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

Form 10-Q

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

For the Quarterly Period Ended September 30, 2023

OR

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

For the transition period from __________ to __________

Commission File Number 001-35504

FORUM ENERGY TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**61-1488595**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

10344 Sam Houston Park Drive Suite 300 Houston Texas 77064
(Address of Principal Executive Offices) *(Zip Code)*

(281) 949-2500
(Registrant's telephone number, including area code)

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

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

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

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

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. o

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 October 27, 2023, there were 10,192,978 common shares outstanding.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share information)	**2023**	**2022**	**2023**	**2022**
Revenue	$ 179,253	$ 181,835	$ 553,659	$ 509,255
Cost of sales	128,231	130,472	399,229	370,700
Gross profit	51,022	51,363	154,430	138,555
Operating expenses				
Selling, general and administrative expenses	45,496	43,713	135,364	131,515
Loss (gain) on disposal of assets and other	(145)	(52)	137	(938)
Total operating expenses	45,351	43,661	135,501	130,577
Operating income	5,671	7,702	18,929	7,978
Other expense (income)				
Interest expense	4,504	8,143	13,742	23,609
Foreign exchange and other losses (gains), net	(8,279)	(18,288)	1,129	(37,112)
Total other expense (income), net	(3,775)	(10,145)	14,871	(13,503)
Income before taxes	9,446	17,847	4,058	21,481
Income tax expense	1,477	1,370	6,154	4,939
Net income (loss)	$ 7,969	$ 16,477	$ (2,096)	$ 16,542
Weighted average shares outstanding				
Basic	10,235	5,778	10,208	5,736
Diluted	10,393	10,552	10,208	10,489
Earnings (loss) per share				
Basic	$ 0.78	$ 2.85	$ (0.21)	$ 2.88
Diluted	$ 0.77	$ 1.82	$ (0.21)	$ 2.37
Other comprehensive income (loss), net of tax of $0:				
Net income (loss)	$ 7,969	$ 16,477	$ (2,096)	$ 16,542
Change in foreign currency translation	(10,710)	(22,690)	1,197	(46,199)
Gain (loss) on pension liability	(36)	66	(15)	153
Comprehensive loss	$ (2,777)	$ (6,147)	$ (914)	$ (29,504)

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

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

(in thousands, except share information)	September 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 37,151	$ 51,029
Accounts receivable—trade, net of allowances of $10,945 and $10,690	157,820	154,247
Inventories, net	302,304	269,828
Prepaid expenses and other current assets	24,670	21,957
Accrued revenue	771	665
Costs and estimated profits in excess of billings	8,440	15,139
Total current assets	531,156	512,865
Property and equipment, net of accumulated depreciation	61,397	62,963
Operating lease assets	56,363	57,270
Deferred financing costs, net	927	1,166
Intangible assets, net	173,394	191,481
Deferred income taxes, net	368	184
Other long-term assets	5,266	8,828
Total assets	$ 828,871	$ 834,757
Liabilities and equity		
Current liabilities		
Current portion of long-term debt	$ 1,076	$ 782
Accounts payable—trade	124,146	118,261
Accrued liabilities	64,184	76,544
Deferred revenue	14,140	14,401
Billings in excess of costs and profits recognized	4,739	305
Total current liabilities	208,285	210,293
Long-term debt, net of current portion	128,537	239,128
Deferred income taxes, net	904	902
Operating lease liabilities	62,569	64,626
Other long-term liabilities	11,456	12,773
Total liabilities	411,751	527,722
Commitments and contingencies		
Equity		
Common stock, $0.01 par value, 14,800,000 shares authorized, 10,901,878 and 6,223,454 shares issued	109	62
Additional paid-in capital	1,368,062	1,253,613
Treasury stock at cost, 708,900 and 570,247 shares	(142,057)	(138,560)
Retained deficit	(682,691)	(680,595)
Accumulated other comprehensive loss	(126,303)	(127,485)
Total equity	417,120	307,035
Total liabilities and equity	$ 828,871	$ 834,757

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

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

	Nine Months Ended September 30,	
(in thousands)	2023	2022
Cash flows from operating activities		
Net income (loss)	$ (2,096)	$ 16,542
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation expense	7,920	9,678
Amortization of intangible assets	18,074	18,487
Inventory write down	1,918	1,580
Stock-based compensation expense	3,345	3,537
Deferred income taxes	(93)	(1,870)
Noncash losses and other, net	4,702	5,480
Changes in operating assets and liabilities		
Accounts receivable—trade	(4,779)	(28,729)
Inventories	(35,613)	(37,160)
Prepaid expenses and other assets	413	1,408
Cost and estimated profit in excess of billings	6,819	(10,251)
Accounts payable, deferred revenue and other accrued liabilities	(8,257)	(2,022)
Billings in excess of costs and estimated profits earned	4,570	(8,812)
Net cash used in operating activities	(3,077)	(32,132)
Cash flows from investing activities		
Capital expenditures for property and equipment	(5,497)	(4,779)
Proceeds from sale of property and equipment	1,341	2,672
Payments related to business acquisitions and dispositions	—	(485)
Net cash used in investing activities	(4,156)	(2,592)
Cash flows from financing activities		
Borrowings on Credit Facility	351,635	423,945
Repayments on Credit Facility	(351,635)	(413,205)
Payment of capital lease obligations	(910)	(746)
Repurchases of stock	(5,996)	(826)
Net cash provided by (used in) financing activities	(6,906)	9,168
Effect of exchange rate changes on cash	261	(1,524)
Net decrease in cash, cash equivalents and restricted cash	(13,878)	(27,080)
Cash, cash equivalents and restricted cash at beginning of period	51,029	46,858
Cash, cash equivalents and restricted cash at end of period	$ 37,151	$ 19,778
Noncash activities		
Operating lease right of use assets obtained in exchange for lease obligations	$ 5,194	$ 3,248
Finance lease right of use assets obtained in exchange for lease obligations	1,521	458
Conversion of debt to common stock	113,650	—

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

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

Nine Months Ended September 30, 2023

(in thousands)	Common stock	Additional paid-in capital	Treasury stock	Retained deficit	Accumulated other comprehensive income / (loss)	Total equity
Balance at December 31, 2022	**$ 62**	**$ 1,253,613**	**$ (138,560)**	**$ (680,595)**	**$ (127,485)**	**$ 307,035**
Stock-based compensation expense	—	841	—	—	—	841
Restricted stock issuance, net of forfeitures	1	(1,874)	—	—	—	(1,873)
Conversion of debt to common stock	46	113,604	—	—	—	113,650
Treasury stock	—	—	(3,497)	—	—	(3,497)
Currency translation adjustment	—	—	—	—	4,158	4,158
Change in pension liability	—	—	—	—	15	15
Net loss	—	—	—	(3,486)	—	(3,486)
Balance at March 31, 2023	**$ 109**	**$ 1,366,184**	**$ (142,057)**	**$ (684,081)**	**$ (123,312)**	**$ 416,843**
Stock-based compensation expense	—	1,257	—	—	—	1,257
Currency translation adjustment	—	—	—	—	7,749	7,749
Change in pension liability	—	—	—	—	6	6
Net loss	—	—	—	(6,579)	—	(6,579)
Balance at June 30, 2023	**$ 109**	**$ 1,367,441**	**$ (142,057)**	**$ (690,660)**	**$ (115,557)**	**$ 419,276**
Stock-based compensation expense	—	1,247	—	—	—	1,247
Restricted stock issuance, net of forfeitures	—	(626)	—	—	—	(626)
Currency translation adjustment	—	—	—	—	(10,710)	(10,710)
Change in pension liability	—	—	—	—	(36)	(36)
Net income	—	—	—	7,969	—	7,969
Balance at September 30, 2023	**$ 109**	**$ 1,368,062**	**$ (142,057)**	**$ (682,691)**	**$ (126,303)**	**$ 417,120**

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

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

Nine Months Ended September 30, 2022

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

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

1. Organization and Basis of Presentation

Forum Energy Technologies, Inc. (the “Company,” “FET,” “we,” “our,” or “us”), a Delaware corporation, is a global company serving the oil, natural gas, industrial and renewable energy industries. With headquarters located in Houston, Texas, FET provides value added solutions that increase the safety and efficiency of energy exploration and production.

Basis of Presentation

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

In management's opinion, all adjustments, consisting of normal recurring adjustments, necessary for the fair statement of the Company’s financial position, results of operations and cash flows have been included. Operating results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 or any other interim period.

These interim financial statements are unaudited and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America for complete consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022, which are included in the Company’s 2022 Annual Report on Form 10-K filed with the SEC on February 28, 2023.

2. Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, which the Company adopts as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company's consolidated financial statements upon adoption.

Accounting Standard Adopted in 2023

Inflation Reduction Act of 2022. In August 2022, the Inflation Reduction Act of 2022 (“IRA”) was signed into law. The IRA, among other provisions, imposes a 15% corporate alternative minimum tax on the adjusted financial statement income of certain large corporations effective for tax years beginning after December 31, 2022 and a 1% excise tax on stock repurchases made by publicly traded U.S. corporations after December 31, 2022. The adoption of this standard did not have a material impact on our consolidated financial statements.

Reference Rate Reform (Topic 848). In March 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2020-04, which provides temporary, optional practical expedients and exceptions to enable a smoother transition to the new reference rates which will replace the London Interbank Offered Rate (“LIBOR”) and other reference rates expected to be discontinued. In January 2021, the FASB issued ASU 2021-01, which expanded the scope to include derivative instruments impacted by the discounting transition. In December 2022, the FASB issued ASU 2022-06, which extended the temporary accounting rules from December 31, 2022 to December 31, 2024. Effective April 2023, the Company transitioned its Credit Facility from LIBOR to the Secured Overnight Financing Rate (“SOFR”). The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

3. Revenue

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to receive in exchange for those goods or services. For a detailed discussion of our revenue recognition policies, refer to the Company’s 2022 Annual Report on Form 10-K.

Disaggregated Revenue

Refer to Note 9 *Business Segments* for disaggregated revenue by product line and geography.

Contract Balances

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

The following table reflects the changes in our contract assets and contract liabilities balances for the nine months ended September 30, 2023 (in thousands):

	September 30, 2023	December 31, 2022	Increase / (Decrease)	
			$	%
Accrued revenue	$ 771	$ 665		
Costs and estimated profits in excess of billings	8,440	15,139		
Contract assets - current	9,211	15,804		
Contract assets - noncurrent	1,637	2,638		
Contract assets	$ 10,848	$ 18,442	$ (7,594)	(41)%
Deferred revenue	$ 14,140	$ 14,401		
Billings in excess of costs and profits recognized	4,739	305		
Contract liabilities	$ 18,879	$ 14,706	$ 4,173	28 %

During the nine months ended September 30, 2023, our contract assets decreased by $7.6 million and our contract liabilities increased by $4.2 million primarily due to the timing of milestone billings for projects in our Subsea Technologies product line.

During the nine months ended September 30, 2023, we recognized $12.6 million of revenue that was included in the contract liability balance at the beginning of the period.

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

4. Inventories

The Company's significant components of inventory at September 30, 2023 and December 31, 2022 were as follows (in thousands):

	September 30, 2023	December 31, 2022
Raw materials and parts	$ 98,100	$ 94,182
Work in process	31,529	27,489
Finished goods	211,035	187,448
Total inventories	340,664	309,119
Less: inventory reserve	(38,360)	(39,291)
Inventories, net	$ 302,304	$ 269,828

5. Intangible Assets

Intangible assets consisted of the following as of September 30, 2023 and December 31, 2022, respectively (in thousands):

	September 30, 2023			
	Gross Carrying Amount	Accumulated Amortization	Net Intangibles	Amortization Period (In Years)
Customer relationships	$ 266,409	$ (159,402)	$ 107,007	10 - 35
Patents and technology	88,793	(39,568)	49,225	5 - 19
Non-compete agreements	188	(188)	—	5
Trade names	42,605	(28,496)	14,109	7 - 19
Trademarks	5,089	(2,036)	3,053	15
Total intangible assets	$ 403,084	$ (229,690)	$ 173,394	

	December 31, 2022			
	Gross Carrying Amount	Accumulated Amortization	Net Intangibles	Amortization Period (In Years)
Customer relationships	$ 266,537	$ (147,496)	$ 119,041	10 - 35
Patents and technology	88,863	(35,298)	53,565	5 - 19
Non-compete agreements	188	(188)	—	5
Trade names	42,638	(27,071)	15,567	7 - 19
Trademarks	5,089	(1,781)	3,308	15
Total intangible assets	$ 403,315	$ (211,834)	$ 191,481	

6. Debt

Notes payable and lines of credit as of September 30, 2023 and December 31, 2022 consisted of the following (in thousands):

	September 30, 2023	December 31, 2022
2025 Notes	$ 134,208	$ 256,970
Unamortized debt discount	(5,785)	(15,314)
Debt issuance cost	(1,420)	(3,759)
Credit Facility	—	—
Other debt	2,610	2,013
Total debt	129,613	239,910
Less: current portion	(1,076)	(782)
Long-term debt, net of current portion	$ 128,537	$ 239,128

2025 Notes

In August 2020, we exchanged $315.5 million principal amount of our previous 6.25% unsecured notes due 2021 for new 9.00% convertible secured notes due August 2025 (the “2025 Notes”). The 2025 Notes pay interest at the rate of 9.00%, of which 6.25% is payable in cash and 2.75% is payable in cash or additional notes, at the Company’s option. The 2025 Notes are secured by a first lien on substantially all of the Company’s assets, except for Credit Facility priority collateral, which secures the 2025 Notes on a second lien basis. During the nine months ended September 30, 2023, $122.8 million or 48% of the principal amount of the 2025 Notes mandatorily converted into approximately 4.5 million shares of common stock.

Credit Facility

Our senior secured revolving credit facility (“Credit Facility”), which has a maturity date of September 2026, provides revolving credit commitments of $179.0 million (with a sublimit of up to $70.0 million available for the issuance of letters of credit for the account of the Company and certain of its domestic subsidiaries) (the “U.S. Line”), of which up to $20.0 million is available to certain of our Canadian subsidiaries for loans in U.S. or Canadian dollars (with a sublimit of up to $3.0 million available for the issuance of letters of credit for the account of our Canadian subsidiaries) (the “Canadian Line”).

Availability under the Credit Facility is subject to a borrowing base calculated by reference to eligible accounts receivable in the U.S., Canada and certain other jurisdictions (subject to a cap) and eligible inventory in the U.S. and Canada. Such eligible accounts receivable and eligible inventory serve as priority collateral for the Credit Facility, which is also secured on a second lien basis by substantially all of the Company's other assets. The amount of eligible inventory included in the borrowing base is restricted to the lesser of $124.0 million (subject to a quarterly reduction of $0.5 million) and 80.0% of the total borrowing base. Our borrowing capacity under the Credit Facility could be reduced or eliminated, depending on future fluctuations in our receivables and inventory. As of September 30, 2023, our total borrowing base was $173.3 million, of which no amount was drawn and $18.5 million was used for security of outstanding letters of credit, resulting in remaining availability of $154.8 million.

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

Borrowings under the Canadian Line were subject to an interest rate during the reporting period equal to, our subsidiary's option, either (a) the Canadian Dollar Offered Rate (“CDOR”), subject to a floor of 0.00%, plus a margin of 2.25% to 2.75%, or (b) a base rate plus a margin of 1.25% to 1.75%, in each case based upon the Company's quarterly net leverage ratio. The Canadian line base rate is determined by reference to the greater of (i) the one-month CDOR plus 1.00% and (ii) the prime rate for Canadian dollar commercial loans made in Canada as reported by Thomson Reuters, subject to a floor of 0.00%.

The weighted average interest rate under the Credit Facility was approximately 8.28% for the nine months ended September 30, 2023.

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

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

Deferred Loan Costs

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

Other Debt

Other debt consists primarily of various finance leases of equipment.

Letters of Credit and Guarantees

We execute letters of credit in the normal course of business to secure the delivery of product from specific vendors and also to guarantee our fulfillment of performance obligations relating to certain large contracts. The Company had $18.5 million and $21.8 million in total outstanding letters of credit as of September 30, 2023 and December 31, 2022, respectively.

7. Income Taxes

For interim periods, our income tax expense or benefit is computed based on our estimated annual effective tax rate and any discrete items that impact the interim periods. For the three and nine months ended September 30, 2023, the Company recorded a tax expense of $1.5 million and $6.2 million, respectively. For the three and nine months ended September 30, 2022, the Company recorded a tax expense of $1.4 million and $4.9 million, respectively. The estimated annual effective tax rates for all periods were impacted by losses in jurisdictions where the recording of a tax benefit is not available. Furthermore, the tax expense or benefit recorded can vary from period to period depending on the Company's relative mix of earnings and losses by jurisdiction. Finally, the Company believes that it is reasonably possible that a decrease of approximately $1.5 million of noncurrent unrecognized tax benefits may occur by the end of 2023 as a result of a lapse of the statute of limitations.

We have deferred tax assets related to net operating loss and other tax carryforwards in the U.S. and in certain states and foreign jurisdictions. We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning and recent operating results. As of September 30, 2023, we do not anticipate being able to fully utilize all of the losses prior to their expiration in the following jurisdictions: the U.S., the U.K., Germany, Singapore, China and Saudi Arabia. As a result, we have certain valuation allowances against our deferred tax assets as of September 30, 2023.

8. Fair Value Measurements

The Company had no borrowings outstanding under the Credit Facility as of September 30, 2023. The Credit Facility incurs interest at a variable interest rate, and therefore, the carrying amount approximates fair value. The fair value of the debt is classified as a Level 2 measurement because interest rates charged are similar to other financial instruments with similar terms and maturities.

The fair value of our 2025 Notes is estimated using Level 2 inputs in the fair value hierarchy and is based on quoted prices for those or similar instruments. At September 30, 2023, the fair value and the carrying value of our 2025 Notes approximated $130.1 million and $127.0 million, respectively. At December 31, 2022, the fair value and the carrying value of our 2025 Notes approximated $272.8 million and $237.9 million, respectively.

There were no other significant outstanding financial instruments as of September 30, 2023 and December 31, 2022 that required measuring the amounts at fair value on a recurring basis. We did not change our valuation techniques associated with recurring fair value measurements from prior periods, and there were no transfers between levels of the fair value hierarchy during the nine months ended September 30, 2023.

9. Business Segments

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue				
Drilling & Downhole	$ 81,181	$ 75,723	$ 238,652	$ 223,476
Completions	62,473	72,246	208,239	190,867
Production	36,877	34,238	108,918	95,622
Eliminations	(1,278)	(372)	(2,150)	(710)
Total revenue	$ 179,253	$ 181,835	$ 553,659	$ 509,255
Segment operating income				
Drilling & Downhole	$ 8,437	$ 9,481	$ 25,165	$ 23,995
Completions	2,147	5,915	9,893	8,787
Production	1,803	665	4,546	(1,241)
Corporate	(6,861)	(8,411)	(20,538)	(24,501)
Segment operating income	5,526	7,650	19,066	7,040
Loss (gain) on disposal of assets and other	(145)	(52)	137	(938)
Operating income	$ 5,671	$ 7,702	$ 18,929	$ 7,978

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

	September 30, 2023	December 31, 2022
Drilling & Downhole	$ 347,503	$ 340,819
Completions	357,174	366,771
Production	100,149	95,089
Corporate	24,045	32,078
Total assets	$ 828,871	$ 834,757

Corporate assets primarily include cash, certain prepaid assets and deferred loan costs.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Drilling Technologies	$ 42,953	$ 38,159	$ 128,995	$ 100,934
Downhole Technologies	23,480	21,916	68,763	62,902
Subsea Technologies	14,748	15,648	40,894	59,640
Stimulation and Intervention	32,545	43,647	126,266	111,143
Coiled Tubing	29,928	28,599	81,973	79,724
Production Equipment	21,706	18,463	59,268	50,055
Valve Solutions	15,171	15,775	49,650	45,567
Eliminations	(1,278)	(372)	(2,150)	(710)
Total revenue	$ 179,253	$ 181,835	$ 553,659	$ 509,255

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
United States	$ 103,453	$ 124,896	$ 352,183	$ 336,754
Middle East	27,359	12,751	64,058	38,700
Canada	12,333	14,169	40,400	35,761
Europe & Africa	16,832	14,291	39,177	45,186
Latin America	9,185	6,191	30,218	25,891
Asia-Pacific	10,091	9,537	27,623	26,963
Total revenue	$ 179,253	$ 181,835	$ 553,659	$ 509,255

10. Commitments and Contingencies

In the ordinary course of business, the Company is, and in the future could be, involved in various pending or threatened legal actions, some of which may or may not be covered by insurance. Management has reviewed such pending judicial and legal proceedings, the reasonably anticipated costs and expenses in connection with such proceedings, and the availability and limits of insurance coverage, and has established reserves that are believed to be appropriate in light of those outcomes that are believed to be probable and can be estimated. The reserves accrued at September 30, 2023 and December 31, 2022, respectively, are immaterial. In the opinion of management, the Company's ultimate liability, if any, with respect to these actions is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

In October of 2017, one of our subsidiaries, Global Tubing LLC ("Global Tubing"), filed suit against Tenaris Coiled Tubes, LLC and Tenaris, S.A. (together "Tenaris") in the United States District Court for the Southern District of Texas seeking a declaration that its DURACOIL™ products do not infringe certain Tenaris patents related to coiled tubing. Tenaris filed counterclaims against Global Tubing alleging DURACOIL™ products infringe three patents. Tenaris sought unspecified damages and a permanent injunction. In response, Global Tubing alleged that its products do not infringe and the Tenaris patents are invalid and unenforceable. On March 20, 2023, the court agreed with Global Tubing, finding all patents unenforceable and dismissing all Tenaris infringement claims. Global Tubing intends to seek an award of its attorneys' fees and costs incurred as a result of the litigation. Tenaris has appealed the final judgment and Global Tubing has filed a cross-appeal.

For further disclosure regarding certain litigation matters, refer to Note 12 of the notes to the consolidated financial statements included in Item 8 of the Company's 2022 Annual Report on Form 10-K filed with the SEC on February 28, 2023.

11. Earnings (Loss) Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Net income (loss) - basic	$ 7,969	$ 16,477	$ (2,096)	$ 16,542
Interest on dilutive convertible notes due 2025	—	2,762	—	8,286
Net income (loss) - diluted	$ 7,969	$ 19,239	$ (2,096)	$ 24,828
Weighted average shares outstanding - basic	10,235	5,778	10,208	5,736
Dilutive effect of stock options and restricted stock	158	227	—	206
Dilutive effect of convertible notes due 2025	—	4,547	—	4,547
Weighted average shares outstanding - diluted	10,393	10,552	10,208	10,489
Earnings (loss) per share				
Basic	$ 0.78	$ 2.85	$ (0.21)	$ 2.88
Diluted	$ 0.77	$ 1.82	$ (0.21)	$ 2.37

The calculation of diluted earnings per share excluded approximately 46 thousand shares that were anti-dilutive for the three months ended September 30, 2023. For the nine months ended September 30, 2023, we excluded all potentially dilutive restricted shares and stock options in calculating diluted earnings per share as the effect was anti-dilutive due to net losses incurred for the period. For the three months and nine months ended September 30, 2022, the diluted earnings per share calculation excluded approximately 54 thousand and 95 thousand shares, respectively. Diluted earnings per share was calculated using treasury stock method for the restricted shares and stock options; and if-converted method for the convertible notes.

12. Stockholders' Equity

Stock-based compensation

During the nine months ended September 30, 2023, the Company granted 86,912 time-based restricted stock units to employees that vest ratably over three years.

In addition, during the nine months ended September 30, 2023, the Company granted 86,912 performance restricted stock units to employees (assuming target performance) that vest based upon the total shareholder return of the Company's common stock as compared to a group of peer companies over three different performance periods. The performance periods run from January 1, 2023 through December 31, 2023, January 1, 2023 through December 31, 2024 and January 1, 2023 through December 31, 2025, and 1/3 of each award is allocated to each performance period. The performance restricted stock units may settle for between 0% and 200% of the target units granted in shares of the Company’s common stock.

13. Related Party Transactions

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

14. Subsequent Events

On November 1, 2023, the Company and its wholly owned subsidiary entered into a purchase agreement with Variperm Holdings Ltd. ("Variperm") and its shareholders to acquire all of the issued and outstanding common shares of Variperm. The Company expects the transaction to close during January 2024. Variperm, headquartered in Canada, is a manufacturer of downhole technology solutions, providing sand and flow control products for heavy oil applications.

Total consideration for the acquisition includes approximately $150.0 million of cash and 2.0 million shares of the Company's common stock, subject to customary purchase price adjustments set forth in the purchase agreement. The purchase agreement was filed in the Company's Current Report on Form 8-K on November 3, 2023.

On November 1, 2023, the Company entered into an amendment to the Credit Facility that, among other things, permits the acquisition of Variperm, permits the incurrence of either new secured notes in an amount not to exceed $200.0 million or other financing, extends the maturity date of the Credit Agreement to September 8, 2028, increases the aggregate revolving commitments to $250.0 million from $179.0 million, and updates the CDOR provisions with Canadian Overnight Repo Rate Average.

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. We disclaim any obligation to update or revise these statements unless required by law, and you should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this Quarterly Report on Form 10-Q are reasonable, forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause actual results to differ materially from our plans, intentions or expectations. This may be the result of various factors, including, but not limited to, those factors discussed in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed with the SEC on February 28, 2023, and elsewhere in this Quarterly Report on Form 10-Q. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

Overview

We are a global company serving the oil, natural gas, industrial and renewable energy industries. With headquarters located in Houston, Texas, FET provides value added solutions aimed at improving the safety, efficiency, and environmental impact of our customers' operations. Our highly engineered products include capital equipment and consumable products. FET's customers include oil and natural gas operators, land and offshore drilling contractors, oilfield service companies, pipeline and refinery operators, and renewable energy and new energy companies. Consumable products are used by our customers in drilling, well construction and completions activities and at processing centers and refineries. Our capital products are directed at drilling rig equipment for constructing new and upgrading existing rigs, subsea construction and development projects, pressure pumping equipment, the placement of production equipment on new producing wells, downstream capital projects and capital equipment for renewable energy projects. For the nine months ended September 30, 2023, approximately 65% of our revenue was derived from consumable products and activity-based equipment, while the balance was primarily derived from capital products with a small amount from rental and other services.

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

- *Drilling & Downhole*. This segment designs, manufactures and supplies products and provides related services to the drilling, well construction, artificial lift and subsea energy construction markets, including applications in oil and natural gas, renewable energy, defense, and communications. The products and related services consist primarily of: (i) capital equipment and a broad line of expendable products consumed in the drilling process; (ii) well construction casing and cementing equipment and protection products for artificial lift equipment and cables; and (iii) subsea remotely operated vehicles ("ROVs") and trenchers, submarine rescue vehicles, specialty components and tooling, and complementary subsea technical services.

- *Completions.* This segment designs, manufactures and supplies products and provides related services to the coiled tubing, well stimulation and intervention markets. The products and related services consist primarily of: (i) capital and consumable products sold to the pressure pumping, hydraulic fracturing and flowback services markets, including hydraulic fracturing pumps, cooling systems, high-pressure flexible hoses and flow iron as well as wireline cable and pressure control equipment used in the well completion and intervention service markets; and (ii) coiled tubing strings and coiled line pipe and related services.

- *Production*. This segment designs, manufactures and supplies products and provides related equipment and services for production and infrastructure markets. The products and related services consist primarily of: (i) engineered process systems, production equipment, as well as specialty separation equipment; and (ii) a wide range of industrial valves focused on serving oil and natural gas customers as well as power generation, renewable energy and other general industrial applications.

Market Conditions

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

Recent inflationary pressures and rising interest rates have created a heightened concern of a global recession. Oil and natural gas prices softened in the first half of 2023 as a result of such global recessionary fears, but rebounded during the third quarter as supply tightened from further OPEC+ production cuts. The recent conflict in the Middle East could lead to a disruption to world energy markets and international supply chains. Despite these near-term macroeconomic challenges, we expect that the world's long-term energy demand will continue to rise and may outpace global supply as OPEC+ remains committed to maintaining stable oil prices. We expect that hydrocarbons will continue to play a vital role in meeting the world's long-term energy needs while renewable energy sources become increasingly prominent.

The price of oil has varied dramatically over the last several years. The spot prices for West Texas Intermediate (“WTI”) and United Kingdom Brent (“Brent”) crude oil fell from $61.14 and $67.77 per barrel, respectively, as of December 31, 2019 to lows below $15.00 per barrel in April 2020. Since that time, oil prices rebounded to highs above $120.00 per barrel in March 2022 but have softened to an average of $82.25 and $86.65, for WTI and Brent, respectively, in the third quarter 2023. In addition, natural gas prices have decreased by 67.7% comparing the third quarter 2023 to the third quarter 2022.

Our revenues, over the long-term, are highly correlated to the global drilling rig count, which averaged 1,788 rigs during the third quarter 2023 from an average of 1,030 rigs in the third quarter 2020. The average U.S. rig count for the third quarter 2023 was 9.7% lower and 14.7% lower compared to the second quarter 2023 and third quarter 2022, respectively. The international rig count for the third quarter 2023 was 0.9% lower and 11.0% higher compared to the second quarter 2023 and third quarter 2022, respectively.

Global drilling and completions activity remains below pre-pandemic levels. Markets outside North America are expected to grow and outpace the U.S. in 2023. In the U.S., publicly owned exploration and production companies are expected to continue to exercise disciplined capital spending. Privately owned exploration and production companies tend to fluctuate their activity more readily in response to changes in oil and natural gas prices.

The table below shows average crude oil and natural gas prices for WTI, Brent, and Henry Hub:

	Three Months Ended		
	September 30, 2023	June 30, 2023	September 30, 2022
Average global oil, $/bbl			
West Texas Intermediate	$ 82.25	$ 73.54	$ 93.06
United Kingdom Brent	$ 86.65	$ 77.99	$ 100.71
Average North American Natural Gas, $/Mcf			
Henry Hub	$ 2.59	$ 2.16	$ 8.03

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

	Three Months Ended		
	September 30, 2023	June 30, 2023	September 30, 2022
Active Rigs by Location			
United States	649	719	761
Canada	188	117	199
International	951	960	857
Global Active Rigs	1,788	1,796	1,817
Land vs. Offshore Rigs			
Land	1,539	1,546	1,590
Offshore	249	250	227
Global Active Rigs	1,788	1,796	1,817
U.S. Commodity Target			
Oil/Gas	521	572	599
Gas	122	143	158
Unclassified	6	4	4
Total U.S. Active Rigs	649	719	761
U.S. Well Path			
Horizontal	578	650	692
Vertical	17	19	28
Directional	54	50	41
Total U.S. Active Rigs	649	719	761

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

	Three Months Ended			Nine Months Ended	
(in millions of dollars)	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Drilling & Downhole	$ 95.0	$ 82.1	$ 73.3	$ 258.1	$ 218.6
Completions	65.1	62.7	78.7	193.8	197.1
Production	38.7	41.5	45.7	112.1	149.9
Total Orders	$ 198.8	$ 186.3	$ 197.7	$ 564.0	$ 565.6

Results of operations

Three months ended September 30, 2023 compared with three months ended September 30, 2022

(in thousands of dollars, except per share information)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change $	Change %
Revenue				
Drilling & Downhole	$ 81,181	$ 75,723	$ 5,458	7.2 %
Completions	62,473	72,246	(9,773)	(13.5)%
Production	36,877	34,238	2,639	7.7 %
Eliminations	(1,278)	(372)	(906)	*
Total revenue	179,253	181,835	(2,582)	(1.4)%
Segment operating income				
Drilling & Downhole	8,437	9,481	(1,044)	(11.0)%
Operating margin %	*10.4 %*	*12.5 %*		
Completions	2,147	5,915	(3,768)	(63.7)%
Operating margin %	*3.4 %*	*8.2 %*		
Production	1,803	665	1,138	171.1 %
Operating margin %	*4.9 %*	*1.9 %*		
Corporate	(6,861)	(8,411)	1,550	18.4 %
Total segment operating income	5,526	7,650	(2,124)	(27.8)%
Operating margin %	*3.1 %*	*4.2 %*		
Gain on disposal of assets and other	(145)	(52)	(93)	*
Operating income	5,671	7,702	(2,031)	(26.4)%
Interest expense	4,504	8,143	(3,639)	(44.7)%
Foreign exchange gains and other, net	(8,279)	(18,288)	10,009	*
Total other income	(3,775)	(10,145)	6,370	62.8 %
Income before income taxes	9,446	17,847	(8,401)	(47.1)%
Income tax expense	1,477	1,370	107	7.8 %
Net income	$ 7,969	$ 16,477	$ (8,508)	(51.6)%
Weighted average shares outstanding				
Basic	10,235	5,778		
Diluted	10,393	10,552		
Earnings per share				
Basic	$ 0.78	$ 2.85		
Diluted	$ 0.77	$ 1.82		

** not meaningful*

Revenue

Our revenue for the three months ended September 30, 2023 was $179.3 million, a decrease of $2.6 million, or 1.4%, compared to the three months ended September 30, 2022. For the three months ended September 30, 2023, our Drilling & Downhole, Completions, and Production segments comprised 45.3%, 34.1%, and 20.6% of our total revenue, respectively, which compared to 41.6%, 39.6%, and 18.8% of our total revenue, respectively, for the three months ended September 30, 2022. The overall decrease in revenue is primarily related to lower U.S. hydraulic fracturing activity in the third quarter 2023 compared to the third quarter 2022. The changes in revenue by operating segment consisted of the following:

Drilling & Downhole segment — Revenue was $81.2 million for the three months ended September 30, 2023, an increase of $5.5 million, or 7.2%, compared to the three months ended September 30, 2022. This increase was led by a $4.8 million, or 12.6%, increase in revenue for our Drilling Technologies product line due to higher sales volumes of capital equipment, partially offset by lower sales volumes of consumable products. Revenue for our Downhole Technologies product line increased by $1.6 million, or 7.1%, primarily due to higher sales volumes of artificial lift products in the third quarter 2023 compared to the third quarter 2022. Revenue for our Subsea Technologies product line decreased by $0.9 million, or 5.8%, from lower volumes of cable management systems partially offset by an increase from higher project revenue recognized from ROVs and after-market part sales.

Completions segment — Revenue was $62.5 million for the three months ended September 30, 2023, a decrease of $9.8 million, or 13.5%, compared to the three months ended September 30, 2022. This change includes a revenue decrease of $11.1 million, or 25.4%, for our Stimulation & Intervention product line primarily due to lower U.S. hydraulic fracturing activity levels and delays in capital equipment spending by customers during the third quarter 2023. This decline was partially offset by a $1.3 million increase in revenue for our Coiled Tubing product line due to higher international sales volumes.

Production segment — Revenue was $36.9 million for the three months ended September 30, 2023, an increase of $2.6 million, or 7.7%, compared to the three months ended September 30, 2022. The increase was driven by a $3.2 million, or 17.6%, increase in sales for our Production Equipment product line primarily due to an increase in revenues recognized from our processing oil treatment equipment, partially offset by a $0.6 million, or 3.8%, decrease in sales of our valve products within our Valve Solutions product line.

Segment operating income (loss) and segment operating margin percentage

Segment operating income for the three months ended September 30, 2023 was $5.5 million, a $2.1 million decrease compared to an income of $7.7 million for the three months ended September 30, 2022. For the three months ended September 30, 2023, segment operating margin percentage was 3.1% compared to 4.2% for the three months ended September 30, 2022. Segment operating margin percentage is calculated by dividing segment operating income (loss) by revenue for the period. The change in operating income (loss) for each segment is explained as follows:

Drilling & Downhole segment — Segment operating income was $8.4 million, or 10.4%, for the three months ended September 30, 2023 compared to operating income of $9.5 million, or 12.5%, for the three months ended September 30, 2022. The $1.0 million decrease in segment operating results is primarily attributable to lower volume and profitability of our Subsea product line projects, partially offset by higher gross profit from our Downhole Technologies product line.

Completions segment — Segment operating income was $2.1 million, or 3.4%, for the three months ended September 30, 2023 compared to segment operating income of $5.9 million, or 8.2%, for the three months ended September 30, 2022. The $3.8 million decrease in segment operating results was primarily due to lower sales volumes of our well stimulation products.

Production segment — Segment operating income was $1.8 million, or 4.9%, for the three months ended September 30, 2023 compared to an income of $0.7 million, or 1.9%, for the three months ended September 30, 2022. The $1.1 million increase in segment operating results was driven by an increase in project revenue recognized from our process oil treatment equipment driving higher gross profit.

Corporate — Selling, general and administrative expenses for Corporate were $6.9 million for the three months ended September 30, 2023 compared to $8.4 million for the three months ended September 30, 2022. This decrease was primarily related to lower variable compensation costs. Corporate costs include, among other items, payroll related costs for management, administration, finance, legal, and human resources personnel; professional fees for legal, accounting and related services; and marketing costs.

Other items not included in segment operating income (loss)

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

Other income and expense

Other income and expense includes interest expense and foreign exchange gains (losses) and other. We incurred $4.5 million of interest expense during the three months ended September 30, 2023, a decrease of $3.6 million compared to the three months ended September 30, 2022, due to the decline in the balance of 2025 Notes upon conversion of $122.8 million aggregate principal amount of our 2025 Notes to common stock in January 2023. See Note 6 *Debt* for further details related to the 2025 Notes and Credit Facility.

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

Taxes

We recorded tax expense of $1.5 million and $1.4 million for the three months ended September 30, 2023 and 2022, respectively. The estimated annual effective tax rates for the three months ended September 30, 2023 and 2022 were impacted by losses in jurisdictions where the recording of a tax benefit is not available. Furthermore, the tax expense or benefit recorded can vary from period to period depending on the Company’s relative mix of earnings and losses by jurisdiction.

Nine months ended September 30, 2023 compared with nine months ended September 30, 2022

(in thousands of dollars, except per share information)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change $	Change %
Revenue				
Drilling & Downhole	$ 238,652	$ 223,476	$ 15,176	6.8 %
Completions	208,239	190,867	17,372	9.1 %
Production	108,918	95,622	13,296	13.9 %
Eliminations	(2,150)	(710)	(1,440)	*
Total revenue	553,659	509,255	44,404	8.7 %
Segment operating income				
Drilling & Downhole	25,165	23,995	1,170	4.9 %
Operating margin %	*10.5 %*	*10.7 %*		
Completions	9,893	8,787	1,106	12.6 %
Operating margin %	*4.8 %*	*4.6 %*		
Production	4,546	(1,241)	5,787	466.3 %
Operating margin %	*4.2 %*	*(1.3)%*		
Corporate	(20,538)	(24,501)	3,963	16.2 %
Total segment operating income	19,066	7,040	12,026	170.8 %
Operating margin %	*3.4 %*	*1.4 %*		
Loss (gain) on disposal of assets and other	137	(938)	1,075	*
Operating income	18,929	7,978	10,951	137.3 %
Interest expense	13,742	23,609	(9,867)	(41.8)%
Foreign exchange losses (gains) and other, net	1,129	(37,112)	38,241	*
Total other (income) expense, net	14,871	(13,503)	28,374	210.1 %
Income before income taxes	4,058	21,481	(17,423)	(81.1)%
Income tax expense	6,154	4,939	1,215	24.6 %
Net income (loss)	$ (2,096)	$ 16,542	$ (18,638)	(112.7)%
Weighted average shares outstanding				
Basic	10,208	5,736		
Diluted	10,208	10,489		
Earnings per share				
Basic	$ (0.21)	$ 2.88		
Diluted	$ (0.21)	$ 2.37		

** not meaningful*

Revenue

Our revenue for the nine months ended September 30, 2023 was $553.7 million, an increase of $44.4 million, or 8.7%, compared to the nine months ended September 30, 2022. For the nine months ended September 30, 2023, our Drilling & Downhole, Completions, and Production segments comprised 43.1%, 37.2%, and 19.7% of our total revenue, respectively, which compared to 43.9%, 37.3%, and 18.8% of our total revenue, respectively, for the nine months ended September 30, 2022. The overall increase in revenue is primarily related to increases in market activity and global rig count in 2023 compared to 2022. The changes in revenue by operating segment consisted of the following:

Drilling & Downhole segment — Revenue was $238.7 million for the nine months ended September 30, 2023, an increase of $15.2 million, or 6.8%, compared to the nine months ended September 30, 2022. This increase was led by a $28.1 million, or 27.8%, increase in revenue for our Drilling Technologies product line due to higher sales volumes of both consumable products and capital equipment driven by increased market activity. Revenue for our Downhole Technologies product line increased by $5.9 million, or 9.3%, primarily due to higher sales volumes of artificial lift products in 2023 compared to 2022. Revenue for our Subsea Technologies product line decreased by $18.7 million, or 31.4%, from lower project revenue recognized from ROVs and cable management systems, partially offset by an increase in part sales.

Completions segment — Revenue was $208.2 million for the nine months ended September 30, 2023, an increase of $17.4 million, or 9.1%, compared to the nine months ended September 30, 2022. This change includes a revenue increase of $15.1 million, or 13.6%, for our Stimulation & Intervention product line primarily due to higher demand of radiators and wireline cable, partially offset by lower sales volumes in power ends and high-pressure hoses.

Production segment — Revenue was $108.9 million for the nine months ended September 30, 2023, an increase of $13.3 million, or 13.9%, compared to the nine months ended September 30, 2022. The increase was driven by a $9.2 million, or 18.4%, increase in project revenue recognized from our process oil treatment equipment within our Production Equipment product line, and a $4.1 million, or 9.0%, increase in sales of our valve products.

Segment operating income (loss) and segment operating margin percentage

Segment operating income for the nine months ended September 30, 2023 was $19.1 million, a $12.0 million increase compared to an income of $7.0 million for the nine months ended September 30, 2022. For the nine months ended September 30, 2023, segment operating margin percentage was 3.4% compared to 1.4% for the nine months ended September 30, 2022. Segment operating margin percentage is calculated by dividing segment operating income (loss) by revenue for the period. The change in operating income (loss) for each segment is explained as follows:

Drilling & Downhole segment — Segment operating income was $25.2 million, or 10.5%, for the nine months ended September 30, 2023 compared to operating income of $24.0 million, or 10.7%, for the nine months ended September 30, 2022. The $1.2 million increase in segment operating results is primarily attributable to higher gross profit from the 6.8% increase in segment revenues and favorable product mix. These gains were partially offset by lower project revenue in Subsea Technologies product line.

Completions segment — Segment operating income was $9.9 million, or 4.8%, for the nine months ended September 30, 2023 compared to segment operating income of $8.8 million, or 4.6%, for the nine months ended September 30, 2022. The $1.1 million increase in segment operating results was primarily due to higher gross profit from the 9.1% increase in revenues and favorable product mix, partially offset by higher freight costs.

Production segment — Segment operating income was $4.5 million, or 4.2%, for the nine months ended September 30, 2023 compared to a loss of $1.2 million, or 1.3%, for the nine months ended September 30, 2022. The $5.8 million increase in segment operating results was driven by the 13.9% increase in revenues and increased operating leverage.

Corporate — Selling, general and administrative expenses for Corporate were $20.5 million for the nine months ended September 30, 2023 compared to $24.5 million for the nine months ended September 30, 2022. This decrease was primarily related to a charge recognized in the nine months ended September 30, 2022 related to a modification of long-term incentive awards associated with executive leadership transition and lower variable compensation costs. Corporate costs include, among other items, payroll related costs for management, administration, finance, legal, and human resources personnel; professional fees for legal, accounting and related services; and marketing costs.

Other items not included in segment operating income (loss)

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

Other income and expense

Other income and expense includes interest expense and foreign exchange gains (losses) and other. We incurred $13.7 million of interest expense during the nine months ended September 30, 2023, a decrease of $9.9 million compared to the nine months ended September 30, 2022, due to the decline in the balance of our 2025 Notes upon conversion of $122.8 million aggregate principal amount of our 2025 Notes to common stock in January 2023. See Note 6 *Debt* for further details related to the 2025 Notes and Credit Facility.

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

Taxes

We recorded tax expense of $6.2 million and $4.9 million for the nine months ended September 30, 2023 and 2022, respectively. The estimated annual effective tax rates for the nine months ended September 30, 2023 and 2022 were impacted by losses in jurisdictions where the recording of a tax benefit is not available. Furthermore, the tax expense or benefit recorded can vary from period to period depending on the Company's relative mix of earnings and losses by jurisdiction.

Liquidity and capital resources

Sources and uses of liquidity

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

As of September 30, 2023, we had $134.2 million principal amount of 2025 Notes outstanding and no borrowings outstanding under our revolving Credit Facility. The 2025 Notes mature in August 2025 and, subject to certain exceptions, the Credit Facility matures in September 2026. See Note 6 *Debt* for further details related to the terms for our 2025 Notes and Credit Facility.

As of September 30, 2023, we had cash and cash equivalents of $37.2 million and $154.8 million of availability under the Credit Facility. We anticipate that our future working capital requirements for our operations will fluctuate directionally with revenues. Furthermore, availability under the Credit Facility will fluctuate directionally based on the level of our eligible accounts receivable and inventory subject to applicable sublimits. In addition, we continue to expect total 2023 capital expenditures to be less than $10.0 million, consisting of, among other items, replacing end of life machinery and equipment.

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

In November 2021, our board of directors approved a program for the repurchase of outstanding shares of our common stock with an aggregate purchase amount of up to $10.0 million. Shares may be repurchased under the program from time to time, in amounts and at prices that the company deems appropriate, subject to market and business conditions, applicable legal requirements and other considerations. During the first nine months of 2023, we repurchased approximately 139 thousand shares of our common stock for aggregate consideration of approximately $3.5 million with remaining authorization under this program of $2.4 million.

Our cash flows for the nine months ended September 30, 2023 and 2022 are presented below (in millions):

	Nine Months Ended September 30,	
	2023	2022
Net cash used in operating activities	$ (3.1)	$ (32.1)
Net cash used in investing activities	(4.2)	(2.6)
Net cash provided by (used in) financing activities	(6.9)	9.2
Effect of exchange rate changes on cash	0.3	(1.6)
Net decrease in cash, cash equivalents and restricted cash	$ (13.9)	$ (27.1)

Net cash used in operating activities

Net cash used in operating activities was $3.1 million for the nine months ended September 30, 2023 compared to $32.1 million for the nine months ended September 30, 2022. This improvement in operating cash flow usage is primarily attributable to net decrease in cash used for working capital, mainly accounts receivable, which used cash of $36.8 million for the nine months ended September 30, 2023 compared to used cash of $85.6 million for the nine months ended September 30, 2022.

Net cash used in investing activities

Net cash used in investing activities was $4.2 million for the nine months ended September 30, 2023, including $5.5 million of capital expenditures, partially offset by $1.3 million of proceeds from the sale of property and equipment. Net cash used in investing activities was $2.6 million for the nine months ended September 30, 2022, including $4.8 million of capital expenditures, partially offset by $2.7 million of proceeds from the sale of property and equipment.

Net cash provided by (used in) financing activities

Net cash used in financing activities was $6.9 million for the nine months ended September 30, 2023 compared to $9.2 million of cash provided by financing activities for the nine months ended September 30, 2022, respectively. The change in net cash used in financing activities primarily resulted from $6.0 million of repurchases of common stock under our share repurchase program and long-term incentive awards during the nine months ended September 30, 2023 compared to a net $10.7 million of borrowings on the revolving Credit Facility during the nine months ended September 30, 2022.

Supplemental Guarantor Financial Information

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

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

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

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

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
Summarized Statements of Operations	**2023**	**2022**	**2023**	**2022**
Revenue	$ 133,202	$ 145,028	$ 424,210	$ 398,412
Cost of sales	100,361	108,175	324,421	299,714
Operating income	6,034	19,013	14,910	39,096
Net income (loss)	7,969	16,477	(2,096)	16,542

	September 30, 2023	December 31, 2022
Summarized Balance Sheet		
Current assets	$ 393,783	$ 378,812
Non-current assets	258,480	279,389
Current liabilities	$ 157,492	$ 175,155
Payables to non-guarantor subsidiaries	174,264	132,839
Non-current liabilities	179,358	293,150

Critical accounting policies and estimates

There have been no material changes in our critical accounting policies and procedures during the nine months ended September 30, 2023. For a detailed discussion of our critical accounting policies and estimates, refer to our 2022 Annual Report on Form 10-K. For recent accounting pronouncements, refer to Note 2 *Recent Accounting Pronouncements*.

Item 3. Quantitative and qualitative disclosures about market risk

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Our management, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of September 30, 2023. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2023.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Information related to Item 1. Legal Proceedings is included in Note 10 *Commitments and Contingencies*, which is incorporated herein by reference.

Item 1A. Risk Factors

For additional information about our risk factors, see “Risk Factors” in Item 1A of our 2022 Annual Report on Form 10-K.

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

In November 2021, our board of directors approved a program for the repurchase of outstanding shares of our common stock with an aggregate purchase amount of up to $10.0 million. Shares may be repurchased under the program from time to time, in amounts and at prices that the Company deems appropriate, subject to market and business conditions, applicable legal requirements and other considerations. The program may be executed using open market purchases pursuant to Rule 10b-18 under the Exchange Act, in privately negotiated agreements, or by way of issuer tender offers, Rule 10b5-1 plans or other transactions. From the inception of the program through September 30, 2023, we have repurchased approximately 298 thousand shares of our common stock for aggregate consideration of approximately $7.6 million. Remaining authorization under this program is $2.4 million.

No shares were purchased during the three months ended September 30, 2023.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None

Item 6. Exhibits

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

*Previously filed.
**Filed herewith.
#Identifies management contracts and compensatory plans or arrangements.

SIGNATURES

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

FORUM ENERGY TECHNOLOGIES, INC.

Date: November 3, 2023

By: /s/ D. Lyle Williams, Jr.
D. Lyle Williams, Jr.
Executive Vice President and Chief Financial Officer
(As Duly Authorized Officer and Principal Financial Officer)

By: /s/ Katherine C. Keller
Katherine C. Keller
Vice President and Principal Accounting Officer
(As Duly Authorized Officer and Principal Accounting Officer)

FORUM ENERGY TECHNOLOGIES, INC.
2016 STOCK AND INCENTIVE PLAN

2023 EMPLOYEE CASH AWARD AGREEMENT

This Cash Award Agreement (this "Agreement") is made as of the _____ day of ____________, 2023 (the "Date of Grant"), between Forum Energy Technologies, Inc., a Delaware corporation (the "Company"), and _________________ (the "Employee").

1. **Award**. Pursuant to the Forum Energy Technologies, Inc. 2016 Stock and Incentive Plan, as amended (the "Plan"), the Employee is hereby awarded a cash award in the aggregate amount of $**[amount]** (the "Cash Award"), subject to certain restrictions thereon as specified in this Agreement. The Employee acknowledges receipt of a copy of the Plan, and agrees that this award shall be subject to all of the terms and provisions of the Plan, including future amendments thereto, if any, pursuant to the terms thereof. Capitalized terms used in this Agreement that are not defined herein shall have the meanings given to them in the Plan.

2. **Forfeiture Restrictions and Assignment**.

(a) **Restrictions**. The Cash Award may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of, and except as otherwise provided in Section 3, in the event of the Employee's termination of employment for any reason whatsoever, the Employee shall, for no consideration, forfeit all unvested portions of the Cash Award. The obligation to forfeit unvested portions of the Cash Award upon termination of employment as provided in the preceding sentence is herein referred to as the "Forfeiture Restrictions."

(b) **Lapse of Forfeiture Restrictions**. Provided that the Employee has been continuously employed by the Company or any of its Affiliates (collectively, the "Company Group") from the Date of Grant through the lapse date set forth in the following schedule, the Forfeiture Restrictions shall lapse and the Cash Award shall otherwise become vested with respect to a percentage of the Cash Award determined in accordance with the following schedule:

Vesting Date	Additional Percentage of Total Cash Award Vesting on Vesting Date
First Anniversary of Date of Grant	33%
Second Anniversary of Date of Grant	33%
Third Anniversary of Date of Grant	Remainder

Except as otherwise provided in Section 3, any portion of the Cash Award with respect to which the Forfeiture Restrictions do not lapse in accordance with the preceding provisions of this Section 2(b) shall be forfeited to the Company for no consideration as of the date of the termination of the Employee's employment with the Company.

3. **Termination of Employment**.

(a) **Death or Disability**. If the Employee dies or becomes Disabled (as defined below), to the extent not previously vested pursuant to Section 2(b) above, each third of the Cash

Award described in Section 2(b) that is unvested as of the date of the Employee's death or Disability, as applicable, shall become vested in a pro rata amount determined by a fraction with respect to each unvested third of the Cash Award, the numerator of which shall be the number of months (not including any partial months) that have elapsed for the period beginning on the Date of Grant and ending on the date of the Employee's death or Disability, as applicable, and the denominator of which shall be the number of months (not including any partial months) in the period beginning on the Date of Grant and ending on the corresponding Vesting Date on which each such unvested one-third of the Cash Award would have vested pursuant to Section 2(b). Any remaining unvested Cash Award shall be forfeited. To the extent vested pursuant to this Section 3(a), the Cash Award will be paid to the Employee within 30 days after the Employee's death or Disability, as applicable. For purposes of this Section 3(a), an Employee shall become "Disabled" or have a "Disability" on the date that the Employee becomes eligible for long-term disability benefits pursuant to the Company's long-term disability plan.

(b) **Retirement**. If the Employee's employment with the Company Group is terminated by reason of Retirement (as defined below), to the extent not previously vested pursuant to Section 2(b) above, the Committee may, in its sole and absolute discretion, determine to vest the Cash Award in a pro rata amount determined by a fraction, the numerator of which shall be the number of months (not including any partial months) that have elapsed for the period beginning on the Date of Grant and ending on the date of the Employee's Retirement, and the denominator of which shall be the number of months (not including any partial months) in the period beginning on the Date of Grant and ending on the corresponding Vesting Date on which each such unvested one-third of the Cash Award would have vested pursuant to Section 2(b). To the extent vested pursuant to this Section 3(b), the Cash Award will be paid to the Employee within 30 days after the date of the Employee's Retirement. For purposes of this Section 3(b), "Retirement" shall mean termination of the Employee's service relationship with all members of the Company Group which is specifically determined by the Committee in its sole and absolute discretion to constitute Retirement.

4. **Payment of Vested Award; Withholding of Tax**. Except as otherwise provided in Section 2(b) or 3, the vested portion of the Cash Award shall be paid to the Employee no later than 15 days after the lapse of Forfeiture Restrictions, less all applicable federal, state, local or foreign tax taxes and withholdings. The Employee acknowledges and agrees that the Company is making no representation or warranty as to the tax consequences to the Employee as a result of the receipt of the Cash Award, the lapse of any Forfeiture Restrictions or the payment of such Cash Award.

5. **Employment Relationship**. For purposes of this Agreement, the Employee shall be considered to be in the employment of the Company as long as the Employee remains an employee of the Company Group. Without limiting the scope of the preceding sentence, it is specifically provided that the Employee shall be considered to have terminated employment with the Company Group at the time of the termination of the "Affiliate" status of the entity or other organization that employs the Employee. Nothing in the adoption of the Plan, nor the award of the Cash Award thereunder pursuant to this Agreement, shall confer upon the Employee the right to continued employment by the Company Group or affect in any way the right of the Company Group to terminate such employment at any time. Unless otherwise provided in a written employment agreement or by applicable law, the Employee's employment by the Company shall be on an at-will basis, and the employment relationship may be terminated at any time by either the Employee or the Company Group for any reason whatsoever, with or without cause or notice. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or its delegate, and its determination shall be final.

6. **Section 409A**. The Cash Award is intended to be (i) exempt from Section 409A of the Code ("Section 409A") including, but not limited to, by reason of compliance with the short-term deferral exemption as specified in Treas. Reg. § 1.409A-1(b)(4); or (ii) in compliance with Section 409A, and the provisions of this Agreement shall be administered, interpreted and construed accordingly. Payments under this Agreement shall be treated as a right to receive a series of separate payments for purposes of Section 409A. If the Employee is identified by the Company as a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date on which the Employee has a "separation from service" (other than due to death) within the meaning of Section 1.409A-1(h) of the Treasury Regulations, notwithstanding the provisions of Section 3 hereof, any payment on account of a separation from service that is deferred compensation shall take place on the earlier of (i) the first business day following the expiration of six months from the Employee's separation from service or (ii) such earlier date as complies with the requirements of Section 409A. To the extent required to comply with Section 409A, the Employee shall be considered to have terminated employment with the Company Group when the Employee incurs a "separation from service" with a member of the Company Group within the meaning of Section 409A(a)(2)(A)(i) of the Code. The Company makes no commitment or guarantee to the Employee that any federal or state tax treatment shall apply or be available to any person eligible for benefits under this Agreement.

7. **Binding Effect; Survival**. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Employee.

8. **Amendment**. Any modification of this Agreement shall be effective only if it is in writing and signed by both the Employee and an authorized officer of the Company.

9. **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of law principles thereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Employee has executed this Agreement, all as of the date first above written.

FORUM ENERGY TECHNOLOGIES, INC.

By: ___________

Neal Lux
President and CEO

EMPLOYEE

____

Exhibit 31.1

Forum Energy Technologies, Inc.
Certification

I, Neal Lux, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forum Energy Technologies, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 3, 2023

By: /s/ Neal Lux
Neal Lux
President and Chief Executive Officer

Exhibit 31.2

Forum Energy Technologies, Inc.
Certification

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

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

Date:	November 3, 2023	By:	/s/ D. Lyle Williams, Jr.
			D. Lyle Williams, Jr.
			Executive Vice President and Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the “Company”) for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Neal Lux, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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

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

Date: November 3, 2023

By: /s/ Neal Lux
Neal Lux
President and Chief Executive Officer

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

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

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Forum Energy Technologies, Inc. (the “Company”) for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), D. Lyle Williams, Jr., as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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

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

Date:	November 3, 2023	By:	/s/ D. Lyle Williams, Jr.
			D. Lyle Williams, Jr.
			Executive Vice President and Chief Financial Officer

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

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