Note 5) | 33,430 | 20,152 |
| Other intangibles - net (Note 5) | 29,195 | 31,023 |
| Deferred tax assets (Note 12) | 36,272 | 37,242 |
| Other assets | 1,249 | 1,346 |
| **TOTAL ASSETS** | $ 413,192 | $ 342,595 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 51,231 | $ 41,411 |
| Deferred revenue | 22,157 | 13,411 |
| Accrued payroll and employee benefits | 8,820 | 9,517 |
| Current portion of accrued settlement (Note 16) | 8,000 | 8,000 |
| Current maturities of long-term debt (Note 10) | 82 | 98 |
| Other accrued liabilities | 14,811 | 13,757 |
| **Total current liabilities** | 105,101 | 86,194 |
| Long-term debt (Note 10) | 98,837 | 31,153 |
| Deferred tax liabilities (Note 12) | 2,817 | 3,753 |
| Long-term portion of accrued settlement (Note 16) | 12,000 | 16,000 |
| Long-term operating lease liabilities (Note 9) | 10,001 | 12,279 |
| Other long-term liabilities | 8,735 | 9,606 |
| Stockholders' equity: | | |
| Common stock, par value $0.01, authorized 20,000,000 shares; shares issued at September 30, 2022 and December 31, 2021, 11,115,779; shares outstanding at September 30, 2022 and December 31, 2021, 10,731,555 and 10,670,343, respectively | 111 | 111 |
| Paid-in capital | 42,608 | 43,272 |
| Retained earnings | 167,100 | 168,733 |
| Treasury stock - at cost, 384,224 and 445,436 common stock shares at September 30, 2022 and December 31, 2021, respectively | (8,351) | (10,179) |
| Accumulated other comprehensive loss | (26,206) | (18,845) |
| **Total L.B. Foster Company stockholders' equity** | 175,262 | 183,092 |
| Noncontrolling interest | 439 | 518 |
| **Total stockholders' equity** | 175,701 | 183,610 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 413,192 | $ 342,595 |

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

L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Sales of goods | $ 117,302 | $ 112,813 | $ 318,307 | $ 351,668 |
| Sales of services | 12,713 | 17,240 | 42,017 | 48,987 |
| Total net sales | 130,015 | 130,053 | 360,324 | 400,655 |
| Cost of goods sold | 93,737 | 93,521 | 258,913 | 292,733 |
| Cost of services sold | 13,181 | 14,256 | 38,574 | 40,655 |
| Total cost of sales | 106,918 | 107,777 | 297,487 | 333,388 |
| Gross profit | 23,097 | 22,276 | 62,837 | 67,267 |
| Selling and administrative expenses | 22,618 | 20,056 | 59,310 | 57,849 |
| Amortization expense | 1,599 | 1,462 | 4,454 | 4,397 |
| Operating (loss) profit | (1,120) | 758 | (927) | 5,021 |
| Interest expense - net | 993 | 722 | 1,747 | 2,454 |
| Other expense (income) - net | 168 | (2,880) | (1,096) | (2,751) |
| (Loss) income from continuing operations before income taxes | (2,281) | 2,916 | (1,578) | 5,318 |
| Income tax (benefit) expense from continuing operations | (176) | 676 | 137 | 1,494 |
| Net (loss) income from continuing operations | (2,105) | 2,240 | (1,715) | 3,824 |
| Net loss attributable to noncontrolling interest | (28) | (30) | (82) | (64) |
| (Loss) income from continuing operations attributable to L.B. Foster Company | (2,077) | 2,270 | (1,633) | 3,888 |
| Discontinued operations: | | | | |
| Income from discontinued operations before income taxes | — | 72 | — | 72 |
| Income tax benefit from discontinued operations | — | — | — | — |
| Income from discontinued operations | — | 72 | — | 72 |
| Net (loss) income attributable to L.B. Foster Company | $ (2,077) | $ 2,342 | $ (1,633) | $ 3,960 |
| Basic (loss) earnings per common share: | | | | |
| From continuing operations | $ (0.20) | $ 0.21 | $ (0.16) | $ 0.36 |
| From discontinued operations | — | 0.01 | — | 0.01 |
| Basic (loss) earnings per common share | $ (0.20) | $ 0.22 | $ (0.16) | $ 0.37 |
| Diluted (loss) earnings per common share: | | | | |
| From continuing operations | $ (0.20) | $ 0.21 | $ (0.16) | $ 0.36 |
| From discontinued operations | — | 0.01 | — | 0.01 |
| Diluted (loss) earnings per common share | $ (0.20) | $ 0.22 | $ (0.16) | $ 0.37 |

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

L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Unaudited)
(In thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Net (loss) income | $ (2,105) | $ 2,312 | $ (1,715) | $ 3,896 |
| Other comprehensive (loss) income, net of tax: | | | | |
| Foreign currency translation adjustment | (4,341) | (1,610) | (8,933) | (649) |
| Unrealized gain (loss) on cash flow hedges, net of tax (expense) benefit of $(217), $11, $(455),and $11, respectively | 632 | (33) | 1,330 | (33) |
| Cash flow hedges reclassified to earnings, net of tax expense of $0, $99, $66, and $295, respectively | — | 136 | 93 | 409 |
| Reclassification of pension liability adjustments to earnings, net of tax expense of $8, $23, $40, and $71, respectively* | 50 | 92 | 149 | 274 |
| Total comprehensive (loss) income | (5,764) | 897 | (9,076) | 3,897 |
| Less comprehensive (loss) income attributable to noncontrolling interest: | | | | |
| Net loss attributable to noncontrolling interest | (28) | (30) | (82) | (64) |
| Foreign currency translation adjustment | (21) | (31) | 3 | (10) |
| Amounts attributable to noncontrolling interest | (49) | (61) | (79) | (74) |
| Comprehensive (loss) income attributable to L.B. Foster Company | $ (5,715) | $ 958 | $ (8,997) | $ 3,971 |

* *Reclassifications out of "Accumulated other comprehensive loss" for pension obligations are charged to "Selling and administrative expenses" within the Condensed Consolidated Statements of Operations.*

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

L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

| | Nine Months Ended September 30, 2022 | Nine Months Ended September 30, 2021 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net (loss) income | $ (1,715) | $ 3,824 |
| Adjustments to reconcile net (loss) income to cash (used in) provided by operating activities: | | |
| Deferred income taxes | (962) | 526 |
| Depreciation | 6,083 | 6,049 |
| Amortization | 4,454 | 4,397 |
| Equity in income of nonconsolidated investments | (38) | (5) |
| (Gain) loss on sales and disposals of property, plant, and equipment | (214) | 30 |
| Stock-based compensation | 1,570 | 1,800 |
| Gain on asset divestitures | (44) | (2,741) |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (23,760) | (6,384) |
| Contract assets | (1,037) | (3,321) |
| Inventories | (21,571) | (9,344) |
| Other current assets | 2,309 | (469) |
| Other noncurrent assets | 2,468 | 2,063 |
| Accounts payable | 12,307 | (892) |
| Deferred revenue | 7,493 | 6,046 |
| Accrued payroll and employee benefits | (417) | 852 |
| Accrued settlement | (4,000) | (4,000) |
| Other current liabilities | 54 | (3,461) |
| Other long-term liabilities | (1,816) | (1,780) |
| Net cash used in continuing operating activities | (18,836) | (6,810) |
| Net cash used in discontinued operating activities | — | (253) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Proceeds from the sale of property, plant, and equipment | 259 | — |
| Capital expenditures on property, plant, and equipment | (4,559) | (3,568) |
| Proceeds from asset divestitures | 8,800 | 22,707 |
| Acquisitions, net of cash acquired | (58,561) | (229) |
| Net cash (used in) provided by continuing investing activities | (54,061) | 18,910 |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Repayments of debt | (128,771) | (147,224) |
| Proceeds from debt | 197,926 | 134,705 |
| Debt issuance costs | (182) | (358) |
| Treasury stock acquisitions | (405) | (549) |
| Investment of noncontrolling interest | — | 396 |
| Net cash provided by (used in) continuing financing activities | 68,568 | (13,030) |
| Effect of exchange rate changes on cash and cash equivalents | (1,100) | 24 |
| Net decrease in cash and cash equivalents | (5,429) | (1,159) |
| Cash and cash equivalents at beginning of period | 10,372 | 7,564 |
| Cash and cash equivalents at end of period | $ 4,943 | $ 6,405 |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | $ 1,337 | $ 2,205 |
| Income taxes (received) paid | $ (5,151) | $ 1,215 |

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

L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(Dollars in thousands)

| | Three Months Ended September 30, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Paid-in Capital | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Loss | Noncontrolling Interest | Total Stockholders' Equity |
| Balance, June 30, 2022 | $ 111 | $ 42,201 | $ 169,177 | $ (8,391) | $ (22,547) | $ 488 | $ 181,039 |
| Net loss | — | — | (2,077) | — | — | (28) | (2,105) |
| Other comprehensive loss, net of tax: | | | | | | | |
| Pension liability adjustment | — | — | — | — | 50 | — | 50 |
| Foreign currency translation adjustment | — | — | — | — | (4,341) | (21) | (4,362) |
| Unrealized derivative gain on cash flow hedges | — | — | — | — | 632 | — | 632 |
| Issuance of 605 common shares, net of shares withheld for taxes | — | 20 | — | 40 | — | — | 60 |
| Stock-based compensation | — | 387 | — | — | — | — | 387 |
| Balance, September 30, 2022 | $ 111 | $ 42,608 | $ 167,100 | $ (8,351) | $ (26,206) | $ 439 | $ 175,701 |

| | Three Months Ended September 30, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Paid-in Capital | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Loss | Noncontrolling Interest | Total Stockholders' Equity |
| Balance, June 30, 2021 | $ 111 | $ 43,650 | $ 166,725 | $ (11,104) | $ (18,873) | $ 383 | $ 180,892 |
| Net income (loss) | — | — | 2,342 | — | — | (30) | 2,312 |
| Other comprehensive loss, net of tax: | | | | | | | |
| Pension liability adjustment | — | — | — | — | 92 | — | 92 |
| Foreign currency translation adjustment | — | — | — | — | (1,579) | (31) | (1,610) |
| Unrealized derivative loss on cash flow hedges | — | — | — | — | (33) | — | (33) |
| Cash flow hedges reclassified to earnings | — | — | — | — | 136 | — | 136 |
| Issuance of 8,113 common shares, net of shares withheld for taxes | — | (189) | — | 187 | — | — | (2) |
| Stock-based compensation | — | 587 | — | — | — | — | 587 |
| Balance, September 30, 2021 | $ 111 | $ 44,048 | $ 169,067 | $ (10,917) | $ (20,257) | $ 322 | $ 182,374 |

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

L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
(Unaudited)
(Dollars in thousands)

| | Nine Months Ended September 30, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Common Stock** | **Paid-in Capital** | **Retained Earnings** | **Treasury Stock** | **Accumulated Other Comprehensive Loss** | **Noncontrolling Interest** | **Total Stockholders' Equity** |
| Balance, December 31, 2021 | $ 111 | $ 43,272 | $ 168,733 | $ (10,179) | $ (18,845) | $ 518 | $ 183,610 |
| Net loss | — | — | (1,633) | — | — | (82) | (1,715) |
| Other comprehensive loss income, net of tax: | | | | | | | |
| Pension liability adjustment | — | — | — | — | 149 | — | 149 |
| Foreign currency translation adjustment | — | — | — | — | (8,933) | 3 | (8,930) |
| Unrealized derivative gain on cash flow hedges | — | — | — | — | 1,330 | — | 1,330 |
| Cash flow hedges reclassified to earnings | — | — | — | — | 93 | — | 93 |
| Issuance of 61,212 common shares, net of shares withheld for taxes | — | (2,234) | — | 1,828 | — | — | (406) |
| Stock-based compensation | — | 1,570 | — | — | — | — | 1,570 |
| Balance, September 30, 2022 | $ 111 | $ 42,608 | $ 167,100 | $ (8,351) | $ (26,206) | $ 439 | $ 175,701 |

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

L.B. FOSTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
(Unaudited)
(Dollars in thousands)

| | Nine Months Ended September 30, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Paid-in Capital | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Loss | Noncontrolling Interest | Total Stockholders' Equity |
| Balance, December 31, 2020 | $ 111 | $ 44,583 | $ 165,107 | $ (12,703) | $ (20,268) | $ — | $ 176,830 |
| Net income (loss) | — | — | 3,960 | — | — | (64) | 3,896 |
| Other comprehensive income, net of tax: | | | | | | | |
| Pension liability adjustment | — | — | — | — | 274 | — | 274 |
| Foreign currency translation adjustment | — | — | — | — | (639) | (10) | (649) |
| Unrealized derivative loss on cash flow hedges | — | — | — | — | (33) | — | (33) |
| Cash flow hedges reclassified to earnings | — | — | — | — | 409 | — | 409 |
| Issuance of 114,288 common shares, net of shares withheld for taxes | — | (2,335) | — | 1,786 | — | — | (549) |
| Stock-based compensation | — | 1,800 | — | — | — | — | 1,800 |
| Investment of noncontrolling interest | — | — | — | — | — | 396 | 396 |
| Balance, September 30, 2021 | $ 111 | $ 44,048 | $ 169,067 | $ (10,917) | $ (20,257) | $ 322 | $ 182,374 |

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

L.B. FOSTER COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Dollars in thousands, except share data)

**Note 1. Financial Statements**

*Basis of Presentation*

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all estimates and adjustments (consisting of normal recurring accruals, unless otherwise stated herein) considered necessary for a fair presentation of the financial position and Condensed Consolidated Statements of Cash Flows of L.B. Foster Company and subsidiaries as of September 30, 2022 and December 31, 2021 and its Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Comprehensive (Loss) Income, and Condensed Consolidated Statements of Stockholders' Equity for the three and nine months ended September 30, 2022 and 2021 have been included. However, actual results could differ from those estimates and changes in those estimates are recorded when known. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year ending December 31, 2022. The Condensed Consolidated Balance Sheet as of December 31, 2021 was derived from audited financial statements. This Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and footnotes thereto included in L.B. Foster Company's Annual Report on Form 10-K for the year ended December 31, 2021. In this Quarterly Report on Form 10-Q, references to "we," "us," "our," and the "Company" refer collectively to L.B. Foster Company and its consolidated subsidiaries.

*Reclassifications*

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes principally to conform to the presentation of reporting segments in the current year period. Effective for the quarter and year ended December 31, 2021, the Company implemented operational changes in how its Chief Operating Decision Maker ("CODM") manages its businesses, including resource allocation and operating decisions. As a result of these changes, the Company has three reporting segments, representing the individual businesses that are run separately under the new structure: Rail, Technologies, and Services; Precast Concrete Products; and Steel Products and Measurement. The Company has revised the information for all periods presented in this Quarterly Report on Form 10-Q to reflect these reclassifications.

*Recently Issued Accounting Standards*

In March 2020 and as clarified in January 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. ("ASU") 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" ("ASU 2020-04"), which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate ("LIBOR") or by another reference rate expected to be discontinued. The amendments are effective for all entities as of March 12, 2020 through December 31, 2022. The Company does not expect the provisions of ASU 2020-04 to have a significant impact on its financial condition, results of operations, or cash flows.

**Note 2. Business Segments**

The Company is a global solutions provider of engineered, manufactured products and services that builds and supports infrastructure. The Company's innovative engineering and product development solutions address the safety, reliability, and performance needs of its customers' most challenging requirements. The Company maintains locations in North America, South America, Europe, and Asia. The Company's segments represent components of the Company (a) that engage in activities from which revenue is generated and expenses are incurred, (b) whose operating results are regularly reviewed by the CODM, who uses such information to make decisions about resources to be allocated to the segments, and (c) for which discrete financial information is available. Operating segments are evaluated on their segment profit contribution to the Company's consolidated results. Other income and expenses, interest, income taxes, and certain other items are managed on a consolidated basis. The Company's segment accounting policies are described in Note 2 Business Segments of the Notes to the Company's Consolidated Financial Statements contained in its Annual Report on Form 10-K for the year-ended December 31, 2021.

The following table illustrates the Company's revenues and profit (loss) from operations by segment for the periods indicated:

| | Three Months Ended September 30, 2022 | | Three Months Ended September 30, 2021 | |
|---|---|---|---|---|
| | Net Sales | Segment Operating Profit | Net Sales | Segment Operating Profit (Loss) |
| Rail, Technologies, and Services | $ 77,350 | $ 539 | $ 73,942 | $ 3,091 |
| Precast Concrete Products | 28,856 | 1,245 | 17,972 | 144 |
| Steel Products and Measurement | 23,809 | 303 | 38,139 | (27) |
| Total | $ 130,015 | $ 2,087 | $ 130,053 | $ 3,208 |

| | Nine Months Ended September 30, 2022 | | Nine Months Ended September 30, 2021 | |
|---|---|---|---|---|
| | Net Sales | Segment Operating Profit (Loss) | Net Sales | Segment Operating Profit (Loss) |
| Rail, Technologies, and Services | $ 222,857 | $ 5,576 | $ 228,956 | $ 10,970 |
| Precast Concrete Products | 67,477 | 329 | 50,723 | 1,175 |
| Steel Products and Measurement | 69,990 | (1,083) | 120,976 | (140) |
| Total | $ 360,324 | $ 4,822 | $ 400,655 | $ 12,005 |

Segment profit from operations, as shown above, includes allocated corporate operating expenses. Operating expenses related to corporate headquarter functions that directly support the segment activity are allocated based on segment headcount, revenue contribution, or activity of the business units within the segments, based on the corporate activity type provided to the segment. The expense allocation excludes certain corporate costs that are separately managed from the segments.

The following table provides a reconciliation of segment net profit to the Company's consolidated total for the periods presented:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Operating profit for reportable segments | $ 2,087 | $ 3,208 | $ 4,822 | $ 12,005 |
| Interest expense - net | (993) | (722) | (1,747) | (2,454) |
| Other (expense) income - net | (168) | 2,880 | 1,096 | 2,751 |
| Unallocated corporate expenses and other unallocated charges | (3,207) | (2,450) | (5,749) | (6,984) |
| (Loss) income from continuing operations before income taxes | $ (2,281) | $ 2,916 | $ (1,578) | $ 5,318 |

The following table illustrates assets of the Company by segment for the periods presented:

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Rail, Technologies, and Services | $ 165,651 | $ 171,608 |
| Precast Concrete Products | 116,519 | 48,740 |
| Steel Products and Measurement | 64,830 | 58,377 |
| Unallocated corporate assets | 66,192 | 63,870 |
| Total | $ 413,192 | $ 342,595 |

**Note 3. Acquisitions and Divestitures**

**Skratch Enterprises Ltd.**

On June 21, 2022, the Company acquired the stock of Skratch Enterprises Ltd. ("Skratch") for $7,402, which is inclusive of deferred payments withheld by the Company of $1,228, to be paid over the next five years or utilized to satisfy post-closing working capital adjustments or indemnity claims under the purchase agreement. Located in Telford, United Kingdom, Skratch offers a single-point supply solution model for clients, and enabling large scale deployments. Skratch's service offerings include design, prototyping and proof of concept, hardware and software, logistics and warehousing, installation, maintenance, content management, and managed monitoring. Skratch has been included in the Company's Technology Services and Solutions business unit within the Rail, Technologies, and Services segment.

**VanHooseCo Precast LLC**

On August 12, 2022, the Company acquired the operating assets of VanHooseCo Precast LLC ("VanHooseCo"), a privately-held business headquartered in Loudon, Tennessee specializing in precast concrete walls, water management products, and traditional precast products for the industrial, commercial, and residential infrastructure markets. The Company acquired VanHooseCo for $52,203, net of cash acquired at closing, subject to the finalization of net working capital adjustments. An amount equal to $2,500 of the purchase price was deposited in an escrow account in order to cover breaches of representations and warranties. The acquisition agreement includes two employment agreements whereby principals have the ability to earn up to an additional $1,000 dependent upon the successful completion of the principals' employment agreements. VanHooseCo has been included in the Company's Precast Concrete Products segment.

**Acquisition Summary**

Each transaction was accounted for under the acquisition method of accounting under U.S. GAAP which requires an acquiring entity to recognize, with limited exceptions, all of the assets acquired and liabilities assumed in a transaction at fair value as of the acquisition date. Goodwill primarily represents the value paid for each acquisition's enhancement to the Company's product and service offerings and capabilities, as well as a premium payment related to the ability to control the acquired assets, as well as the assembled workforce provided.

VanHooseCo contributed net sales of $6,353 and operating profit of $397 to the Company's consolidated results for the period from August 12, 2022 through September 30, 2022.

The table below summarizes the Company's results as though the VanHooseCo acquisition had been completed on January 1, 2022. Certain of VanHooseCo's historical amounts were reclassified to conform to the Company's financial presentation of operations, which included recording inventory and property, plant, and equipment at fair market value, to establish intangible assets, to remove deferred compensation expense, and to include interest expense for the additional borrowings. The following unaudited pro forma information is provided for informational purposes only and does not represent what consolidated results of operations would have been had the VanHooseCo acquisition occurred on January 1, 2022 nor are they necessarily indicative of future consolidated results of operations. The Company has omitted the prior year interim period from the table below due to the acquired company being a privately-held entity with limited interim financial information.

| | Nine Months Ended September 30, 2022 |
|---|---|
| Net sales | $ 385,824 |
| Net loss attributable to L.B. Foster Company | (633) |
| Diluted loss per share | |
| As reported | $ (0.16) |
| Pro forma | $ (0.06) |

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of the VanHooseCo and Skratch acquisitions. Due to the timing of the acquisitions, the Company is in the process of measuring the fair value of assets acquired and liabilities assumed, including intangible assets, and values for the allocations shown in the tables below are preliminary.

| Allocation of purchase price | VanHooseCo | Skratch |
|---|---|---|
| Current assets, net of cash acquired on the acquisition date | $ 10,825 | $ 1,129 |
| Property, plant, and equipment | 30,001 | 174 |
| Goodwill | 9,674 | 5,549 |
| Other intangibles | 4,561 | 1,750 |
| Liabilities assumed | (2,521) | (1,200) |
| Total | $ 52,540 | $ 7,402 |

The following table summarizes the estimates of the fair values of the VanHooseCo and Skratch identifiable intangible assets acquired:

| Identifiable intangible assets | VanHooseCo | Skratch |
|---|---|---|
| Non-compete agreements | $ — | 27 |
| Customer relationships | 1,537 | 1,349 |
| Trademarks and trade names | 2,697 | 374 |
| Favorable lease | 327 | — |
| Total | $ 4,561 | $ 1,750 |

The Company made a preliminary allocation of the purchase price for the VanHooseCo and Skratch acquisitions as of the acquisition date based on its understanding of the fair value of the acquired assets and assumed liabilities. These nonrecurring fair value measurements are classified as Level 3 in the fair value hierarchy. See Note 14 for a description of the fair value hierarchy.

Due to the timing of the acquisitions, values shown in the table above are preliminary. If new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement recognized for assets or liabilities assumed, the Company will retrospectively adjust the amounts recognized as of the acquisition date.

**Divestiture Summary**

On August 1, 2022, the Company divested the assets of its rail spikes and anchors track components business ("Track Components") located in St-Jean-sur-Richelieu, Quebec, Canada. Cash proceeds from the transaction were $7,795, subject to indemnification obligations and working capital adjustments. The Track Components business was reported in the Rail Products business unit within the Rail, Technologies, and Services segment. On September 24, 2021, the Company executed the sale of its Piling Products division for $23,902 in total proceeds. The sale included substantially all inventory held by the Company associated with the division. The Piling Products division was included in the Fabricated Steel business unit within the Steel Products and Measurement segment.

**Note 4. Revenue**

Revenue from products or services provided to customers over time accounted for 23.8% and 35.8% of revenue for the three months ended September 30, 2022 and 2021, respectively, and 27.0% and 29.7% of revenue for the nine months ended September 30, 2022 and 2021, respectively. The majority of revenue under these long-term agreements is recognized over time either using an input measure based upon the proportion of actual costs incurred to estimated total project costs or an input measure based upon actual labor costs as a percentage of estimated total labor costs, depending upon which measure the Company believes best depicts its performance to date under the terms of the contract. Revenue recognized over time using an input measure was $14,380 and $30,314 for the three months ended September 30, 2022 and 2021, respectively, and $53,791 and $79,109 for the nine months ended September 30, 2022 and 2021, respectively. A certain portion of the Company's revenue recognized over time under these long-term agreements is recognized using an output method, specifically units delivered, based upon certain customer acceptance and delivery requirements. Revenue recognized over time using an output measure was $16,520 and $16,262 for the three months ended September 30, 2022 and 2021, respectively, and $43,514 and $40,013 for the nine months ended September 30, 2022 and 2021, respectively. As of September 30, 2022 and December 31, 2021, the Company had contract assets of $31,963 and $36,179, respectively, that were recorded within the Condensed Consolidated Balance Sheets. As of September 30, 2022 and December 31, 2021, the Company had contract liabilities of $4,606 and $3,235, respectively, that were recorded in "Deferred revenue" within the Condensed Consolidated Balance Sheets.

The majority of the Company's revenue is from products transferred and services rendered to customers at a point in time. Point in time revenue accounted for 76.2% and 64.2% of revenue for the three months ended September 30, 2022 and 2021, respectively, and 73.0% and 70.3% for nine months ended September 30, 2022 and 2021. The Company recognizes revenue at the point in time at which the customer obtains control of the product or service is performed, which is generally when the product title passes to the customer upon shipment or the service has been rendered to the customer. In limited cases, title does not transfer and revenue is not recognized until the customer has received the products at a physical location.

The following table summarizes the Company's net sales by major product and service category for the periods presented:

| | Three Months Ended September 30, 2022 | Three Months Ended September 30, 2021 | Nine Months Ended September 30, 2022 | Nine Months Ended September 30, 2021 |
|---|---|---|---|---|
| Rail Products and Global Friction Management | $ 69,161 | $ 60,593 | $ 191,228 | $ 192,661 |
| Technology Services and Solutions | 8,189 | 13,349 | 31,629 | 36,295 |
| Rail, Technologies, and Services | 77,350 | 73,942 | 222,857 | 228,956 |
| Precast Concrete Buildings | 15,525 | 13,884 | 41,306 | 40,516 |
| Other Precast Concrete Products | 13,331 | 4,088 | 26,171 | 10,207 |
| Precast Concrete Products | 28,856 | 17,972 | 67,477 | 50,723 |
| Fabricated Steel Products | 15,250 | 30,512 | 45,821 | 100,233 |
| Coatings and Measurement | 8,559 | 7,627 | 24,169 | 20,743 |
| Steel Products and Measurement | 23,809 | 38,139 | 69,990 | 120,976 |
| Total net sales | $ 130,015 | $ 130,053 | $ 360,324 | $ 400,655 |

Net sales by the timing of the transfer of products and performance of services was as follows for the periods presented:

| Three Months Ended September 30, 2022 | Rail, Technologies, and Services | Precast Concrete Products | Steel Products and Measurement | Total |
|---|---|---|---|---|
| Point in time | $ 64,913 | $ 13,331 | $ 20,871 | $ 99,115 |
| Over time | 12,437 | 15,525 | 2,938 | 30,900 |
| Total net sales | $ 77,350 | $ 28,856 | $ 23,809 | $ 130,015 |

| Three Months Ended September 30, 2021 | Rail, Technologies, and Services | Precast Concrete Products | Steel Products and Measurement | Total |
|---|---|---|---|---|
| Point in time | $ 54,470 | $ 4,088 | $ 24,919 | $ 83,477 |
| Over time | 19,472 | 13,884 | 13,220 | 46,576 |
| Total net sales | $ 73,942 | $ 17,972 | $ 38,139 | $ 130,053 |

| Nine Months Ended September 30, 2022 | Rail, Technologies, and Services | Precast Concrete Products | Steel Products and Measurement | Total |
|---|---|---|---|---|
| Point in time | $ 179,951 | $ 26,171 | $ 56,897 | $ 263,019 |
| Over time | 42,906 | 41,306 | 13,093 | 97,305 |
| Total net sales | $ 222,857 | $ 67,477 | $ 69,990 | $ 360,324 |

| Nine Months Ended September 30, 2021 | Rail, Technologies, and Services | Precast Concrete Products | Steel Products and Measurement | Total |
|---|---|---|---|---|
| Point in time | $ 178,225 | $ 10,209 | $ 93,099 | $ 281,533 |
| Over time | 50,731 | 40,514 | 27,877 | 119,122 |
| Total net sales | $ 228,956 | $ 50,723 | $ 120,976 | $ 400,655 |

The timing of revenue recognition, billings, and cash collections results in billed receivables, costs in excess of billings (included in "Contract assets"), and billings in excess of costs (contract liabilities, included in "Deferred revenue") within the Condensed Consolidated Balance Sheets.

Significant changes in contract assets during the nine months ended September 30, 2022 included transfers of $14,293 from the contract assets balance as of December 31, 2021 to accounts receivable. Significant changes in contract liabilities during the nine months ended September 30, 2022 resulted from increases of $3,087 due to billings in excess of costs, excluding amounts recognized as revenue during the period. Contract liabilities were reduced due to revenue recognized during the three months ended September

30, 2022 and 2021 of $14 and $81, respectively, and revenue recognized during the nine months ended September 30, 2022 and 2021 of $2,656 and $985, respectively, which were included in contract liabilities at the beginning of each period.

The Company records provisions related to the allowance for credit losses associated with contract assets. Provisions are recorded based upon a specific review of individual contracts as necessary, and a standard provision over any remaining contract assets pooled together based on similar risk of credit loss. The development of these provisions are based on historic collection trends, accuracy of estimates within contract margin reporting, as well as the expectation that collection patterns, margin reporting, and bad debt expense will continue to adhere to patterns observed in recent years. These expectations are formed based on trends observed, as well as current and expected future conditions.

As of September 30, 2022, the Company had approximately $272,777 of obligations under new contracts and remaining performance obligations, which is also referred to as backlog. Approximately 10.1% of the September 30, 2022 backlog was related to projects that are anticipated to extend beyond September 30, 2023.

**Note 5. Goodwill and Other Intangible Assets**

The following table presents the changes in goodwill balance by reportable segment for the period presented:

| | Rail, Technologies, and Services | Precast Concrete Products | Steel Products and Measurement | Total |
|---|---|---|---|---|
| Balance as of December 31, 2021 | $ 14,577 | $ 2,564 | $ 3,011 | $ 20,152 |
| Skratch acquisition | 5,549 | — | — | 5,549 |
| VanHooseCo acquisition | — | 9,674 | — | 9,674 |
| Foreign currency translation impact | (1,945) | — | — | (1,945) |
| Balance as of September 30, 2022 | $ 18,181 | $ 12,238 | $ 3,011 | $ 33,430 |

The Company performs goodwill impairment tests annually during the fourth quarter, and also performs interim goodwill impairment tests if it is determined that it is more likely than not that the fair value of a reporting unit is less than the carrying amount. Qualitative factors are assessed to determine whether it is more likely than not that the fair value of a reporting unit is less than the carrying amount, which included the impacts of COVID-19 and current economic conditions, including but not limited to labor markets, supply chains, and other inflationary costs. However, the future impacts of COVID-19 and market conditions are unpredictable and are subject to change. No interim goodwill impairment test was required as a result of the evaluation of qualitative factors as of September 30, 2022.

The components of the Company's intangible assets were as follows for the periods presented:

| | September 30, 2022 | | | |
|---|---|---|---|---|
| | Weighted Average Amortization Period In Years | Gross Carrying Value | Accumulated Amortization | Net Carrying Amount |
| Non-compete agreements | 1 | $ 24 | $ (8) | $ 16 |
| Patents | 10 | 326 | (182) | 144 |
| Customer relationships | 16 | 32,941 | (16,363) | 16,578 |
| Trademarks and trade names | 15 | 9,542 | (5,056) | 4,486 |
| Technology | 14 | 34,855 | (27,202) | 7,653 |
| Favorable lease | 6 | 327 | (9) | 318 |
| | | $ 78,015 | $ (48,820) | $ 29,195 |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Weighted Average Amortization Period In Years | Gross Carrying Value | Accumulated Amortization | Net Carrying Amount |
| Patents | 10 | $ 385 | $ (218) | $ 167 |
| Customer relationships | 18 | 36,163 | (18,222) | 17,941 |
| Trademarks and trade names | 16 | 7,801 | (4,702) | 3,099 |
| Technology | 13 | 35,772 | (25,956) | 9,816 |
| | | $ 80,121 | $ (49,098) | $ 31,023 |

The Company amortizes intangible assets over their useful lives, which range from 1 to 25 years, with a total weighted average amortization period of approximately 15 years as of September 30, 2022. Amortization expense was $1,599 and $1,462 for the three months ended September 30, 2022 and 2021, respectively, and was $4,454 and $4,397 for the nine months ended September 30, 2022 and 2021, respectively. As of September 30, 2022, the Company's gross carrying value of customer relationships and technology intangible assets were reduced by $5,448 and $471, respectively, and the net carrying amount of customer relationships and technology intangible assets were reduced by $2,869 and $7, respectively, as a result of the August 1, 2022 disposition of the Track Components business.

As of September 30, 2022, estimated amortization expense for the remainder of 2022 and thereafter was as follows:

| | Amortization Expense |
|---|---|
| Remainder of 2022 | $ 1,603 |
| 2023 | 6,036 |
| 2024 | 5,042 |
| 2025 | 3,219 |
| 2026 | 2,630 |
| 2027 and thereafter | 10,665 |
| | $ 29,195 |

**Note 6. Accounts Receivable**

The Company extends credit based upon an evaluation of the customer's financial condition and, while collateral is not required, the Company periodically receives surety bonds that guarantee payment. Credit terms are consistent with industry standards and practices. The amounts of trade accounts receivable as of September 30, 2022 and December 31, 2021 have been reduced by an allowance for credit losses of $515 and $547, respectively. Changes in reserves for uncollectible accounts, which are recorded as part of "Selling and administrative expenses" within the Condensed Consolidated Statements of Operations, resulted in income of $40 and $145 for the three months ended September 30, 2022 and 2021, respectively, and expense of $171 and income of $127 for the nine months ended September 30, 2022 and 2021, respectively.

The Company established the allowance for credit losses by calculating the amount to reserve based on the age of a given trade receivable and considering historical collection patterns and bad debt expense experience, in addition to any other relevant subjective adjustments to individual receivables made by management. The Company also considers current and expected future market and other conditions. Trade receivables are pooled within the calculation based on a range of ages, which we believe appropriately groups receivables of similar credit risk together.

The established reserve thresholds to calculate the allowance for credit loss are based on and supported by historic collection patterns and bad debt expense incurred by the Company, as well as the expectation that collection patterns and bad debt expense will continue to adhere to patterns observed in recent years, which was formed based on trends observed as well as current and expected future conditions, including the impacts of the COVID-19 pandemic. Management maintains stringent credit review practices and works to maintain positive customer relationships to further mitigate credit risk.

The following table sets forth the Company's allowance for credit losses:

| | Allowance for Credit Losses |
|---|---|
| Balance as of December 31, 2021 | $ 547 |
| Current period provision | 171 |
| Write-off against allowance | (203) |
| Balance as of September 30, 2022 | $ 515 |

**Note 7. Inventory**

Inventories as of September 30, 2022 and December 31, 2021 are summarized in the following table:

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Finished goods | $ 43,745 | $ 23,822 |
| Work-in-process | 11,862 | 10,738 |
| Raw materials | 29,539 | 28,311 |
| Inventories - net | $ 85,146 | $ 62,871 |

Inventories of the Company are valued at average cost or net realizable value, whichever is lower.

**Note 8. Property, Plant, and Equipment**

Property, plant, and equipment as of September 30, 2022 and December 31, 2021 consisted of the following:

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Land | $ 5,256 | $ 6,224 |
| Improvements to land and leaseholds | 20,762 | 15,416 |
| Buildings | 34,468 | 27,206 |
| Machinery and equipment, including equipment under finance leases | 122,935 | 112,021 |
| Construction in progress | 3,102 | 1,194 |
| Gross property, plant, and equipment | 186,523 | 162,061 |
| Less accumulated depreciation and amortization, including accumulated amortization of finance leases | (102,566) | (103,839) |
| Property, plant, and equipment - net | $ 83,957 | $ 58,222 |

Depreciation expense was $2,269 and $2,041 for the three months ended September 30, 2022 and 2021, respectively, and $6,083 and $6,049 for the nine months ended September 30, 2022 and 2021, respectively. The Company reviews its property, plant, and equipment for recoverability whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. The Company recognizes an impairment loss if it believes that the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. There were no impairments of property, plant, and equipment during the nine months ended September 30, 2022 and 2021.

**Note 9. Leases**

The Company determines if an arrangement is a lease at its inception. Operating leases are included in “Operating lease right-of-use assets - net,” “Other accrued liabilities,” and “Long-term operating lease liabilities” within the Condensed Consolidated Balance Sheets. Finance leases are included within “Property, plant, and equipment - net,” “Current maturities of long-term debt,” and “Long-term debt” within the Condensed Consolidated Balance Sheets.

The Company has operating and finance leases for manufacturing facilities, corporate offices, sales offices, vehicles, and certain equipment. As of September 30, 2022, the Company’s leases had remaining lease terms of 2 to 12 years, some of which include options to extend the leases for up to 12 years, and some of which include options to terminate the leases within 1 year.

The balance sheet components of the Company’s leases were as follows as of September 30, 2022 and December 31, 2021:

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| **Operating leases** | | |
| Operating lease right-of-use assets | $ 12,701 | $ 15,131 |
| Other accrued liabilities | $ 2,700 | $ 2,852 |
| Long-term operating lease liabilities | 10,001 | 12,279 |
| Total operating lease liabilities | $ 12,701 | $ 15,131 |
| **Finance leases** | | |
| Property, plant, and equipment | $ 1,250 | $ 1,162 |
| Accumulated amortization | (1,094) | (1,011) |
| Property, plant, and equipment - net | $ 156 | $ 151 |
| Current maturities of long-term debt | $ 82 | $ 98 |
| Long-term debt | 74 | 53 |
| Total finance lease liabilities | $ 156 | $ 151 |

The components of lease expense within the Company's Condensed Consolidated Statements of Operations were as follows for the three and nine months ended September 30, 2022 and 2021:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Finance lease cost: | | | | |
| Amortization of finance leases | $ 44 | $ 50 | $ 119 | $ 152 |
| Interest on lease liabilities | 7 | 19 | 20 | 61 |
| Operating lease cost | 706 | 706 | 2,188 | 2,042 |
| Sublease income | (50) | (50) | (150) | (150) |
| Total lease cost | $ 707 | $ 725 | $ 2,177 | $ 2,105 |

The cash flow components of the Company's leases were as follows for the nine months ended September 30, 2022 and 2021:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2022 | 2021 |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows related to operating leases | $ (2,568) | $ (2,462) |
| Financing cash flows related to finance leases | (110) | (166) |
| Right-of-use assets obtained in exchange for new lease liabilities: | | |
| Operating leases | $ — | $ 377 |

The weighted-average remaining lease term (in years) and discount rate related to the operating leases were as follows as of the dates presented:

| | September 30, | |
|---|---|---|
| | 2022 | 2021 |
| Operating lease weighted-average remaining lease term | 5 | 7 |
| Operating lease weighted-average discount rate | 5.2 % | 5.2 % |
| Finance lease weighted-average remaining lease term | 1 | 1 |
| Finance lease weighted-average discount rate | 4 % | 4.2 % |

As of September 30, 2022, estimated annual maturities of lease liabilities remaining for the year ending December 31, 2022 and thereafter were as follows:

| | Operating Leases | Finance Leases |
|---|---|---|
| Remainder of 2022 | $ 845 | $ 32 |
| 2023 | 3,234 | 77 |
| 2024 | 2,900 | 41 |
| 2025 | 2,351 | 20 |
| 2026 | 2,147 | 9 |
| 2027 and thereafter | 3,092 | — |
| Total undiscounted lease payments | 14,569 | 179 |
| Interest | (1,868) | (23) |
| Total | $ 12,701 | $ 156 |

**Note 10. Long-Term Debt and Related Matters**

Long-term debt consisted of the following:

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Revolving credit facility | $ 98,763 | $ 31,100 |
| Finance leases and financing agreements | 156 | 151 |
| Total | 98,919 | 31,251 |
| Less current maturities | (82) | (98) |
| Long-term portion | $ 98,837 | $ 31,153 |

On August 13, 2021, the Company, its domestic subsidiaries, and certain of its Canadian and United Kingdom subsidiaries (collectively, the "Borrowers"), entered into the Fourth Amended and Restated Credit Agreement (the "Credit Agreement") with PNC Bank, N.A., Citizens Bank, N.A., Wells Fargo Bank, National Association, Bank of America, N.A., and BMO Harris Bank, National Association. The Credit Agreement modifies the prior revolving credit facility, as amended, on more favorable terms and extends the maturity date from April 30, 2024 to August 13, 2026. The Credit Agreement provides for a five-year, revolving credit facility that permits aggregate borrowings of the Borrowers up to $130,000 (a $15,000 increase over the previous commitment) with a sublimit of the equivalent of $25,000 U.S. dollars that is available to the Canadian and United Kingdom borrowers in the aggregate. The Credit Agreement's incremental loan feature permits the Company to increase the available commitments under the facility by up to an additional $50,000 subject to the Company's receipt of increased commitments from existing or new lenders and the satisfaction of certain conditions.

The obligation of the Company and its domestic, Canadian, and United Kingdom subsidiaries (the "Guarantors") under the Credit Agreement will be secured by the grant of a security interest by the Borrowers and Guarantors in substantially all of the assets owned by such entities. Additionally, the equity interests in each of the loan parties, other than the Company, and the equity interests held by each loan party in their subsidiaries, will be pledged to the lenders as collateral for the lending obligations.

Borrowings under the Credit Agreement will bear interest at rates based upon either the base rate or LIBOR rate plus applicable margins. Applicable margins are dictated by the ratio of the Company's total net indebtedness to the Company's consolidated EBITDA for four trailing quarters, as defined in the Credit Agreement. The base rate is the highest of (a) the Overnight Bank Funding Rate plus 50 basis points, (b) the Prime Rate, or (c) the Daily LIBOR rate plus 100 basis points so long as the Daily LIBOR Rate is offered, ascertainable, and not unlawful (each as defined in the Credit Agreement). The base rate and LIBOR rate spreads range from 25 to 125 basis points and 125 to 225 basis points, respectively.

The Credit Agreement includes two financial covenants: (a) Maximum Gross Leverage Ratio, defined as the Company's consolidated Indebtedness (as defined in the Credit Agreement) divided by the Company's consolidated EBITDA, which must not exceed (i) 3.25 to 1.00 for all testing periods other than during an Acquisition Period, and (ii) 3.50 to 1.00 for all testing periods occurring during an Acquisition Period (as defined in the Credit Agreement), and (b) Minimum Consolidated Fixed Charge Coverage Ratio, defined as the Company's consolidated EBITDA divided by the Company's Fixed Charges (as defined in the Credit Agreement), which must be more than 1.05 to 1.00.

The Credit Agreement permits the Company to pay dividends and make distributions and redemptions with respect to its stock provided no event of default or potential default (as defined in the Credit Agreement) has occurred prior to or after giving effect to the dividend, distribution, or redemption. Additionally, the Credit Agreement permits the Company to complete acquisitions so long as (a) no event of default or potential default has occurred prior to or as a result of such acquisition; (b) the liquidity of the Borrowers is not less than $15,000 prior to and after giving effect to such acquisition; and (c) the aggregate consideration for the acquisition does not exceed: (i) $50,000 per acquisition, so long as the Gross Leverage Ratio (as defined in the Credit Agreement) is less than or equal to 2.75 after giving effect to such acquisition; or (ii) $75,000 per acquisition, so long as the Gross Leverage Ratio is less than or equal to 1.75 after giving effect to such acquisition.

Other restrictions exist at all times including, but not limited to, limitations on the Company's sale of assets and the incurrence by either the Borrowers or the non-borrower subsidiaries of the Company of other indebtedness, guarantees, and liens.

On August 12, 2022, the Company amended its Credit Agreement to obtain approval for the VanHooseCo acquisition and temporarily modify certain financial covenants to accommodate the transaction. The Second Amendment permitted the Company to acquire the operating assets of VanHooseCo and modified the Maximum Gross Leverage Ratio covenant through June 30, 2023 to accommodate the transaction. The Second Amendment also added an additional tier to the pricing grid and provided for the conversion from LIBOR-based to SOFR-based borrowings.

As of September 30, 2022, the Company was in compliance with the covenants in the Credit Agreement, as amended. As of September 30, 2022, the Company had outstanding letters of credit of approximately $564 and had net available borrowing capacity of $30,673, subject to covenant restrictions. The maturity date of the facility is August 13, 2026.

**Note 11. Earnings Per Common Share**

(Share amounts in thousands)

The following table sets forth the computation of basic and diluted earnings per common share for the periods indicated:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Numerator for basic and diluted (loss) earnings per common share: | | | | |
| Net (loss) income from continuing operations | $ (2,105) | $ 2,240 | $ (1,715) | $ 3,824 |
| Income from discontinued operations | — | 72 | — | 72 |
| Net (loss) income | $ (2,105) | $ 2,312 | $ (1,715) | $ 3,896 |
| Denominator: | | | | |
| Weighted average shares outstanding | 10,731 | 10,642 | 10,710 | 10,615 |
| Denominator for basic loss per common share | 10,731 | 10,642 | 10,710 | 10,615 |
| Effect of dilutive securities: | | | | |
| Stock compensation plans | — | 122 | — | 129 |
| Dilutive potential common shares | — | 122 | — | 129 |
| Denominator for diluted (loss) income per common share - adjusted weighted average shares outstanding | 10,731 | 10,764 | 10,710 | 10,744 |
| Continuing operations | $ (0.20) | $ 0.21 | $ (0.16) | $ 0.36 |
| Discontinued operations | — | 0.01 | — | 0.01 |
| Basic (loss) earnings per common share | $ (0.20) | $ 0.22 | $ (0.16) | $ 0.37 |
| Continuing operations | $ (0.20) | $ 0.21 | $ (0.16) | $ 0.36 |
| Discontinued operations | — | 0.01 | — | 0.01 |
| Diluted (loss) earnings per common share | $ (0.20) | $ 0.22 | $ (0.16) | $ 0.37 |

There were 109 and 108 anti-dilutive shares for the three and nine months ended September 30, 2022, respectively, excluded from the calculation.

**Note 12. Income Taxes**

For the three months ended September 30, 2022 and 2021, the Company recorded an income tax benefit of $176 and expense of $676, respectively, on pre-tax losses of $2,281 and pre-tax income of $2,916, respectively, for an effective income tax rate of 7.7% and 23.2%, respectively. For the nine months ended September 30, 2022 and 2021, the Company recorded an income tax expense of $137 and $1,494, respectively, on pre-tax losses of $1,578 and pre-tax income of $5,318, respectively, for an effective income tax rate of 8.7% and 28.1%, respectively. The Company's provision for income taxes for the three- and nine-month periods ended September 30, 2022 included a discrete income tax expense of $330 for a change in our permanent reinvestment assertion with respect to the undistributed earnings in Canada, as a result of the divestiture of our Track Components business located in St-Jean-sur-Richelieu, Quebec, Canada. In addition to the impact of the discrete items, the Company's effective tax rate for the three and nine months ended September 30, 2022 and 2021 differs from the federal statutory rate of 21% primarily due to state income taxes, nondeductible expenses, research tax credits and withholding taxes on excess cash available for repatriation from foreign affiliates. Changes in pre-tax income projections, combined with the seasonal nature of our businesses, could also impact the effective income tax rate.

**Note 13. Stock-Based Compensation**

The Company applies the provisions of the FASB's Accounting Standards Codification ("ASC") Topic 718, "Compensation – Stock Compensation," to account for the Company's stock-based compensation. Stock-based compensation cost is measured at the grant date based on the calculated fair value of the award and is recognized over the employees' requisite service periods. The Company recorded stock-based compensation expense related to restricted stock awards and performance share units of $387 and $587 for the three months ended September 30, 2022 and 2021, respectively, and $1,570 and $1,800 for the nine months ended September 30, 2022 and 2021, respectively. As of September 30, 2022, unrecognized compensation expense for unvested awards approximated $3,254. The Company expects to recognize this expense over the upcoming 3.4 years through March 2026.

Shares issued as a result of vested stock-based compensation awards generally will be from previously issued shares that have been reacquired by the Company and held as treasury stock or authorized and previously unissued common stock.

***Restricted Stock Awards, Performance Share Units, and Performance-Based Stock Awards***

Under the 2022 Equity and Incentive Compensation Plan, predecessor to the 2006 Omnibus Plan, the Company grants eligible employees restricted stock and performance share units. The forfeitable restricted stock awards granted generally time-vest ratably over a three-year period, unless indicated otherwise by the underlying restricted stock award agreement. Since May 2018, awards of restricted stock have been subject to a minimum one-year vesting period, including those granted to non-employee directors. Performance share units are offered annually under separate three-year long-term incentive programs. Performance share units are subject to forfeiture and will be converted into common stock of the Company based upon the Company's performance relative to performance measures and conversion multiples, as defined in the underlying program. If the Company's estimate of the number of performance share units expected to vest changes in a subsequent accounting period, cumulative compensation expense could increase or decrease. The change will be recognized in the current period for the vested shares and would change future expense over the remaining vesting period.

Since May 1, 2017, non-employee directors have been permitted to defer receipt of annual stock awards and equity elected to be received in lieu of quarterly cash compensation. If so elected, these deferred stock units will be issued as common stock six months after separation from their service on the Board of Directors. Since May 2018, no non-employee directors have elected the option to receive deferred stock units of the Company's common stock in lieu of director cash compensation.

In February 2022, the Compensation Committee approved the 2022 Performance Share Unit Program and the 2022 Executive Incentive Compensation Plan (consisting of cash and equity components).

On June 2, 2022, the shareholders approved the new 2022 Equity and Incentive Compensation plan as the successor to the 2006 Omnibus Plan and contingent Strategic Transformation Plan.

The following table summarizes the restricted stock awards, deferred stock units, and performance share units activity for the nine months ended September 30, 2022:

| | Restricted Stock | Deferred Stock Units | Performance Share Units | Weighted Average Grant Date Fair Value |
|---|---|---|---|---|
| Outstanding as of December 31, 2021 | 135,704 | 74,950 | 116,571 | $ 19.75 |
| Granted | 125,582 | 5,730 | 110,600 | 14.88 |
| Vested | (75,153) | — | (13,095) | 17.98 |
| Adjustment for incentive awards expected to vest | — | — | (105,598) | 16.67 |
| Cancelled and forfeited | (500) | — | — | 18.57 |
| Outstanding as of September 30, 2022 | 185,633 | 80,680 | 108,478 | $ 17.70 |

**Note 14. Fair Value Measurements**

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

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

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

*Cash equivalents* - Included in "Cash and cash equivalents" within the Condensed Consolidated Balance Sheets are investments in non-domestic term deposits. The carrying amounts approximate fair value because of the short maturity of the instruments.

*SOFR-based interest rate swaps* - To reduce the impact of interest rate changes on outstanding variable-rate debt, the Company amended and entered into forward-starting SOFR-based interest rate swaps with notional values totaling $20,000 and $20,000 effective August 12, 2022 and August 31, 2022, respectively. The fair value of the interest rate swaps are based on market-observable forward interest rates and represents the estimated amount that the Company would pay to terminate the agreements. As such, the swap agreements are classified as Level 2 within the fair value hierarchy. As of September 30, 2022 and December 31, 2021, the interest rate swaps were recorded in “Other current assets” when the interest rate swaps’ fair market value are in an asset position, and "Other accrued liabilities" when in a liability position within our Condensed Consolidated Balance Sheets.

| | Fair Value Measurements at Reporting Date | | | | Fair Value Measurements at Reporting Date | | | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2022 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | December 31, 2021 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Term deposits | $ 17 | $ 17 | $ — | $ — | $ 18 | $ 18 | $ — | $ — |
| Interest rate swaps | 1,960 | — | 1,960 | — | 175 | — | 175 | — |
| Total assets | $ 1,977 | $ 17 | $ 1,960 | $ — | $ 193 | $ 18 | $ 175 | $ — |
| Interest rate swaps | $ — | $ — | $ — | $ — | $ 159 | $ — | $ 159 | $ — |
| Total liabilities | $ — | $ — | $ — | $ — | $ 159 | $ — | $ 159 | $ — |

The $20,000 interest rate swap agreements that became effective August 2022 are accounted for as cash flow hedges and the objective of the hedges is to offset the expected interest variability on payments associated with the interest rate on our debt. The gains and losses related to the interest rate swaps are reclassified from “Accumulated other comprehensive loss” in our Condensed Consolidated Balance Sheets and included in “Interest expense - net” in our Condensed Consolidated Statements of Operations as the interest expense from our debt is recognized.

The Company accounted for the $50,000 of interest rate swaps that became effective February 2017 as cash flow hedges. In the third quarter of 2020, the Company dedesignated the cash flow hedges and accounted for the $50,000 interest rate swaps on a mark-to-market basis with changes in fair value recorded in current period earnings. In connection with this dedesignation, the Company froze the balances recorded in “Accumulated other comprehensive loss” at June 30, 2020 and reclassifies balances to earnings as the underlying physical transactions occur, unless it is no longer probable that the physical transaction will occur at which time the related gains deferred in Other Comprehensive Income will be immediately recorded in earnings. The gains and losses related to the interest rate swaps are reclassified from “Accumulated other comprehensive loss” in the Condensed Consolidated Balance Sheets and included in “Interest expense - net” in the Condensed Consolidated Statements of Operations as the interest expense from the Company’s debt is recognized. These interest rate swaps expired February 2022.

For the three months ended September 30, 2021, the Company recognized interest expense of $244 from interest rate swaps. For the nine months ended September 30, 2022 and 2021, the Company recognized interest expense of $78 and $724, respectively, from interest rate swaps.

In accordance with the provisions of ASC Topic 820, “Fair Value Measurement,” the Company measures certain nonfinancial assets and liabilities at fair value, which are recognized and disclosed on a nonrecurring basis.

**Note 15. Retirement Plans**

***Retirement Plans***

The Company has three retirement plans that cover its hourly and salaried employees in the United States: one defined benefit plan, which is frozen, and two defined contribution plans. Employees are eligible to participate in the appropriate plan based on employment classification. The Company’s contributions to the defined benefit and defined contribution plans are governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and the Company’s policy and investment guidelines applicable to each respective plan. The Company’s policy is to contribute at least the minimum in accordance with the funding standards of ERISA.

The Company maintains one defined contribution plan for its employees in Canada. The Company also maintains two defined contribution plans and one defined benefit plan for its employees in the United Kingdom.

***United States Defined Benefit Plan***

Net periodic pension costs for the United States defined benefit pension plan for the three and nine months ended September 30, 2022 and 2021 were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Interest cost | $ 49 | $ 43 | $ 146 | $ 129 |
| Expected return on plan assets | (66) | (62) | (198) | (185) |
| Recognized net actuarial loss | 18 | 25 | 53 | 74 |
| Net periodic pension cost | $ 1 | $ 6 | $ 1 | $ 18 |

The Company has made contributions to its United States defined benefit pension plan of $345 during the nine months ended September 30, 2022 and expects to make total contributions of $460 during 2022.

***United Kingdom Defined Benefit Plan***

Net periodic pension costs for the United Kingdom defined benefit pension plan for the three and nine months ended September 30, 2022 and 2021 were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Interest cost | $ 42 | $ 28 | $ 126 | $ 84 |
| Expected return on plan assets | (74) | (65) | (222) | (195) |
| Amortization of prior service costs and transition amount | 6 | 7 | 18 | 21 |
| Recognized net actuarial loss | 38 | 83 | 114 | 249 |
| Net periodic pension cost | $ 12 | $ 53 | $ 36 | $ 159 |

United Kingdom regulations require trustees to adopt a prudent approach to funding required contributions to defined benefit pension plans. For the nine months ended September 30, 2022, the Company contributed approximately $226 to the plan. The Company anticipates total contributions of approximately $302 to the United Kingdom pension plan during 2022.

***Defined Contribution Plans***

The Company sponsors five defined contribution plans for hourly and salaried employees across its domestic and international facilities. The following table summarizes the expense associated with the contributions made to these plans for the periods presented:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| United States | $ 441 | $ 400 | $ 1,136 | $ 1,172 |
| Canada | 83 | 33 | 143 | 119 |
| United Kingdom | 588 | 131 | 588 | 386 |
| | $ 1,112 | $ 564 | $ 1,867 | $ 1,677 |

**Note 16. Commitments and Contingent Liabilities**

***Product Liability Claims***

The Company is subject to product warranty claims that arise in the ordinary course of its business. For certain manufactured products, the Company maintains a product warranty accrual, which is adjusted on a monthly basis as a percentage of cost of sales. In addition, the product warranty accrual is adjusted periodically based on the identification or resolution of known individual product warranty claims.

The following table sets forth the Company's product warranty accrual:

| | Warranty Liability |
|---|---|
| Balance as of December 31, 2021 | $ 1,042 |
| Additions to warranty liability | 80 |
| Warranty liability utilized | (366) |
| Balance as of September 30, 2022 | $ 756 |

*Union Pacific Railroad ("UPRR") Concrete Tie Matter*

On March 13, 2019, the Company and its subsidiary, CXT Incorporated ("CXT"), entered into a Settlement Agreement (the "Settlement Agreement") with UPRR to resolve the pending litigation in the matter of *Union Pacific Railroad Company v. L.B. Foster Company and CXT Incorporated*, Case No. CI 15-564, in the District Court for Douglas County, Nebraska.

Under the Settlement Agreement, the Company and CXT will pay UPRR the aggregate amount of $50,000 without pre-judgment interest, which began with a $2,000 immediate payment, and with the remaining $48,000 paid in installments over a six-year period commencing on the effective date of the Settlement Agreement through December 2024 pursuant to a Promissory Note. Additionally, commencing in January 2019 and through December 2024, UPRR agreed to purchase and has been purchasing from the Company and its subsidiaries and affiliates, a cumulative total amount of $48,000 of products and services, targeting $8,000 of annual purchases per year beginning March 13, 2019 per letters of intent under the Settlement Agreement. During the third quarter of 2021, in connection with the Company's divestiture of its Piling Products division, the targeted annual purchases per year have been reduced to $6,000 for 2021 through 2024. The Settlement Agreement also includes a mutual release of all claims and liability regarding or relating to all CXT pre-stressed concrete railroad ties with no admission of liability and dismissal of the litigation with prejudice.

The expected payments under the UPRR Settlement Agreement for the remainder of the year ending December 31, 2022 and thereafter are as follows:

| **Year Ending December 31,** | |
|---|---|
| Remainder of 2022 | $ 4,000 |
| 2023 | 8,000 |
| 2024 | 8,000 |
| Total | $ 20,000 |

***Environmental and Legal Proceedings***

The Company is subject to national, state, foreign, provincial, and/or local laws and regulations relating to the protection of the environment. The Company's efforts to comply with environmental regulations may have an adverse effect on its future earnings.

On June 5, 2017, a General Notice Letter was received from the United States Environmental Protection Agency ("EPA") indicating that the Company may be a potentially responsible party ("PRP") regarding the Portland Harbor Superfund Site cleanup along with numerous other companies. More than 140 other companies received such a notice. The Company and a predecessor owned and operated a facility near the harbor site for a period prior to 1982. The net present value and undiscounted costs of the selected remedy throughout the harbor site are estimated by the EPA to be approximately $1.1 billion and $1.7 billion, respectively, and the remedial work is expected to take as long as 13 years to complete. These costs may increase given that the remedy will not be initiated or completed for several years. The Company is reviewing the basis for its identification by the EPA and the nature of the historic operations of a Company predecessor near the site. Additionally, the Company executed a PRP agreement which provides for a private allocation process among almost 100 PRPs in a working group whose work is ongoing. On March 26, 2020, the EPA issued a Unilateral Administrative Order to two parties requiring them to perform remedial design work for that portion of the Harbor Superfund Site that includes the area closest to the facility; the Company was not a recipient of this Unilateral Administrative Order. The Company cannot predict the ultimate impact of these proceedings because of the large number of PRPs involved throughout the harbor site, the size and extent of the site, the degree of contamination of various wastes, varying environmental impacts throughout the harbor site, the scarcity of data related to the facility once operated by the Company and a predecessor, potential comparative liability between the allocation parties and regarding non-participants, and the speculative nature of the remediation costs. Based upon information currently available, management does not believe that the Company's alleged PRP status regarding the Portland Harbor Superfund Site or other compliance with the present environmental protection laws will have a material adverse effect on the financial condition, results of operations, cash flows, competitive position, or capital expenditures of the Company. As more information develops and the allocation process is completed, and given the resolution of factors like those described above, an unfavorable resolution could have a material adverse effect.

As of September 30, 2022 and December 31, 2021, the Company maintained environmental reserves approximating $2,470 and $2,519, respectively. The following table sets forth the Company's environmental obligation:

| | Environmental liability |
|---|---|
| Balance as of December 31, 2021 | $ 2,519 |
| Environmental obligations utilized | (49) |
| Balance as of September 30, 2022 | $ 2,470 |

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

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

**Item 2.** **Management's Discussion and Analysis of Financial Condition and Results of Operations**

**(Dollars in thousands, except share data)**

**Forward-Looking Statements**

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

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

**General Overview and Business Update**

L.B. Foster Company is a global solutions provider of engineered, manufactured products and services that builds and supports infrastructure. The Company's innovative engineering and product development solutions address the safety, reliability, and performance needs of its customers' most challenging requirements. The Company maintains locations in North America, South America, Europe, and Asia.

On August 12, 2022, the Company acquired the operating assets of VanHooseCo Precast LLC ("VanHooseCo"), a privately-held business headquartered in Loudon, Tennessee specializing in precast concrete walls, water management products, and traditional precast products for the industrial, commercial and residential infrastructure markets for $52,203 net of cash acquired, at closing, subject to the finalization of net working capital adjustments. VanHooseCo has been included in the Company's Precast Concrete Products segment.

On June 21, 2022, the Company acquired the stock of Skratch Enterprises Ltd. ("Skratch") for $7,402, which is inclusive of deferred payments withheld by the Company of $1,228, to be paid over the next five years or utilized to satisfy post-closing working capital adjustments or indemnity claims under the purchase agreement. Skratch is an industry leader in digital system integration with expertise in advanced digital display technologies and capabilities currently serving retail markets in the U.K. Skratch is reported within the Technology Services and Solutions business unit in the Rail, Technologies, and Services segment.

On August 1, 2022, the Company divested the assets of its rail spikes and anchors track components business ("Track Components") located in St-Jean-sur-Richelieu, Quebec, Canada. Cash proceeds from the transaction were $7,795, subject to indemnification obligations and working capital adjustments and a loss on sale of $447 was recorded in "Other expense (income) - net." The Track Components business was reported in the Rail Products business unit within the Rail, Technologies, and Services segment. On September 24, 2021, the Company executed the sale of its Piling Products ("Piling") division for $23,902 in total proceeds. The sale included substantially all inventory held by the Company associated with the division. The Piling Products division is included in the Fabricated Steel business unit within the legacy Infrastructure Solutions segment.

Net sales for the third quarter of 2022 were $130,015, essentially unchanged versus the prior year quarter. However, net sales increased 8.7% organically and 5.5% from acquisitions, which was offset by a 14.3% decrease from divestitures. Sales activity includes a 4.6% increase in the Rail, Technologies, and Services segment, a 60.6% increase in the Precast Concrete Product segment, and a 37.6% decrease in the Steel Products and Measurement segment.

Gross profit for the three months ended September 30, 2022 was $23,096, an $821 increase, or 3.7%, from the prior year quarter. The increase in reported gross profit was driven primarily by the Precast Concrete Product segment, which increased by $2,929, or 107.8%, due in part to the VanHooseCo acquisition as well as improved margins in the legacy Precast Concrete Products business. Partially offsetting the increase was a decline in gross profit in the Steel Products and Measurement segment of $1,556 due to the Piling divestiture, as well as a more modest decline of $552 in Rail, Technologies, and Services. Gross profit in the quarter included a $3,956 million adverse impact associated with the settlement of certain long-term commercial contracts related to the multi-year Crossrail project in the Company's Technology Services and Solutions business in the United Kingdom. This settlement also reduced net sales for the Rail, Technologies, and Services segment by $3,956. Consolidated gross profit margin increased by 70 basis points to 17.8% when compared to the prior year quarter, with the increase attributable to the Precast Concrete Product segment, which was up 450 bps compared to the prior year period due to the VanHooseCo acquisition as well as improved margins in the legacy Precast Concrete Products business, and the Steel Products and Measurement segment which had a margin increase of 230 bps over the prior year quarter due to the sale of the lower margin Piling business. The Rail, Technologies, and Services segment margin decreased by 150 bps during the current quarter due to the impact of the Crossrail settlement as well as higher sales in the lower margin Rail Products line of business.

Selling and administrative expenses for the three months ended September 30, 2022 increased by $2,562, or 12.8%, from the prior year, primarily driven by a $1,443 increase in expenses associated with the Company's ongoing strategic transformation activities, including costs associated with the Company's acquisition and divestiture activity, and an increase in salary and incentive costs. Selling and administrative expenses as a percent of net sales were 17.4% versus 15.4% in the prior year quarter, a 200 basis point increase.

Other expense - net for the three months ended September 30, 2022 was $168 while other income - net was $2,880 in the prior year quarter, the change was due almost entirely to the loss of $447 on the sale of Track Components in the current year quarter compared to the gain on the sale of the Piling business of $2,741 in the prior year quarter.

The Company's effective income tax rate for the three months ended September 30, 2022 was 7.7%, compared to 23.2% in the prior year quarter. The Company's provision for income taxes for the quarter ended September 30, 2022 included a discrete income tax expense of $330 for a change in our permanent reinvestment assertion with respect to the undistributed earnings in Canada, as a result of the divestiture of our Track Components business located in St-Jean-sur-Richelieu, Quebec, Canada. The Company’s effective income tax rate for the quarter ended September 30, 2022 differed from the federal statutory rate of 21% primarily due to state income taxes, nondeductible expenses, research tax credits and withholding taxes on excess cash available for repatriation from foreign affiliates.

Net loss for the three months ended September 30, 2022 attributable to L.B. Foster Company was $2,077, or $0.20 per diluted share, a decrease of $4,419, or $0.42 per diluted share, from the prior year quarter. The decrease was primarily driven a $3,956 expense associated with the settlement of certain long-term commercial contracts related to the Crossrail project and by non-routine costs of $1,443 associated with the Company's acquisition and divestiture activity, as part of its overall portfolio transformation strategy. The prior year net income also benefited from the gain on the sale of the Piling business, which was $2,741.

The Company’s consolidated backlog[a] was $272,777 as of September 30, 2022, an increase of $41,051, or 17.7%, from the prior year. The Precast Concrete Product and Steel Products and Measurement segments reported a $17,048 and $24,954 backlog increase versus the prior year quarter, respectively, while the Rail, Technologies, and Services segment reported a decrease of $951 versus the prior year quarter. New order levels[a] for three months ended September 30, 2022 decreased by $1,592, or 1.1%, from the prior year quarter. New orders increased 5.0% organically and 5.6% from acquisitions, offset by a 11.7% decrease from divestitures.

While the present inflationary environment in labor and raw materials continues to pressure margins across the business, the Company has realized some benefit from cost and pricing mitigation actions taken, as evidenced in the Company's third quarter results. These mitigation efforts, along with the Company's portfolio transformation activities, drove the 70 basis point increase in margins from the prior year period, despite the $3,956 million unfavorable impact on gross profit levels due to the Crossrail adjustment. The Company continues to prioritize growth and margin improvement as well as its strategic transformation into a technology-focused, high growth infrastructure solutions provider, as evidenced from the acquisition of VanHooseCo and the divestiture of the Company’s Track Components business that were completed during the quarter. The additional flexibility and capacity resulting from the amendments to the Company’s credit agreement completed in 2021 and 2022 also provides the resources needed to fund operations and execute on any additional organic or acquisitive growth opportunities through the balance of 2022 and beyond.

As recessionary market conditions persist and are in some ways expanding, these conditions may impact demand for the Company’s offerings. However, the Company expects that many of its businesses will continue to directly benefit from infrastructure investment activity, including funding benefits from U.S. Infrastructure Investment and Jobs Act passed in November 2021. The Company is maintaining its optimistic outlook regarding longer-term trends in the North American freight and transit markets given supply chain and transportation needs coupled with expected government-subsidized investment.

*[a] The Company defines new orders as a contractual agreement between the Company and a third-party in which the Company will, or has the ability to, satisfy the performance obligations of the promised products or services under the terms of the agreement. The Company defines backlog as contractual commitments to customers for which the Company’s performance obligations have not been met, including with respect to new orders and contracts for which the Company has not begun any performance. Management utilizes new orders and backlog to evaluate the health of the industries in which the Company operates, the Company’s current and future results of operations and financial prospects, and strategies for business development. The Company believes that new orders and backlog are useful to investors as supplemental metrics by which to measure the Company’s current performance and prospective results of operations and financial performance.*

**Results of the Quarter**

| | Three Months Ended September 30, 2022 | Three Months Ended September 30, 2021 | Percent Increase/ (Decrease) 2022 vs. 2021 | Percent of Total Net Sales Three Months Ended September 30, 2022 | Percent of Total Net Sales Three Months Ended September 30, 2021 |
|---|---|---|---|---|---|
| Net Sales: | | | | | |
| Rail, Technologies, and Services | $ 77,350 | $ 73,942 | 4.6 % | 59.5 % | 56.9 % |
| Precast Concrete Products | 28,856 | 17,972 | 60.6 | 22.2 | 13.8 |
| Steel Products and Measurement | 23,809 | 38,139 | (37.6) | 18.3 | 29.3 |
| Total net sales | $ 130,015 | $ 130,053 | 0.0 % | 100.0 % | 100.0 % |

| | Three Months Ended September 30, 2022 | Three Months Ended September 30, 2021 | Percent Increase/ (Decrease) 2022 vs. 2021 | Gross Profit Percentage Three Months Ended September 30, 2022 | Gross Profit Percentage Three Months Ended September 30, 2021 |
|---|---|---|---|---|---|
| Gross Profit: | | | | | |
| Rail, Technologies, and Services | $ 13,376 | $ 13,928 | (4.0 %) | 17.3 % | 18.8 % |
| Precast Concrete Products | 5,647 | 2,718 | 107.8 | 19.6 | 15.1 |
| Steel Products and Measurement | 4,074 | 5,630 | (27.6) | 17.1 | 14.8 |
| Total gross profit | $ 23,097 | $ 22,276 | 3.7 % | 17.8 % | 17.1 % |

| | Three Months Ended September 30, 2022 | Three Months Ended September 30, 2021 | Percent Increase/ (Decrease) 2022 vs. 2021 | Percent of Total Net Sales Three Months Ended September 30, 2022 | Percent of Total Net Sales Three Months Ended September 30, 2021 |
|---|---|---|---|---|---|
| Expenses: | | | | | |
| Selling and administrative expenses | $ 22,618 | $ 20,056 | 12.8 % | 17.4 % | 15.4 % |
| Amortization expense | 1,599 | 1,462 | 9.4 | 1.2 | 1.1 |
| Operating (loss) profit | (1,120) | 758 | (247.8) | (0.9) | 0.6 |
| Interest expense - net | 993 | 722 | 37.5 | 0.8 | 0.6 |
| Other expense (income) - net | 168 | (2,880) | 105.8 | 0.1 | (2.2) |
| (Loss) income before income taxes | (2,281) | 2,916 | (178.2) | (1.8) | 2.2 |
| Income tax (benefit) expense | (176) | 676 | (126.0) | (0.1) | 0.5 |
| Net (loss) income | $ (2,105) | $ 2,240 | (194.0 %) | (1.6 %) | 1.7 % |
| Net loss attributable to noncontrolling interest | (28) | (30) | 6.7 | (0.0) | (0.0) |
| Net (loss) income attributable to L.B. Foster Company | $ (2,077) | $ 2,270 | (191.5 %) | (1.6 %) | 1.7 % |

**Results of Operations - Segment Analysis**

**Rail, Technologies, and Services**

| | Three Months Ended September 30, 2022 | Three Months Ended September 30, 2021 | Increase/(Decrease) 2022 vs. 2021 | Percent Increase/(Decrease) 2022 vs. 2021 |
|---|---|---|---|---|
| Net sales | $ 77,350 | $ 73,942 | $ 3,408 | 4.6 % |
| Gross profit | $ 13,376 | $ 13,928 | $ (552) | (4.0 %) |
| Gross profit percentage | 17.3 % | 18.8 % | (1.5 %) | (8.2 %) |
| Segment operating profit | $ 539 | $ 3,091 | $ (2,552) | (82.6 %) |
| Segment operating profit percentage | 0.7 % | 4.2 % | (3.5 %) | (83.3 %) |

Third Quarter 2022 Compared to Third Quarter 2021

On August 1, 2022, the Company divested the assets of its Track Components business. Cash proceeds from the transaction were $7,795, subject to indemnification obligations and working capital adjustments.

The Rail, Technologies, and Services segment sales for the three months ended September 30, 2022 increased by $3,408, or 4.6%, compared to the prior year quarter. The Rail Products business unit increased by $7,140, or 14.8%, and the Global Friction Management business unit increased by $1,428, or 11.7%, offsetting a sales decrease in the Technology Services and Solutions business unit of $5,160, or 38.7%, compared to the prior year quarter. The increase in the Rail Products business unit was driven by timing of customer order fulfillment versus the prior year quarter, which was partially offset by the impact of the Track Components divestiture. The sales decrease in the Technology Services and Solutions business unit was driven by an unfavorable settlement adjustment of $3,956 for certain long-term commercial contracts related to the multi-year Crossrail project along with foreign currency-related headwinds.

The Rail, Technologies, and Services segment gross profit decreased by $552, or 4.0%, from the prior year quarter. The decrease was driven by the $3,956 Crossrail settlement impact on Technology Services and Solutions gross profit, which was offset by increases in Rail Products and Global Friction Management commensurate with higher sales levels. Segment gross profit margins decreased by 150 basis points as a result of stronger sales in the lower margin Rail Products business unit, as well as the Crossrail settlement impact. Operating profit was $539, a $2,552 decrease over the prior year quarter, due primarily to lower overall gross profit levels and higher selling and administrative expenses stemming from increased salary, incentive, travel, and advertising costs.

During the current quarter, the Rail, Technologies, and Services segment had a decrease in new orders of $27,447, or 32.7%, compared to the prior year period. The decrease is due primarily to differences in customer order timing in the Rail Distribution business, as well as an impact of $3,079 due to the Track Components divestiture. Backlog as of September 30, 2022 was $108,864, a decrease of $951, or 0.9%, versus the prior quarter, $1,792 of which is related to the divested Track Components division.

**Precast Concrete Products**

| | Three Months Ended September 30, | | Increase | Percent Increase |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 vs. 2021 | 2022 vs. 2021 |
| Net sales | $ 28,856 | $ 17,972 | $ 10,884 | 60.6 % |
| Gross profit | $ 5,647 | $ 2,718 | $ 2,929 | 107.8 % |
| Gross profit percentage | 19.6 % | 15.1 % | 4.5 % | 29.4 % |
| Segment operating profit | $ 1,245 | $ 144 | $ 1,101 | ** |
| Segment operating profit percentage | 4.3 % | 0.8 % | 3.5 % | ** |

*** Results of the calculation are not considered meaningful for presentation purposes.*

Third Quarter 2022 Compared to Third Quarter 2021

On August 12, 2022, the Company acquired the operating assets of VanHooseCo for $52,540. VanHooseCo reported sales of $6,353, gross profit of $1,309 and operating profit of $397, which are included in the Precast Concrete Products results for the three months ended September 30, 2022.

The Precast Concrete Products segment sales for the three months ended September 30, 2022 increased by $10,884, or 60.6%, compared to the prior year quarter, which is the result of the VanHooseCo acquisition and a continued reflection of the strong demand environment in the southern United States markets served.

Precast Concrete Products gross profit increased by $2,929, or 107.8%, from the prior year quarter. The increase is partially attributable to the VanHooseCo acquisition as well as higher overall sales volumes and stronger margins from the legacy precast business. During the quarter, VanHooseCo gross profit was subject to an expense of $851 from a purchase accounting adjustment related to the acquired inventory, partially diluting the uplift on gross profit from the acquisition. Segment gross profit margin increased by 450 bps for the third quarter of 2022. Operating profit for the third quarter of 2022 increased by $1,101 when compared to the operating profit in the prior year quarter, due to higher gross profit levels, which were partially offset by selling and administrative costs associated with the VanHooseCo transaction.

During the quarter, the Precast Concrete Products segment had an increase in new orders of 31.3% compared to the prior year quarter due to the VanHooseCo acquisition. Backlog as of September 30, 2022 was $86,612, an increase of $17,048, or 24.5%, from September 30, 2021, remaining at historically high levels, due in part to a $14,366 increase from VanHooseCo.

**Steel Products and Measurement**

| | Three Months Ended September 30, 2022 | Three Months Ended September 30, 2021 | (Decrease)/Increase 2022 vs. 2021 | Percent (Decrease)/Increase 2022 vs. 2021 |
|---|---|---|---|---|
| Net sales | $ 23,809 | $ 38,139 | $ (14,330) | (37.6)% |
| Gross profit | $ 4,074 | $ 5,630 | $ (1,556) | (27.6)% |
| Gross profit percentage | 17.1 % | 14.8 % | 2.3 % | 15.9 % |
| Segment operating profit (loss) | $ 303 | $ (27) | $ 330 | ** |
| Segment operating profit (loss) percentage | 1.3 % | (0.1)% | 1.4 % | ** |

*** Results of the calculation are not considered meaningful for presentation purposes.*

Third Quarter 2022 Compared to Third Quarter 2021

The Steel Products and Measurement segment sales for the three months ended September 30, 2022 decreased by $14,330, or 37.6%, compared to the prior year quarter. The decrease in sales for the third quarter of 2022 was attributable to the $16,313 decline in year over year sales from the Piling Products division, which was divested in September of 2021. The decline was partially offset by an increase in Fabricated Steel Products, excluding the divested Piling Products division, of $1,102 and an increase of $881 in the Coatings and Measurement business unit.

Steel Products and Measurement gross profit decreased by $1,556, or 27.6%, from the prior year quarter, due to lower sales volume associated with the sale of the Piling Products business. The gross profit margin increased 230 basis points to 17.1%, as a result of a more favorable mix in 2022 due to the sale of the lower margin Piling Products business. The segment operating profit was $303, a $330 increase from the prior year quarter. Selling and administrative expenses incurred by the segment decreased by $1,936 compared to the prior year quarter, primarily attributable to expenses associated with the Piling Products divestiture in 2021.

During the quarter, the Steel Products and Measurement segment new orders increased by $18,542, or 58.8% compared to the prior year quarter, due to a $32,763 increase in Coatings and Measurement, driven primarily by a large order in the Company’s line pipe coating facility in Birmingham, AL, to support a carbon capture and sequestration pipeline project. This increase was offset by a $13,237 decrease in orders due to the sale of the Piling division in the prior year period. Backlog as of September 30, 2022 was $77,301, an increase of $24,954, or 47.7%, from September 30, 2021, driven by the order increase in Coatings and Measurement business unit, which was partially offset by a decrease in Fabricated Steel Products business unit, including reductions due to the Piling divestiture.

**Nine Month Results**

| | Nine Months Ended September 30, 2022 | Nine Months Ended September 30, 2021 | Percent Increase/ (Decrease) 2022 vs. 2021 | Percent of Total Net Sales Nine Months Ended September 30, 2022 | Percent of Total Net Sales Nine Months Ended September 30, 2021 |
|---|---|---|---|---|---|
| Net Sales: | | | | | |
| Rail, Technologies, and Services | $ 222,857 | $ 228,956 | (2.7)% | 61.9 % | 57.1 % |
| Precast Concrete Products | 67,477 | 50,723 | 33.0 | 18.7 | 12.7 |
| Steel Products and Measurement | 69,990 | 120,976 | (42.1) | 19.4 | 30.2 |
| Total net sales | $ 360,324 | $ 400,655 | (10.1)% | 100.0 % | 100.0 % |

| | Nine Months Ended September 30, 2022 | Nine Months Ended September 30, 2021 | Percent Increase/ (Decrease) 2022 vs. 2021 | Gross Profit Percentage Nine Months Ended September 30, 2022 | Gross Profit Percentage Nine Months Ended September 30, 2021 |
|---|---|---|---|---|---|
| Gross Profit: | | | | | |
| Rail, Technologies, and Services | $ 41,564 | $ 43,393 | (4.2)% | 18.7 % | 19.0 % |
| Precast Concrete Products | 11,439 | 9,127 | 25.3 | 17.0 | 18.0 |
| Steel Products and Measurement | 9,834 | 14,747 | (33.3) | 14.1 | 12.2 |
| Total gross profit | $ 62,837 | $ 67,267 | (6.6)% | 17.4 % | 16.8 % |

| | Nine Months Ended September 30, 2022 | Nine Months Ended September 30, 2021 | Percent Increase/ (Decrease) 2022 vs. 2021 | Percent of Total Net Sales Nine Months Ended September 30, 2022 | Percent of Total Net Sales Nine Months Ended September 30, 2021 |
|---|---|---|---|---|---|
| Expenses: | | | | | |
| Selling and administrative expenses | $ 59,310 | $ 57,849 | 2.5 % | 16.5 % | 14.4 % |
| Amortization expense | 4,454 | 4,397 | 1.3 | 1.2 | 1.1 |
| Operating profit (loss) | (927) | 5,021 | (118.5) | (0.3) | 1.3 |
| Interest expense - net | 1,747 | 2,454 | (28.8) | 0.5 | 0.6 |
| Other (income) expense - net | (1,096) | (2,751) | 60.2 | (0.3) | (0.7) |
| Income tax expense | 137 | 1,494 | (90.8) | 0.0 | 0.4 |
| Net (loss) income | $ (1,715) | $ 3,824 | (144.8)% | (0.5)% | 1.0 % |
| Net loss attributable to noncontrolling interest | (82) | (64) | 28.1 | (0.0) | (0.0) |
| Net (loss) income attributable to L.B. Foster Company | $ (1,633) | $ 3,888 | (142.0)% | (0.5)% | 1.0 % |

**Results of Operations - Segment Analysis**

**Rail, Technologies, and Services**

| | Nine Months Ended September 30, 2022 | Nine Months Ended September 30, 2021 | (Decrease)/Increase 2022 vs. 2021 | Percent (Decrease)/Increase 2022 vs. 2021 |
|---|---|---|---|---|
| Net sales | $ 222,857 | $ 228,956 | $ (6,099) | (2.7 %) |
| Gross profit | $ 41,564 | $ 43,393 | $ (1,829) | (4.2 %) |
| Gross profit percentage | 18.7 % | 19.0 % | (0.3 %) | (1.6 %) |
| Segment operating profit | $ 5,576 | $ 10,970 | $ (5,394) | (49.2 %) |
| Segment operating profit percentage | 2.5 % | 4.8 % | (2.3 %) | (47.8 %) |

First Nine Months 2022 Compared to First Nine Months 2021

On June 21, 2022, the Company entered into an agreement to purchase the stock of Skratch Enterprises Ltd. (“Skratch”) for $7,402. Skratch reported $856 in sales and $430 in gross profit within the Rail, Technologies, and Services nine months ended September 30, 2022 results. On August 1, 2022, the Company divested the assets of its Track Components business. Cash proceeds from the transaction were $7,795, subject to indemnification obligations and working capital adjustments.

The Rail, Technologies, and Services segment sales for the nine months ended September 30, 2022 decreased by $6,099, or 2.7%, compared to the prior year period. The decrease in sales was driven by the Rail Products business unit, which declined by $5,225, or 3.3%, and the Technology Services and Solutions business unit, which declined by $4,666 or 12.9%, offsetting sales increases in the Global Friction Management business unit of $3,792. The decrease in the Rail Products business unit was driven by the Track Components divestiture, accounting for $2,439 of the decline, as well as differences in customer order fulfillment timing between the periods. The decrease in the Technology Services and Solutions business unit is primarily attributable to the $3,956 adjustment from the customer settlement related to the Crossrail project, along with foreign currently-related headwinds. The sales increase in the Global Friction Management business unit is due to strength primarily in North American markets served.

The Rail, Technologies, and Services segment gross profit decreased by $1,829, or 4.2%, from the prior year quarter. Rail Products gross profit decreased by $750, commensurate with the sales volume decline, while Global Friction Management gross profit increased by $1,224, commensurate with the sales volume increase. Technology Services and Solutions gross profit decreased by $2,784, with the adverse impact of the Crossrail adjustment accounting for $3,956 of the decline, offsetting modest increases across the balance of the business unit. Segment gross profit margins decreased by 30 basis points, driven by the Crossrail adjustment impact on segment margins. Operating profit was $5,576, a $5,394 decrease over the prior year period, due in part to the decrease in gross profit and a $1,386 increase in selling and administrative expense.

During the current quarter, the Rail, Technologies, and Services segment had an increase in new orders of 7.8% compared to the prior year period, driven by improvements in all business units, despite the $4,434 decline in new orders due to the Track Components divestiture.

**Precast Concrete Products**

| | Nine Months Ended September 30, | | Increase/(Decrease) | Percent Increase/(Decrease) |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 vs. 2021 | 2022 vs. 2021 |
| Net sales | $ 67,477 | $ 50,723 | $ 16,754 | 33.0 % |
| Gross profit | $ 11,439 | $ 9,127 | $ 2,312 | 25.3 % |
| Gross profit percentage | 17.0 % | 18.0 % | (1.0)% | (5.8)% |
| Segment operating profit | $ 329 | $ 1,175 | $ (846) | (72.0)% |
| Segment operating profit percentage | 0.5 % | 2.3 % | (1.8)% | (79.0)% |

First Nine Months 2022 Compared to First Nine Months 2021

The Precast Concrete Products segment sales for the nine months ended September 30, 2022 increased by $16,754, or 33.0%, compared to the prior year period, which is primarily a result of the VanHooseCo acquisition and a continued reflection of the strong demand environment both in the southern and northeastern United States markets served.

Precast Concrete Products gross profit increased by $2,312, or 25.3%, from the prior year quarter, which is attributable to overall higher sales volumes, due in part to the VanHooseCo acquisition. However, VanHooseCo gross profit was subject to an expense of $851 from a temporary purchase accounting adjustment related to the acquired inventory, partially diluting the uplift on gross profit from the acquisition. Segment gross profit margin declined by 100 bps for the nine months ended September 30, 2022 versus the prior year period due to continued inflationary pressures and unfavorable building sales mix and, to a lesser extent, manufacturing inefficiencies due to supply chain disruption. Operating profit for the nine months ended September 30, 2022 of $329 reflects a $846 decline from the prior year period, due to increased salary, incentive, and travel costs.

During the quarter, the Precast Concrete Products segment had an increase in new orders of 3.1% compared to the prior year period, and an increase in backlog of 24.5% as of September 30, 2022 versus the prior year. New orders and backlog continue to remain strong given the robust demand environment in markets served.

**Steel Products and Measurement**

| | Nine Months Ended September 30, 2022 | Nine Months Ended September 30, 2021 | (Decrease)/Increase 2022 vs. 2021 | Percent (Decrease)/Increase 2022 vs. 2021 |
|---|---|---|---|---|
| Net Sales | $ 69,990 | $ 120,976 | $ (50,986) | (42.1)% |
| Gross profit | $ 9,834 | $ 14,747 | $ (4,913) | (33.3)% |
| Gross profit percentage | 14.1 % | 12.2 % | 1.9 % | 15.3 % |
| Segment operating loss | $ (1,083) | $ (140) | $ (943) | ** |
| Segment operating loss percentage | (1.5)% | (0.1)% | (1.4)% | ** |

*** Results of the calculation are not considered meaningful for presentation purposes.*

First Nine Months 2022 Compared to First Nine Months 2021

The Steel Products and Measurement segment sales for the nine months ended September 30, 2022 decreased by $50,986, or 42.1%, compared to the prior year period, due entirely to the impact of the divested Piling Products business, which drove a sales decline of $59,208 versus the prior year period. The decline in sales was partially offset by sales increases in the balance of the business, in both Fabricated Steel Products, excluding Piling, and Coatings and Measurement.

Steel Products and Measurement gross profit decreased by $4,913, or 33.3%, from the prior year period, due to lower sales volumes associated with the Piling Products business and inflationary pressures. However, the gross profit margin for the segment increased 190 basis points to 14.1%, a result of a more favorable mix in 2022 given the divestiture of the lower margin Piling Products business. The segment loss was $1,083, an increased loss of $943 from the prior year period. The increase in segment loss was due to lower gross profit levels, partially offset by a $4,128 decline in selling and administrative expenses. The decline in selling and administrative expenses in 2022 is due to a reduction of expenses associated with the sale of the Piling business.

During the first nine months of 2022, the Steel Products and Measurement segment new orders decreased by $18,407, or 15.5% compared to the prior year period, driven by a $58,898 decline from the divested Piling Products division. This decrease was partially offset by an increase in both Fabricated Steel Products, excluding the divested Piling Products division, of $7,367, and an increase of $33,124 in Coatings and Measurement. Coatings and Measurement orders were favorably impacted by a large order in the Company's line pipe coating facility in Birmingham, AL, to support a carbon capture and sequestration pipeline project.

**Other**

***Segment Backlog***

Total Company backlog is summarized by business segment in the following table for the periods indicated:

| | September 30, 2022 | December 31, 2021 | September 30, 2021 |
|---|---|---|---|
| Rail, Technologies, and Services | $ 108,864 | $ 96,573 | $ 109,815 |
| Precast Concrete Products | 86,612 | 68,636 | 69,564 |
| Steel Products and Measurement | 77,301 | 44,980 | 52,347 |
| Total backlog | $ 272,777 | $ 210,189 | $ 231,726 |

Backlog levels as of September 30, 2021 in the above table includes $1,792 in the Rail, Technologies, and Services segment related to the divested Track Components division, and $1,961 in the Steel Products and Measurement segment related to the divested Piling Products division. Backlog levels as of December 31, 2021 in the above table includes $1,531 in the Rail, Technologies, and Services segment related to the divested Track Components division.

The Company's backlog represents the sales price of received customer purchase orders and any contracts for which the performance obligations have not been met, and therefore are precluded from revenue recognition. Although the Company believes that the orders included in backlog are firm, customers may cancel or change their orders with limited advance notice; however, these instances have been rare. Backlog should not be considered a reliable indicator of the Company's ability to achieve any particular level of revenue or financial performance. While a considerable portion of the Company's business is backlog-driven, certain product lines within the Company are not driven by backlog as the orders are fulfilled shortly after they are received.

**Liquidity and Capital Resources**

The Company's principal sources of liquidity are its existing cash and cash equivalents, cash generated by operations, and the available capacity under the revolving credit facility, which provides for a total commitment of up to $130,000. The Company's primary needs for liquidity relate to working capital requirements for operations, capital expenditures, debt service obligations, payments related to the Union Pacific Railroad Settlement, and periodic acquisitions. The Company's total debt was $98,919 and

$31,251 as of September 30, 2022 and December 31, 2021, respectively, and was primarily comprised of borrowings under its revolving credit facility.

The following table reflects available funding capacity, subject to covenant restrictions, as of September 30, 2022:

| | | September 30, 2022 |
|---|---|---|
| Cash and cash equivalents | | $ 4,943 |
| Credit agreement: | | |
| Total availability under the credit agreement | 130,000 | |
| Outstanding borrowings on revolving credit facility | (98,763) | |
| Letters of credit outstanding | (564) | |
| Net availability under the revolving credit facility | | 30,673 |
| Total available funding capacity | | $ 35,616 |

The Company's cash flows are impacted from period to period by fluctuations in working capital. While the Company places an emphasis on working capital management in its operations, factors such as its contract mix, commercial terms, customer payment patterns, and market conditions as well as seasonality may impact its working capital. The Company regularly assesses its receivables and contract assets for collectability, and provides allowances for credit losses where appropriate. The Company believes that its reserves for credit losses are appropriate as of September 30, 2022, but adverse changes in the economic environment and adverse financial conditions of its customers resulting from, among other things, the COVID-19 pandemic, may impact certain of its customers' ability to access capital and pay the Company for its products and services, as well as impact demand for its products and services.

The changes in cash and cash equivalents for the nine months ended September 30, 2022 and 2021 were as follows:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2022 | 2021 |
| Net cash used in continuing operating activities | $ (18,836) | $ (6,810) |
| Net cash (used in) provided by continuing investing activities | (54,061) | 18,910 |
| Net cash provided by (used in) continuing financing activities | 68,568 | (13,030) |
| Effect of exchange rate changes on cash and cash equivalents | (1,100) | 24 |
| Net cash used in discontinued operations | — | (253) |
| Net decrease in cash and cash equivalents | $ (5,429) | $ (1,159) |

***Cash Flow from Operating Activities***

During the nine months ended September 30, 2022, cash flows used in operating activities were $18,836, compared to cash flows used in continuing operating activities of $6,810 during the prior year to date period. For the nine months ended September 30, 2022, the net income and adjustments to net income from continuing operating activities provided $9,134, compared to $13,880 in the 2021 period. Working capital and other assets and liabilities used $27,970 in the current period, compared to using $20,690 in the prior year period. The Company received $5,638 during the nine months ended September 30, 2022 associated with its federal income tax refund.

The Company's calculation for days sales outstanding at September 30, 2022 and December 31, 2021 was 47 and 46 days, respectively, and the Company believes it has a high quality receivables portfolio.

***Cash Flow from Investing Activities***

Capital expenditures for the nine months ended September 30, 2022 and 2021 were $4,559 and $3,568, respectively. The current period expenditures primarily relate to the implementation of the enterprise resource planning system at additional Company divisions and general plant and operational improvements throughout the Company. Expenditures for the nine months ended September 30, 2021 primarily relate to the expansion of the Precast Concrete Products business line in Texas. On June 21, 2022, the Company entered into an agreement to purchase the stock of Skratch for $7,402, and on August 12, 2022, the Company entered into an agreement to purchase the operating assets of VanHooseCo for $52,203, which drove a cash outflow of $58,561 during the nine months ended September 30, 2022. During the nine months ended September 30, 2022, the Company received cash proceeds from the 2022 Track Components divestiture and final proceeds from the 2021 Piling Products divestiture totaling $8,800. During the nine months ended September 30, 2021, the Company received cash proceeds from the Piling divestiture of $22,707.

*Cash Flow from Financing Activities*

During the nine months ended September 30, 2022 and 2021, the Company had an increase in outstanding debt of $69,155 and a decrease of $12,519, respectively. The increase in debt for the nine months ended September 30, 2022 was due largely to the acquisition of VanHooseCo on August 12, 2022, as well as the acquisition of Skratch on June 21, 2022, and the funding working of capital and other assets and liabilities. The decrease in net debt for the 2021 period was primarily attributable to the utilization of excess cash generated through operating activities. Treasury stock acquisitions of $405 and $549 for the nine months ended September 30, 2022 and 2021, respectively, represent stock repurchases from employees to satisfy their income tax withholdings in connection with the vesting of stock awards.

*Financial Condition*

As of September 30, 2022, the Company had $4,943 in cash and cash equivalents. The Company's cash management priority continues to be short-term maturities and the preservation of its principal balances. As of September 30, 2022, approximately $3,976 of the Company's cash and cash equivalents were held in non-domestic bank accounts. The Company principally maintains its cash and cash equivalents in accounts held by major banks and financial institutions.

The Company's principal uses of cash have been to fund its operations, including capital expenditures, acquisitions, and to service its indebtedness. The Company views its liquidity as being dependent on its results of operations, changes in working capital needs, and its borrowing capacity. As of September 30, 2022, its revolving credit facility had $30,673 of net availability, while the Company had $98,919 in total debt.

On August 13, 2021, the Company entered into the Credit Agreement, which increased the total commitments under the revolving credit facility to $130,000 from $115,000, extends the maturity from April 30, 2024 to August 13, 2026, and provides more favorable covenant terms. Borrowings under the Credit Agreement bear interest rates based upon either the base rate or LIBOR rate plus applicable margins. The Company believes that the combination of its cash and cash equivalents, cash generated from operations, and the capacity under its revolving credit facility should provide the Company with sufficient liquidity to provide the flexibility to operate the business in a prudent manner and enable the Company to continue to service its outstanding debt. On August 12, 2022, the Company amended its Credit Agreement to obtain approval for the VanHooseCo acquisition and temporarily modify certain financial covenants to accommodate the transaction. The Second Amendment permitted the Company to acquire the operating assets of VanHooseCo and modified the maximum gross leverage ratio covenant through June 30, 2023 to accommodate the transaction. The Second Amendment also added an additional tier to the pricing grid and provided for the conversion from LIBOR-based to SOFR-based borrowings. For a discussion of the terms and availability of the credit facilities, please refer to Note 10 of the Notes to Condensed Consolidated Financial Statements contained in this Quarterly Report on Form 10-Q.

To reduce the impact of interest rate changes on outstanding variable-rate debt, the Company amended and entered into forward starting SOFR-based interest rate swaps with notional values totaling $20,000 and $20,000, effective August 12, 2022 and August 31, 2022, respectively, at which point they effectively converted a portion of the debt from variable to fixed-rate borrowings during the term of the swap contract. During 2020, the Company designated its cash flow hedges and accounted for the $50,000 tranche of interest rate swaps on a mark-to-market basis with changes in fair value recorded in current period earnings. During February 2022, the $50,000 tranche of interest rate swaps expired. As of September 30, 2022 the swap asset was $1,960 and as of December 31, 2021 the swap asset and liability were $175 and $159, respectively.

**Critical Accounting Policies**

The Condensed Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States. When more than one accounting principle, or method of its application, is generally accepted, management selects the principle or method that, in its opinion, is appropriate in the Company's specific circumstances. Application of these accounting principles requires management to reach opinions regarding estimates about the future resolution of existing uncertainties. As a result, actual results could differ from these estimates. In preparing these financial statements, management has reached its opinions regarding the best estimates and judgments of the amounts and disclosures included in the financial statements giving due regard to materiality. A summary of the Company's critical accounting policies and estimates is included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

This item is not applicable to a smaller reporting company.

## Item 4. Controls and Procedures

**Evaluation of Disclosure Controls and Procedures**

L.B. Foster Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of September 30, 2022. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of such date such that the information required to be disclosed by the Company in reports filed under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to management, including the chief executive officer, chief financial officer, or person performing such functions, as appropriate to allow timely decisions regarding disclosure.

**Changes in Internal Control Over Financial Reporting**

There were no changes to our "internal control over financial reporting" (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the nine months ended September 30, 2022, and that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Limitations on Effectiveness of Controls and Procedures**

In designing and evaluating disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

## PART II. OTHER INFORMATION

**(Dollars in thousands, except share data)**

### Item 1. Legal Proceedings

See Note 15 of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

### Item 1A. Risk Factors

This item is not applicable to a smaller reporting company.

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

The Company's purchases of equity securities for the three months ended September 30, 2022 were as follows:

| | Total number of shares purchased (1) | Average price paid per share | Total number of shares purchased as part of publicly announced plans or programs | Approximate dollar value of shares that may yet be purchased under the plans or programs |
|---|---|---|---|---|
| July 1, 2022 - July 31, 2022 | — | $ — | — | $ — |
| August 1, 2022 - August 31, 2022 | — | — | — | — |
| September 1, 2022 - September 30, 2022 | 416 | 9.74 | — | — |
| Total | 416 | $ 9.74 | — | $ — |

1. Reflects shares withheld by the Company to pay taxes upon vesting of restricted stock.

### Item 3. Defaults Upon Senior Securities

Not applicable.

### Item 4. Mine Safety Disclosures

This item is not applicable to the Company.

### Item 5. Other Information

None.

**Item 6. Exhibits**

See Exhibit Index below.

**Exhibit Index**

| Exhibit Number | Description |
|---|---|
| 2.1 | Asset Purchase Agreement dated August 12, 2022 between VanHooseCo Precast, LLC and CXT Incorporated is incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K/A, File No. 0-10436,filed on August 18, 2022. |
| 10.1 | Second Amendment dated August 12, 2022 to the Fourth Amended and Restated Credit Agreement dated August 13, 2021, between Registrant and PNC Bank, Citizens Bank, N.A., Wells Fargo Bank, National Association, Bank of America, N.A., and BMO Harris Bank, National Association is incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K/A, File No. 0-10436, filed on August 18, 2022. |
| *31.1 | Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002. |
| *31.2 | Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002. |
| *32.0 | Certification of Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002. |
| *101.INS | XBRL Instance Document-the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| *101.SCH | XBRL Taxonomy Extension Schema Document. |
| *101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document. |
| *101.DEF | XBRL Taxonomy Extension Definition Linkbase Document. |
| *101.LAB | XBRL Taxonomy Extension Label Linkbase Document. |
| *101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document. |
| *104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) |

* Exhibits marked with an asterisk are filed herewith.

## SIGNATURE

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

L.B. FOSTER COMPANY
(Registrant)

Date: **November 8, 2022**

**By: /s/ William M. Thalman**
William M. Thalman
Senior Vice President
and Chief Financial Officer
(Duly Authorized Officer of Registrant)

**Exhibit 31.1**

**Certification under Section 302 of the**
**Sarbanes-Oxley Act of 2002**

I, John F. Kasel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of L.B. Foster Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 8, 2022**

**/s/ John F. Kasel**
Name: John F. Kasel
Title: President and Chief Executive Officer

**Exhibit 31.2**

**Certification under Section 302 of the Sarbanes-Oxley Act of 2002**

I, William M. Thalman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of L.B. Foster Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 8, 2022**

**/s/ William M. Thalman**
Name: William M. Thalman
Title: Senior Vice President
and Chief Financial Officer

**Exhibit 32.0**

**CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of L.B. Foster Company (the "Company") on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **November 8, 2022**

**/s/ John F. Kasel**
Name: John F. Kasel
Title: President and Chief Executive Officer

Date: **November 8, 2022**

**/s/ William M. Thalman**
Name: William M. Thalman
Title: Senior Vice President
and Chief Financial Officer