UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
for the quarterly period ended March 31, 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: 000-10436

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

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

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

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

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

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

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

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

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☒
	Emerging growth company ☐

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

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

As of May 2, 2023, there were 11,085,149 shares of the registrant's common stock, par value $0.01 per share, outstanding.

L.B. FOSTER COMPANY AND SUBSIDIARIES

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2023 (Unaudited)	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,639	$ 2,882
Accounts receivable - net (Note 5)	54,904	82,455
Contract assets - net (Note 3)	31,207	33,613
Inventories - net (Note 6)	84,594	75,721
Other current assets	11,844	11,061
Total current assets	185,188	205,732
Property, plant, and equipment - net	78,960	85,344
Operating lease right-of-use assets - net	16,513	17,291
Other assets:		
Goodwill (Note 4)	30,863	30,733
Other intangibles - net (Note 4)	22,549	23,831
Deferred tax assets (Note 9)	—	24
Other assets	2,305	2,355
TOTAL ASSETS	$ 336,378	$ 365,310
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 48,553	$ 48,782
Deferred revenue	14,556	19,452
Accrued payroll and employee benefits	4,176	10,558
Current portion of accrued settlement (Note 13)	8,000	8,000
Current maturities of long-term debt (Note 7)	117	127
Other accrued liabilities	13,100	16,192
Total current liabilities	88,502	103,111
Long-term debt (Note 7)	79,979	91,752
Deferred tax liabilities (Note 9)	1,753	3,109
Long-term portion of accrued settlement (Note 13)	8,000	8,000
Long-term operating lease liabilities	13,416	14,163
Other long-term liabilities	7,714	7,577
Stockholders' equity:		
Common stock, par value $0.01, authorized 20,000,000 shares; shares issued at March 31, 2023 and December 31, 2022, 11,115,779; shares outstanding at March 31, 2023 and December 31, 2022, 10,809,711 and 10,776,827, respectively	111	111
Paid-in capital	40,951	41,303
Retained earnings	121,017	123,169
Treasury stock - at cost, 306,068 and 338,952 common stock shares at March 31, 2023 and December 31, 2022, respectively	(5,174)	(6,240)
Accumulated other comprehensive loss	(20,296)	(21,165)
Total L.B. Foster Company stockholders' equity	136,609	137,178
Noncontrolling interest	405	420
Total stockholders' equity	137,014	137,598
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 336,378	$ 365,310

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

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Sales of goods	$ 98,538	$ 84,421
Sales of services	16,950	14,373
Total net sales	115,488	98,794
Cost of goods sold	78,065	69,845
Cost of services sold	14,132	12,502
Total cost of sales	92,197	82,347
Gross profit	23,291	16,447
Selling and administrative expenses	21,423	17,298
Amortization expense	1,365	1,436
Operating profit (loss)	503	(2,287)
Interest expense - net	1,388	370
Other expense (income) - net	1,827	(563)
Loss before income taxes	(2,712)	(2,094)
Income tax benefit	(541)	(508)
Net loss	(2,171)	(1,586)
Net loss attributable to noncontrolling interest	(19)	(20)
Net loss attributable to L.B. Foster Company	$ (2,152)	$ (1,566)
Basic loss per common share	$ (0.20)	$ (0.15)
Diluted loss per common share	$ (0.20)	$ (0.15)

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

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

	Three Months Ended March 31,	
	2023	2022
Net loss	$ (2,171)	$ (1,586)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	1,247	(880)
Unrealized (loss) gain on cash flow hedges, net of tax benefit of $0 and $188, respectively	(418)	551
Cash flow hedges reclassified to earnings, net of tax expense of $0 and $66, respectively	—	93
Reclassification of pension liability adjustments to earnings, net of tax expense of $2 and $16, respectively*	40	49
Total comprehensive loss	(1,302)	(1,773)
Less comprehensive (loss) income attributable to noncontrolling interest:		
Net loss attributable to noncontrolling interest	(19)	(20)
Foreign currency translation adjustment	4	85
Amounts attributable to noncontrolling interest	(15)	65
Comprehensive loss attributable to L.B. Foster Company	$ (1,287)	$ (1,838)

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

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

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,171)	$ (1,586)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:		
Deferred income taxes	(1,233)	(574)
Depreciation	2,505	1,938
Amortization	1,365	1,436
Equity in income of nonconsolidated investments	(17)	(87)
(Gain) loss on sales and disposals of property, plant, and equipment	(14)	23
Stock-based compensation	884	258
Loss on asset divestitures	2,033	—
Change in operating assets and liabilities:		
Accounts receivable	26,239	(4,556)
Contract assets	(860)	1,116
Inventories	(15,564)	(4,781)
Other current assets	(791)	(4,648)
Other noncurrent assets	(1,439)	818
Accounts payable	4,921	4,680
Deferred revenue	(707)	5,907
Accrued payroll and employee benefits	(6,386)	(4,181)
Other current liabilities	(2,981)	(2,377)
Other long-term liabilities	1,148	(1,022)
Net cash provided by (used in) operating activities	6,932	(7,636)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of property, plant, and equipment	16	30
Capital expenditures on property, plant, and equipment	(699)	(1,764)
Proceeds from business dispositions	5,344	1,195
Net cash provided by (used in) investing activities	4,661	(539)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of debt	(55,133)	(30,892)
Proceeds from debt	43,086	35,301
Treasury stock acquisitions	(309)	(397)
Investment of noncontrolling interest	334	—
Net cash (used in) provided by financing activities	(12,022)	4,012
Effect of exchange rate changes on cash and cash equivalents	186	30
Net decrease in cash and cash equivalents	(243)	(4,133)
Cash and cash equivalents at beginning of period	2,882	10,372
Cash and cash equivalents at end of period	$ 2,639	$ 6,239
Supplemental disclosure of cash flow information:		
Interest paid	$ 1,425	$ 369
Income taxes received	$ (1,564)	$ (44)

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

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

	Three Months Ended March 31, 2023						
	Common Stock	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Stockholders' Equity
Balance, December 31, 2022	$ 111	$ 41,303	$ 123,169	$ (6,240)	$ (21,165)	$ 420	$ 137,598
Net loss	—	—	(2,152)	—	—	(19)	(2,171)
Other comprehensive income, net of tax:							
Pension liability adjustment	—	—	—	—	40	—	40
Foreign currency translation adjustment	—	—	—	—	1,247	4	1,251
Unrealized derivative loss on cash flow hedges	—	—	—	—	(418)	—	(418)
Issuance of 32,884 common shares, net of shares withheld for taxes	—	(1,236)	—	1,066	—	—	(170)
Stock-based compensation	—	884	—	—	—	—	884
Balance, March 31, 2023	$ 111	$ 40,951	$ 121,017	$ (5,174)	$ (20,296)	$ 405	$ 137,014

	Three Months Ended March 31, 2022						
	Common Stock	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Stockholders' Equity
Balance, December 31, 2021	$ 111	$ 43,272	$ 168,733	$ (10,179)	$ (18,845)	$ 518	$ 183,610
Net loss	—	—	(1,566)	—	—	(20)	(1,586)
Other comprehensive loss, net of tax:							
Pension liability adjustment	—	—	—	—	49	—	49
Foreign currency translation adjustment	—	—	—	—	(965)	85	(880)
Unrealized derivative gain on cash flow hedges	—	—	—	—	551	—	551
Cash flow hedges reclassified to earnings	—	—	—	—	93	—	93
Issuance of 34,440 common shares, net of shares withheld for taxes	—	(1,377)	—	979	—	—	(398)
Stock-based compensation	—	258	—	—	—	—	258
Balance, March 31, 2022	$ 111	$ 42,153	$ 167,167	$ (9,200)	$ (19,117)	$ 583	$ 181,697

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

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

Note 1. Financial Statements

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The year-end consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. In the opinion of management, all estimates and adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. This Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and footnotes thereto included in L.B. Foster Company’s Annual Report on Form 10-K for the year ended December 31, 2022. In this Quarterly Report on Form 10-Q, references to “we,” “us,” “our,” and the “Company” refer collectively to L.B. Foster Company and its consolidated subsidiaries.

Note 2. Business Segments

The Company is a global technology solutions provider of engineered, manufactured products and services that builds and supports infrastructure. The Company’s innovative engineering and product development solutions address the safety, reliability, and performance needs of its customers’ most challenging requirements. The Company maintains locations in North America, South America, Europe, and Asia. The Company’s segments represent components of the Company (a) that engage in activities from which revenue is generated and expenses are incurred, (b) whose operating results are regularly reviewed by the Chief Operating Decision Maker, who uses such information to make decisions about resources to be allocated to the segments, and (c) for which discrete financial information is available. Operating segments are evaluated on their segment profit contribution to the Company’s consolidated results. Other income and expenses, interest, income taxes, and certain other items are managed on a consolidated basis. The Company’s segment accounting policies are described in Note 2 Business Segments of the Notes to the Company’s Consolidated Financial Statements contained in its Annual Report on Form 10-K for the year ended December 31, 2022.

The operating results of the Company's reportable segments were as follows for the periods presented:

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
	Net Sales	Segment Operating Profit (Loss)	Net Sales	Segment Operating Profit (Loss)
Rail, Technologies, and Services	$ 64,384	$ 2,388	$ 63,710	$ 1,039
Precast Concrete Products	24,288	(348)	15,010	(791)
Steel Products and Measurement	26,816	(8)	20,074	(2,148)
Total	$ 115,488	$ 2,032	$ 98,794	$ (1,900)

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

A reconciliation of reportable segment net profit (loss) to the Company’s consolidated total for the periods presented:

	Three Months Ended March 31,	
	2023	2022
Operating profit (loss) for reportable segments	$ 2,032	$ (1,900)
Interest expense - net	(1,388)	(370)
Other (expense) income - net	(1,827)	563
Unallocated corporate expenses and other unallocated charges	(1,529)	(387)
Loss before income taxes	$ (2,712)	$ (2,094)

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

	March 31, 2023	December 31, 2022
Rail, Technologies, and Services	$ 163,001	$ 172,111
Precast Concrete Products	104,581	108,598
Steel Products and Measurement	38,236	54,516
Unallocated corporate assets	30,560	30,085
Total	$ 336,378	$ 365,310

On March 30, 2023, the Company sold substantially all the operating assets of its Chemtec Energy Services LLC business ("Chemtec") for $5,344 in proceeds, subject to final working capital adjustments, generating a $2,033 loss on sale, recorded in "Other expense (income) - net." The Chemtec business was reported in the Coatings and Measurement business unit within the Steel Products and Measurement segment.

Note 3. Revenue

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

	Three Months Ended March 31,	
	2023	2022
Rail Products and Global Friction Management	$ 56,048	$ 51,651
Technology Services and Solutions	8,336	12,059
Rail, Technologies, and Services	64,384	63,710
Precast Concrete Buildings	10,886	9,970
Other Precast Concrete Products	13,402	5,040
Precast Concrete Products	24,288	15,010
Fabricated Steel Products	10,517	12,604
Coatings and Measurement	16,299	7,470
Steel Products and Measurement	26,816	20,074
Total net sales	$ 115,488	$ 98,794

The majority of the Company's revenue is from products transferred and services rendered to customers at a point in time. The Company recognizes revenue at the point in time at which the customer obtains control of the product or service, which is generally when the product title passes to the customer upon shipment or the service has been rendered to the customer. In limited cases, title does not transfer and revenue is not recognized until the customer has received the products at a designated physical location.

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

	Three Months Ended March 31, 2023			
	Rail, Technologies, and Services	Precast Concrete Products	Steel Products and Measurement	Total
Point in time	$ 53,834	$ 13,402	$ 15,726	$ 82,962
Over time	10,550	10,886	11,090	32,526
Total net sales	$ 64,384	$ 24,288	$ 26,816	$ 115,488

	Three Months Ended March 31, 2022			
	Rail, Technologies, and Services	Precast Concrete Products	Steel Products and Measurement	Total
Point in time	$ 49,166	$ 4,263	$ 15,062	$ 68,491
Over time	14,544	10,747	5,012	30,303
Total net sales	$ 63,710	$ 15,010	$ 20,074	$ 98,794

The Company's performance obligations under long-term agreements with its customers are generally satisfied over time. Revenue under long-term agreements is generally recognized using an input measure based upon the proportion of actual costs incurred to estimated total project costs or an input measure based upon actual labor costs as a percentage of estimated total labor costs, depending upon which measure the Company believes best depicts its performance to date under the terms of the contract. A certain portion of the Company's revenue recognized over time under these long-term agreements is recognized using an output method, specifically units delivered, based upon certain customer acceptance and delivery requirements.

Revenue recognized over time was as follows for the periods presented:

	Three Months Ended March 31,		Percentage of Total Net Sales Three Months Ended March 31,	
	2023	2022	2023	2022
Over time input method	$ 16,211	$ 19,322	14.0 %	19.6 %
Over time output method	16,315	10,981	14.1	11.1
Total over time sales	$ 32,526	$ 30,303	28.2 %	30.7 %

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

The following table sets forth the Company's contract assets:

	Contract Assets
Balance as of December 31, 2022	$ 33,613
Net additions to contract assets	1,290
Transfers from contract asset balance to accounts receivable	(3,696)
Balance as of March 31, 2023	$ 31,207

The following table sets forth the Company's contract liabilities:

	Contract Liabilities
Balance as of December 31, 2022	$ 6,781
Revenue recognized from contract liabilities	(3,443)
Increase in billings in excess of cost, excluding revenue recognized	1,983
Other adjustments, including business divestiture	(2,078)
Balance as of March 31, 2023	$ 3,243

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

As of March 31, 2023, the Company had approximately $259,881 of obligations under new contracts and remaining performance obligations, which is also referred to as backlog. Approximately 8.9% of the March 31, 2023 backlog was related to projects that are anticipated to extend beyond March 31, 2024.

Note 4. Goodwill and Other Intangible Assets

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

	Rail, Technologies, and Services	Precast Concrete Products	Steel Products and Measurement	Total
Balance as of December 31, 2022	$ 19,948	$ 10,785	$ —	$ 30,733
Foreign currency translation impact	130	—	—	130
Balance as of March 31, 2023	$ 20,078	$ 10,785	$ —	$ 30,863

The Company performs goodwill impairment tests annually during the fourth quarter, and also performs interim goodwill impairment tests if it is determined that it is more likely than not that the fair value of a reporting unit is less than the carrying amount. Qualitative factors are assessed to determine whether it is more likely than not that the fair value of a reporting unit is less than the carrying amount, which included the impacts of current economic conditions, including but not limited to labor markets, supply chains, and other inflationary costs. However, these factors can be unpredictable and are subject to change. No interim goodwill impairment test was required as a result of the evaluation of qualitative factors as of March 31, 2023. However, future impairment charges could result if future projections diverge unfavorably from current expectations in the Rail Technologies and Precast Concrete Products reporting units.

As of March 31, 2023 and December 31, 2022, the components of the Company's intangible assets were as follows:

	March 31, 2023			
	Weighted Average Amortization Period In Years	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Non-compete agreements	1	$ 27	$ (23)	$ 4
Patents	10	330	(187)	143
Customer relationships	16	27,413	(14,965)	12,448
Trademarks and trade names	16	7,957	(4,142)	3,815
Technology	14	32,253	(26,405)	5,848
Favorable lease	6	327	(36)	291
		$ 68,307	$ (45,758)	$ 22,549

	December 31, 2022			
	Weighted Average Amortization Period In Years	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Non-compete agreements	1	$ 27	$ (16)	$ 11
Patents	10	330	(187)	143
Customer relationships	16	27,184	(14,129)	13,055
Trademarks and trade names	16	7,933	(3,989)	3,944
Technology	14	32,201	(25,827)	6,374
Favorable lease	6	327	(23)	304
		$ 68,002	$ (44,171)	$ 23,831

Note 5. Accounts Receivable

Changes in reserves for uncollectible accounts, which are recorded as part of "Selling and administrative expenses" in the Condensed Consolidated Statements of Operations, were recorded as an expense of $155 and $61 for the three months ended March 31, 2023 and 2022, respectively.

The Company establishes the allowance for credit losses based on historical collection patterns and other subjective conditions as necessary, including current and expected market conditions. Trade receivables are pooled based on age, which groups receivables of similar credit risk together. Management maintains stringent credit review practices and works to maintain positive customer relationships to further mitigate credit risk.

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

	Allowance for Credit Losses
Balance as of December 31, 2022	$ 813
Current period provision	155
Write-off against allowance	(100)
Balance as of March 31, 2023	$ 868

Note 6. Inventory

Inventory is valued at average cost or net realizable value, whichever is lower. The Company's components of inventory as of March 31, 2023 and December 31, 2022 are summarized in the following table:

	March 31, 2023	December 31, 2022
Finished goods	$ 47,754	$ 41,431
Work-in-process	8,844	9,693
Raw materials	27,996	24,597
Inventories - net	$ 84,594	$ 75,721

Note 7. Long-Term Debt and Related Matters

Long-term debt consisted of the following:

	March 31, 2023	December 31, 2022
Revolving credit facility	$ 79,825	$ 91,567
Finance leases and financing agreements	271	312
Total	80,096	91,879
Less current maturities	(117)	(127)
Long-term portion	$ 79,979	$ 91,752

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

Borrowings under the Credit Agreement as amended, will bear interest at rates based upon either the base rate or SOFR rate plus applicable margins. The Credit Agreement includes two financial covenants: (a) Maximum Gross Leverage Ratio, defined as the Company's consolidated Indebtedness (as defined in the Credit Agreement) divided by the Company's consolidated EBITDA, which must not exceed (i) 3.25 to 1.00 for all testing periods other than during an Acquisition Period (as defined in the Credit Agreement), and (ii) 3.50 to 1.00 for all testing periods occurring during an Acquisition Period, and (b) Minimum Consolidated Fixed Charge Coverage Ratio, defined as the Company's consolidated EBITDA divided by the Company's Fixed Charges (as defined in the Credit Agreement), which must be more than 1.05 to 1.00.

On August 12, 2022, the Company entered into a second amendment to its Credit Agreement ("Second Amendment") to obtain approval for the VanHooseCo acquisition (as defined below) and temporarily modify certain financial covenants to accommodate the transaction. The Second Amendment permitted the Company to acquire the operating assets of VanHooseCo and modified the Maximum Gross Leverage Ratio covenant to 3.75 through June 30, 2023 to accommodate the transaction.

As of March 31, 2023, the Company was in compliance with the covenants in the Credit Agreement, as amended, and had outstanding letters of credit of approximately $1,084.

Note 8. Earnings Per Common Share

(Share amounts in thousands)

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Numerator for basic and diluted loss per common share:		
Net loss	$ (2,171)	$ (1,586)
Denominator:		
Weighted average shares outstanding	10,792	10,685
Denominator for basic loss per common share	10,792	10,685
Denominator for diluted loss per common share - adjusted weighted average shares outstanding	10,792	10,685
Basic loss per common share	$ (0.20)	$ (0.15)
Diluted loss per common share	$ (0.20)	$ (0.15)

There were 101 and 122 anti-dilutive shares for the three months ended March 31, 2023 and 2022, respectively, excluded from the calculation.

Note 9. Income Taxes

For the three months ended March 31, 2023 and 2022, the Company recorded an income tax benefit of $541 and $508, respectively, on pre-tax losses of $2,712 and $2,094, respectively, for an effective income tax rate of 19.9% and 24.3%, respectively. Due to the full valuation allowance on domestic deferred tax assets, the Company's tax provision for the three months ended March 31, 2023 does not reflect any tax benefit for domestic pre-tax losses, and is primarily comprised of taxes on our Canadian and United Kingdom operations. The Company continued to maintain a full valuation allowance against its U.S. deferred tax assets, which is likely to result in significant variability of the effective tax rate in the current year. Changes in pre-tax income projections, combined with the seasonal nature of our businesses, could also impact the effective income tax rate each quarter.

Note 10. Stock-Based Compensation

The Company recorded stock-based compensation expense of $884 and $258 for the three months ended March 31, 2023 and 2022, respectively, related to restricted stock awards and performance unit awards. As of March 31, 2023, unrecognized compensation expense for awards that the Company expects to vest approximated $7,388. The Company will recognize this unrecognized compensation expense over the upcoming 2.9 years through March 2026.

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

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

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

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

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In February 2023, the Compensation Committee approved the 2023-2025 Long Term Incentive Plan which includes grants of performance share units and restricted stock. The following table summarizes the restricted stock, deferred stock units, and performance-based stock and share unit activity for the three months ended March 31, 2023:

	Restricted Stock	Deferred Stock Units	Performance-Based Stock and Share Units	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2022	174,173	46,268	108,478	$ 17.77
Granted	139,990	—	367,558	11.64
Vested	(57,329)	—	—	16.54
Adjustment for incentive awards expected to vest	—	—	20,104	15.36
Outstanding as of March 31, 2023	256,834	46,268	496,140	$ 14.61

Note 11. Fair Value Measurements

The Company determines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy includes three levels of inputs that may be used to measure fair value as described below:

Level 1: Observable inputs that reflect unadjusted quoted market prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs that are not corroborated by market data.

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

	Fair Value Measurements at Reporting Date				Fair Value Measurements at Reporting Date			
	March 31, 2023	Level 1	Level 2	Level 3	December 31, 2022	Level 1	Level 2	Level 3
Term deposits	$ 17	$ 17	$ —	$ —	$ 17	$ 17	$ —	$ —
Interest rate swaps	1,511	—	1,511	—	1,930	—	1,930	—
Total assets	$ 1,528	$ 17	$ 1,511	$ —	$ 1,947	$ 17	$ 1,930	$ —

For the three months ended March 31, 2023 and 2022, the Company recognized interest income of $245 and interest expense of $97, respectively, from interest rate swaps.

Note 12. Retirement Plans

Retirement Plans

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

The Company maintains one defined contribution plan for its employees in Canada. In the United Kingdom, the Company maintains two defined contribution plans and a defined benefit plan, which is frozen. These plans are discussed in further detail below.

United States Defined Benefit Plan

Net periodic pension costs for the United States defined benefit pension plan for the three months ended March 31, 2023 and 2022 were as follows:

	Three Months Ended March 31,	
	2023	2022
Interest cost	$ 71	$ 49
Expected return on plan assets	(64)	(66)
Recognized net actuarial loss	16	18
Net periodic pension cost	$ 23	$ 1

The Company expects to make total contributions of $400 to its to its United States defined benefit pension plan during 2023.

United Kingdom Defined Benefit Plan

Net periodic pension costs for the United Kingdom defined benefit pension plan for the three months ended March 31, 2023 and 2022 were as follows:

	Three Months Ended March 31,	
	2023	2022
Interest cost	$ 55	$ 45
Expected return on plan assets	(83)	(81)
Amortization of prior service costs and transition amount	6	6
Recognized net actuarial loss	3	42
Net periodic pension (income) cost	$ (19)	$ 12

United Kingdom regulations require trustees to adopt a prudent approach to funding required contributions to defined benefit pension plans. For the three months ended March 31, 2023, the Company contributed approximately $84 to the plan. The Company anticipates total contributions of approximately $340 to the United Kingdom pension plan during 2023.

Defined Contribution Plans

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

	Three Months Ended March 31,	
	2023	2022
United States	$ 614	$ 305
Canada	62	61
United Kingdom	261	135
	$ 937	$ 501

Note 13. Commitments and Contingent Liabilities

Product Liability Claims

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

Union Pacific Railroad ("UPRR") Concrete Tie Matter

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

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

The expected payments under the UPRR Settlement Agreement for the remainder of the year ending December 31, 2023 and thereafter are as follows:

Year Ending December 31,		
Remainder of 2023	$	8,000
2024		8,000
Total	$	16,000

Environmental and Legal Proceedings

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

On June 5, 2017, a General Notice Letter was received from the United States Environmental Protection Agency ("EPA") indicating that the Company may be a potentially responsible party ("PRP") regarding the Portland Harbor Superfund Site cleanup along with numerous other companies. More than 140 other companies received such a notice. The Company and a predecessor owned and operated a facility near the harbor site for a period prior to 1982. The net present value and undiscounted costs of the selected remedy throughout the harbor site are estimated by the EPA to be approximately $1.1 billion and $1.7 billion, respectively, and the remedial work is expected to take as long as 13 years to complete. These costs may increase given that the remedy will not be initiated or completed for several years. The Company is reviewing the basis for its identification by the EPA and the nature of the historic operations of a Company predecessor near the site. Additionally, the Company executed a PRP agreement which provides for a private allocation process among almost 100 PRPs in a working group whose work is ongoing and involves a process that will ultimately conclude a proposed allocation of liability for cleanup of the site and various sub-areas. The Company does not have any individual risk sharing agreements in place with respect to the site, and was only associated with the site from 1976 to when it purchased the stock of a company whose assets it sold in 1982 and which was dissolved in 1994. On March 26, 2020, the EPA issued a Unilateral Administrative Order to two parties requiring them to perform remedial design work for that portion of the Harbor Superfund Site that includes the area closest to the facility; the Company was not a recipient of this Unilateral Administrative Order. The Company cannot predict the ultimate impact of these proceedings because of the large number of PRPs involved throughout the harbor site, the size and extent of the site, the degree of contamination of various wastes, varying environmental impacts throughout the harbor site, the scarcity of data related to the facility once operated by the Company and a predecessor, potential comparative liability between the allocation parties and regarding non-participants, and the speculative nature of the remediation costs. Based upon information currently available, management does not believe that the Company's alleged PRP status regarding the Portland Harbor Superfund Site or other compliance with the present environmental protection laws will have a material adverse effect on the financial condition, results of operations, cash flows, competitive position, or capital expenditures of the Company. As more information develops and the allocation process is completed, and given the resolution of factors like those described above, an unfavorable resolution could have a material adverse effect. As of March 31, 2023 and December 31, 2022, the Company maintained environmental reserves approximating $2,448 and $2,472, respectively.

The Company is also subject to other legal proceedings and claims that arise in the ordinary course of its business. Legal actions are subject to inherent uncertainties, and future events could change management's assessment of the probability or estimated amount of potential losses from pending or threatened legal actions. Based on available information, it is the opinion of management that the ultimate resolution of pending or threatened legal actions, both individually and in the aggregate, will not result in losses having a material adverse effect on the Company's financial position or liquidity as of March 31, 2023.

If management believes that, based on available information, it is at least reasonably possible that a material loss (or additional material loss in excess of any accrual) will be incurred in connection with any legal actions, the Company discloses an estimate of the possible loss or range of loss, either individually or in the aggregate, as appropriate, if such an estimate can be made, or discloses that an estimate cannot be made. Based on the Company's assessment as of March 31, 2023, no such disclosures were considered necessary.

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

(Dollars in thousands, except share data)

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Many of the forward-looking statements are located in "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A"). Forward-looking statements provide management's current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Sentences containing words such as "believe," "intend," "plan," "may," "expect," "should," "could," "anticipate," "estimate," "predict," "project," or their negatives, or other similar expressions of a future or forward-looking nature generally should be considered forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q are based on management's current expectations and assumptions about future events that involve inherent risks and uncertainties and may concern, among other things, the Company's expectations relating to our strategy, goals, projections, and plans regarding our financial position, liquidity, capital resources, and results of operations and decisions regarding our strategic growth initiatives, market position, and product development. While the Company considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory, and other risks and uncertainties, most of which are difficult to predict and many of which are beyond the Company's control. The Company cautions readers that various factors could cause the actual results of the Company to differ materially from those indicated by forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Among the factors that could cause the actual results to differ materially from those indicated in the forward-looking statements are risks and uncertainties related to: the COVID-19 pandemic, and any future global health crises, and the related social, regulatory, and economic impacts and the response thereto by the Company, our employees, our customers, and national, state, or local governments; volatility in the prices of oil and natural gas and the related impact on the midstream energy markets, which could result in cost mitigation actions, including shutdowns or furlough periods; a continuation or worsening of the adverse economic conditions in the markets we serve, including recession, whether as a result of the current COVID-19 pandemic or otherwise, including its impact on labor markets, supply chains, and other inflationary costs, travel and demand for oil and gas, the continued volatility in the prices for oil and gas, governmental travel restrictions, project delays, and budget shortfalls, or otherwise; volatility in the global capital markets, including interest rate fluctuations, which could adversely affect our ability to access the capital markets on terms that are favorable to us; restrictions on our ability to draw on our credit agreement, including as a result of any future inability to comply with restrictive covenants contained therein; a continuing decrease in freight or transit rail traffic, including as a result of the ongoing COVID-19 pandemic, strikes, or labor stoppages; environmental matters, including any costs associated with any remediation and monitoring of such matters; the risk of doing business in international markets, including compliance with anti-corruption and bribery laws, foreign currency fluctuations and inflation, and trade restrictions or embargoes; our ability to effectuate our strategy, including cost reduction initiatives, and our ability to effectively integrate acquired businesses or to divest businesses, such as the recent dispositions of the Piling, Track Components, and Chemtec businesses, and acquisitions of the Skratch Enterprises Ltd., Intelligent Video Ltd., and VanHooseCo Precast LLC businesses and to realize anticipated benefits; costs of and impacts associated with shareholder activism; continued customer restrictions regarding the on-site presence of third party providers due to the COVID-19 pandemic; the timeliness and availability of materials from our major suppliers, including any continuation or worsening of the disruptions in the supply chain experienced as a result of the COVID-19 pandemic, as well as the impact on our access to supplies of customer preferences as to the origin of such supplies, such as customers' concerns about conflict minerals; labor disputes; cyber-security risks such as data security breaches, malware, ransomware, "hacking," and identity theft, which could disrupt our business and may result in misuse or misappropriation of confidential or proprietary information, and could result in the disruption or damage to our systems, increased costs and losses, or an adverse effect to our reputation; the continuing effectiveness of our ongoing implementation of an enterprise resource planning system; changes in current accounting estimates and their ultimate outcomes; the adequacy of internal and external sources of funds to meet financing needs, including our ability to negotiate any additional necessary amendments to our credit agreement or the terms of any new credit agreement, and reforms regarding the use of SOFR as a benchmark for establishing applicable interest rates; the Company's ability to manage its working capital requirements and indebtedness; domestic and international taxes, including estimates that may impact taxes; domestic and foreign government regulations, including tariffs; economic conditions and regulatory changes caused by the United Kingdom's exit from the European Union; geopolitical conditions, including the conflict in Ukraine; a lack of state or federal funding for new infrastructure projects; an increase in manufacturing or material costs; the loss of future revenues from current customers; and risks inherent in litigation and the outcome of litigation and product warranty claims. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, actual outcomes could vary materially from those indicated. Significant risks and uncertainties that may affect the operations, performance, and results of the Company's business and forward-looking statements include, but are not limited to, those set forth under Item 1A, "Risk Factors," and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2022, or as updated and/or amended by our other current or periodic filings with the Securities and Exchange Commission.

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

General Overview and Business Update

Results of the Quarter

	Three Months Ended March 31,		Percent Change	Percent of Total Net Sales Three Months Ended March 31,	
	2023	2022	2023 vs. 2022	2023	2022
Net sales	$ 115,488	$ 98,794	16.9 %	100.0 %	100.0 %
Gross profit	23,291	16,447	41.6	20.2	16.6
Expenses:					
Selling and administrative expenses	21,423	17,298	23.8	18.5	17.5
Amortization expense	1,365	1,436	(4.9)	1.2	1.5
Operating profit (loss)	503	(2,287)	122.0	0.4	(2.3)
Interest expense - net	1,388	370	**	1.2	0.4
Other expense (income) - net	1,827	(563)	**	1.6	(0.6)
Loss before income taxes	(2,712)	(2,094)	(29.5)	(2.3)	(2.1)
Income tax benefit	(541)	(508)	(6.5)	(0.5)	(0.5)
Net loss	(2,171)	(1,586)	(36.9)	(1.9)	(1.6)
Net loss attributable to noncontrolling interest	(19)	(20)	5.0	(0.0)	(0.0)
Net loss attributable to L.B. Foster Company	$ (2,152)	$ (1,566)	(37.4 %)	(1.9 %)	(1.6 %)
Diluted loss per common share	$ (0.20)	$ (0.15)			

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

L.B. Foster Company is a global technology solutions provider of engineered, manufactured products and services that builds and supports infrastructure. The Company's innovative engineering and product development solutions address the safety, reliability, and performance needs of its customers' most challenging requirements. The Company maintains locations in North America, South America, Europe, and Asia. The Company is organized and operates in three reporting segments: Rail, Technologies, and Services, Precast Concrete Products, and Steel Products and Measurement.

Acquisition and Divestiture Summary

On August 12, 2022, the Company acquired the operating assets of VanHooseCo Precast, LLC ("VanHooseCo"), a business specializing in precast concrete walls, water management products, and forms for the commercial and residential infrastructure markets for $52,146 net of cash acquired. VanHooseCo has been included in the Company's Precast Concrete Products segment.

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

On August 1, 2022, the Company divested the assets of its Track Components business. Cash proceeds from the transaction were $7,795, subject to indemnification obligations and working capital adjustments and a loss on sale of $467 was recorded in "Other expense (income) - net." The Track Components business was reported in the Rail Products business unit within the Rail, Technologies, and Services segment.

On March 30, 2023, the Company sold substantially all the operating assets of its Chemtec Energy Services LLC ("Chemtec") business for $5,344 in proceeds, subject to final working capital adjustments, generating a $2,033 loss on sale, recorded in "Other expense (income) - net." The Chemtec business was reported in the Coatings and Measurement business unit within the Steel Products and Measurement segment.

Results Summary

Net sales of $115,488 for the three months ended March 31, 2023 increased by $16,694, or 16.9%, over the prior year quarter. The change in sales is due in part to the acquisitions of Skratch and VanHooseCo offset by the divestiture of the Track Components business. Organic growth and acquisitions drove a 11.5% and 9.3% increase in sales over the prior year quarter, respectively, with an offsetting 3.9% decline from divestitures.

Gross profit for the three months ended March 31, 2023 was $23,291, an increase of $6,844 over the prior year quarter, or 41.6%, and gross profit margins expanded by 360 basis points to 20.2%. The improvement in gross profit is due to the portfolio changes that are a part of the Company's strategic transformation plan along with improved product mix and pricing.

Selling and administrative expenses for the three months ended March 31, 2023 increased by $4,125, or 23.8%, from the prior year quarter, due in part to the acquisition of VanHooseCo and Skratch, as well as higher personnel expenses. Selling and administrative expenses as a percent of net sales were 18.5% versus 17.5% in the prior year quarter, a 100 basis point increase. The recent acquisitions have a higher margin portfolio and higher selling and administrative costs.

Other expense - net for the three months ended March 31, 2023 was $1,827 while other income - net was $563 in the prior year quarter. Other expense - net for the three months ended March 31, 2023 was due to the $2,033 loss on the sale of Chemtec during the quarter.

The Company's effective income tax rate for the three months ended March 31, 2023 was 19.9%, compared to 24.3% in the prior year quarter. Due to the full valuation allowance on domestic deferred tax assets, the Company's tax provision for the three months ended March 31, 2023 does not reflect any tax benefit for domestic pre-tax losses, and is primarily comprised of taxes related to our Canadian and United Kingdom operations.

Net loss for the three months ended March 31, 2023 attributable to the Company was $2,152, or $0.20 per diluted share, unfavorable by $586, or $0.05 per diluted share, from the prior year quarter. The loss was primarily driven by the $2,033 loss on the sale of Chemtec during the three months ended March 31, 2023, which offset stronger comparable operating profit stemming from margin expansion.

The Company continues to execute its strategic transformation into a technology-focused, high growth infrastructure solutions provider, as evidenced by the number of recent portfolio actions taken, including the sale of Chemtec, which minimizes the Company's exposure to the energy market and allows for additional capacity to focus on its core growth platforms in Rail Technologies and Precast Concrete, and an increased focus on organic growth initiatives and debt reduction going into 2023. Proceeds from the Chemtec sale have contributed to the pay down of debt during the quarter and increased capacity under the credit agreement to further support its strategic initiatives.

Results of Operations - Segment Analysis

First Quarter 2023 Compared to First Quarter 2022

Rail, Technologies, and Services

	Three Months Ended March 31,		Change	Percent Change
	2023	2022	2023 vs. 2022	2023 vs. 2022
Net sales	$ 64,384	$ 63,710	$ 674	1.1 %
Gross profit	$ 14,284	$ 12,528	$ 1,756	14.0 %
Gross profit percentage	22.2 %	19.7 %	2.5 %	12.8 %
Segment operating profit	$ 2,388	$ 1,039	$ 1,349	129.8 %
Segment operating profit percentage	3.7 %	1.6 %	2.1 %	131.3 %

The Rail, Technologies, and Services segment sales for the three months ended March 31, 2023 increased by $674, or 1.1%, compared to the prior year quarter. Net sales increased by 5.8% organically and by 1.3% from the acquisition of Skratch, offset by a 6.1% decrease from the divestiture of Track Components. The Global Friction Management business unit increase in sales was offset by sales decreases in the Technology Services and Solutions business unit. The Friction Management sales increase was driven by strength in domestic markets served. The sales decrease in the Technology Services and Solutions business unit was driven by the completion of the multi-year Crossrail project in late 2022.

The Rail, Technologies, and Services segment gross profit increased by $1,756, or 14.0% over the prior year quarter, and gross profit margins expanded 250 basis points to 22.2%. Gross profit increases in Rail Products and Global Friction Management were commensurate with higher sales levels, while weaker sale in Technology Services and Solutions drove a partially offsetting gross profit decline. The improvement in gross profit is due to the portfolio changes that are a part of the Company's strategic transformation along with increased sales in the higher margin Global Friction Management business along with improved pricing. Operating profit was $2,388, a $1,349 increase over the prior year quarter, due primarily to higher gross profit levels.

During the current quarter, the Rail, Technologies, and Services segment had a decrease in new orders of $17,664, or 19.3%, compared to the prior year period. The decrease is due primarily to differences in customer order timing in the Rail Distribution business, as well as an unfavorable impact of $4,805 due to the Track Components divestiture. Backlog as of March 31, 2023 was $113,593, a decrease of $9,325, or 7.6%, versus the prior year quarter, $2,531 of which is related to the divested Track Components division.

Precast Concrete Products

	Three Months Ended March 31,		Change	Percent Change
	2023	2022	2023 vs. 2022	2023 vs. 2022
Net sales	$ 24,288	$ 15,010	$ 9,278	61.8 %
Gross profit	$ 5,521	$ 2,445	$ 3,076	125.8 %
Gross profit percentage	22.7 %	16.3 %	6.4 %	39.5 %
Segment operating loss	$ (348)	$ (791)	$ 443	56.0 %
Segment operating loss percentage	(1.4)%	(5.3 %)	3.9 %	73.6 %

The Precast Concrete Products segment sales for the three months ended March 31, 2023 increased by $9,278, or 61.8%, compared to the prior year quarter. The VanHooseCo acquisition contributed $8,299, or 55.3%, of the increase in sales over the prior year quarter. Organic sales increased by $979, or 6.5%, which is a continued reflection of the strong demand environment in the southern and northeastern United States markets.

The Precast Concrete Products segment's gross profit for the three months ended March 31, 2023 increased by $3,076, and gross profit margins expanded by 640 basis points to 22.7%. The improvement in gross profit is due to the VanHooseCo acquisition as well as overall sales volumes and stronger margins from the legacy precast business, including the impact of improved pricing. Operating loss for the first quarter of 2023 was $348, a $443 improvement over the prior year quarter, due to higher gross profit levels, which was partially offset by an increase in selling and administrative expenses from the VanHooseCo acquisition, as well as increased personnel expenses.

During the quarter, the Precast Concrete Products segment had an increase in new orders and backlog of 89.2% and 21.2%, respectively, compared to the prior year quarter. The increase in new orders and backlog is due to the VanHooseCo acquisition and strong demand in the legacy business.

Steel Products and Measurement

	Three Months Ended March 31,		Change	Percent Change
	2023	2022	2023 vs. 2022	2023 vs. 2022
Net sales	$ 26,816	$ 20,074	$ 6,742	33.6 %
Gross profit	$ 3,486	$ 1,474	$ 2,012	136.5 %
Gross profit percentage	13.0 %	7.3 %	5.7 %	77.0 %
Segment operating loss	$ (8)	$ (2,148)	$ 2,140	99.6 %
Segment operating loss percentage	0.0 %	(10.7)%	10.7 %	100.0 %

The Steel Products and Measurement segment sales for the three months ended March 31, 2023 increased by $6,742, or 33.6%, compared to the prior year quarter. The increase in sales for the first quarter of 2023 was attributable to the $8,819 increase in Coatings and Measurement sales over the prior year quarter, due to increased activity in both traditional and adjacent market applications. This increase was partially offset by a decrease in Fabricated Steel Products business unit sales of $2,087.

Steel Products and Measurement gross profit for the three months ended March 31, 2023 increased by $2,012, and gross profit margins increased 570 basis points to 13.0%. The increase in gross profit is primarily due to stronger margins in the Protective Coatings division attributable to higher volumes. The segment operating loss was reduced $2,140 from the prior year quarter, due to higher gross profit levels.

During the quarter, the Steel Products and Measurement segment had an increase in new orders and backlog of $4,697, or 18.9%, and $9,220, or 18.7%, respectively, compared to the prior year quarter. The increase is a result of improved order levels in the Fabricated Steel Products business unit and the Protective Coatings division due to strong demand in both traditional and adjacent market applications. The backlog increase was partially offset by a $5,657 decrease due to the Chemtec divestiture.

Liquidity and Capital Resources

The Company's principal sources of liquidity are its existing cash and cash equivalents, cash generated by operations, and the available capacity under the revolving credit facility, which provides for a total commitment of up to $130,000, of which $49,091 was available for borrowing as of March 31, 2023, subject to covenant restrictions. The Company's primary needs for liquidity relate to working capital requirements for operations, capital expenditures, debt service obligations, payments related to the Union Pacific Railroad Settlement, and acquisitions. The Company's total debt, including finance leases, was $80,096 and $91,879 as of March 31, 2023 and December 31, 2022, respectively, and was primarily comprised of borrowings under its revolving credit facility.

The following table reflects available funding capacity, subject to covenant restrictions, as of March 31, 2023:

		March 31, 2023
Cash and cash equivalents		$ 2,639
Credit agreement:		
Total availability under the credit agreement	130,000	
Outstanding borrowings on revolving credit facility	(79,825)	
Letters of credit outstanding	(1,084)	
Net availability under the revolving credit facility		49,091
Total available funding capacity		$ 51,730

The Company's cash flows are impacted from period to period by fluctuations in working capital, as well as its overall profitability. While the Company places an emphasis on working capital management in its operations, factors such as its contract mix, commercial terms, days sales outstanding ("DSO"), and market conditions as well as seasonality may impact its working capital. The Company regularly assesses its receivables and contract assets for collectability and realization, and provides allowances for credit losses where appropriate. The Company believes that its reserves for credit losses are appropriate as of March 31, 2023, but adverse changes in the economic environment and adverse financial conditions of its customers may impact certain of its customers' ability to access capital and pay the Company for its products and services, as well as impact demand for its products and services.

The changes in cash and cash equivalents for the three months ended March 31, 2023 and 2022 were as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net cash provided by (used in) operating activities	$ 6,932	$ (7,636)
Net cash provided by (used in) investing activities	4,661	(539)
Net cash (used in) provided by financing activities	(12,022)	4,012
Effect of exchange rate changes on cash and cash equivalents	186	30
Net decrease in cash and cash equivalents	$ (243)	$ (4,133)

Cash Flow from Operating Activities

During the three months ended March 31, 2023, net cash provided by operating activities was $6,932, compared to cash used in operating activities of $7,636 during the prior year period. For the three months ended March 31, 2023, net loss and adjustments to reconcile net loss from operating activities provided $3,352, compared to $1,408 in the prior year period. Working capital and other assets and liabilities provided $3,580 in the current period, compared to using $9,044 in the prior year period. The Company received $2,967 during the three months ended March 31, 2023 associated with its federal income tax refund claims, which have now been collected in full.

Cash Flow from Investing Activities

Capital expenditures for the three months ended March 31, 2023 and 2022 were $699 and $1,764, respectively. The current period expenditures primarily relate to general plant and operational improvements throughout the Company, including corporate system and facility improvements. Expenditures for the three months ended March 31, 2022 primarily related to the implementation of the enterprise resource planning system at additional Company divisions and general plant and operational improvements throughout the Company. On March 30, 2023, the Company divested the assets of its Chemtec business, generating a cash inflow of $5,344 during the three months ended March 31, 2023.

Cash Flow from Financing Activities

During the three months ended March 31, 2023 and 2022, the Company had a decrease in outstanding debt of $12,047 and an increase of $4,409, respectively. The decrease in debt for the three months ended March 31, 2023 was due to both stronger operating cash flows as well as proceeds received from the Chemtec divestiture during the quarter. The increase in debt for the 2022 period was the result of funding working capital and other assets and liabilities. Treasury stock acquisitions of $309 and $397 for the three months ended March 31, 2023 and 2022, respectively, represent stock repurchases from employees to satisfy their income tax withholdings in connection with the vesting of stock awards.

During the first quarter of 2023, the Company's Board of Directors authorized the repurchase of up to $15,000 of the Company's common stock in open market transactions through February 2026. Repurchases are limited to up to $5,000 in any trailing 12-month period, with unused amounts carrying forward to future periods through the end of the authorization. Any repurchases will be subject to the Company's liquidity, including availability of borrowings and covenant compliance under its revolving credit facility, and other capital needs of the business. No shares were repurchased in the first quarter of 2023 as part of the stock repurchase program.

Repurchases of shares of the Company's common stock may be made from time to time in the open market or in such other manner as determined by the Company. The timing of the repurchases and the actual amount repurchased will depend on a variety of factors, including the market price of the Company's shares, general market and economic conditions, and other factors. The stock repurchase program does not obligate the Company to acquire any particular amount of common stock and may be suspended or discontinued at any time.

Financial Condition

As of March 31, 2023, the Company had $2,639 in cash and cash equivalents. The Company's cash management priority continues to be short-term maturities and the preservation of its principal balances. As of March 31, 2023, approximately $2,136 of the Company's cash and cash equivalents were held in non-domestic bank accounts. The Company principally maintains its cash and cash equivalents in accounts held by major banks and financial institutions.

The Company's principal uses of cash have been to fund its operations, including capital expenditures, acquisitions, and to service its indebtedness. The Company views its liquidity as being dependent on its results of operations, changes in working capital needs, and its borrowing capacity. As of March 31, 2023, the Company's revolving credit facility had $49,091 of net availability, while the Company had $80,096 in total debt.

On August 13, 2021, the Company entered into the Credit Agreement, which increased the total commitments under the revolving credit facility to $130,000 from $115,000, extended the maturity date from April 30, 2024 to August 13, 2026, and provided more favorable covenant terms. Borrowings under the Credit Agreement bear interest rates based upon either the base rate or SOFR rate plus applicable margins. The Company believes that the combination of its cash and cash equivalents, cash generated from operations, and the capacity under its revolving credit facility should provide the Company with sufficient liquidity to provide the flexibility to operate the business in a prudent manner and enable the Company to continue to service its outstanding debt. On August 12, 2022, the Company amended its Credit Agreement to obtain approval for the VanHooseCo acquisition and temporarily modify certain financial covenants to accommodate the transaction. The Second Amendment permitted the Company to acquire the operating assets of VanHooseCo and modified the maximum Gross Leverage Ratio covenant to 3.75 through June 30, 2023 to accommodate the transaction. The Second Amendment also added an additional tier to the pricing grid and provided for the conversion from LIBOR-based to SOFR-based borrowings. For a discussion of the terms and availability of the credit facilities, please refer to Note 7 of the Notes to Condensed Consolidated Financial Statements contained in this Quarterly Report on Form 10-Q.

To reduce the impact of interest rate changes on outstanding variable-rate debt, the Company amended and entered into SOFR-based interest rate swaps with notional values totaling $20,000 and $20,000, effective August 12, 2022 and August 31, 2022, respectively, at which point the agreements effectively converted a portion of the debt from variable to fixed-rate borrowings during the term of the swap contract.

Segment Backlog

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

	Backlog		
	March 31, 2023	December 31, 2022	March 31, 2022
Rail, Technologies, and Services	$ 113,593	$ 105,241	$ 122,918
Precast Concrete Products	87,737	80,501	72,369
Steel Products and Measurement	58,551	86,509	49,331
Total backlog	$ 259,881	$ 272,251	$ 244,618

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

The Company defines new orders as a contractual agreement between the Company and a third-party in which the Company will, or has the ability to, satisfy the performance obligations of the promised products or services under the terms of the agreement.

Critical Accounting Estimates

The Condensed Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States. When more than one accounting principle, or method of its application, is generally accepted, management selects the principle or method that, in its opinion, is appropriate in the Company's specific circumstances. Application of these accounting principles requires management to reach opinions regarding estimates about the future resolution of existing uncertainties. As a result, actual results could differ from these estimates. In preparing these financial statements, management has reached its opinions regarding the best estimates and judgments of the amounts and disclosures included in the financial statements giving due regard to materiality. A summary of the Company's critical accounting policies and estimates is included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

This item is not applicable to a smaller reporting company.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

L.B. Foster Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of March 31, 2023. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of such date such that the information required to be disclosed by the Company in reports filed under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to management, including the chief executive officer, chief financial officer, or person performing such functions, as appropriate to allow timely decisions regarding disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes to our "internal control over financial reporting" (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended March 31, 2023, and that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

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

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PART II. OTHER INFORMATION

(Dollars in thousands, except share data)

Item 1. Legal Proceedings

See Note 13 of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors

This item is not applicable to a smaller reporting company.

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

The Company's purchases of equity securities for the three months ended March 31, 2023 were as follows:

	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (2)	Approximate dollar value of shares that may yet be purchased under the plans or programs
January 1, 2023 - January 31, 2023	1,126	$ 10.49	—	$ 15,000
February 1, 2023 - February 28, 2023	18,632	12.80	—	15,000
March 1, 2023 - March 31, 2023	4,687	12.52	—	15,000
Total	24,445	$ 12.64	—	$ 15,000

1. Reflects shares withheld by the Company to pay taxes upon vesting of restricted stock.
2. On March 3, 2023, the Board of Directors authorized the repurchase of up to $15,000 of the Company's common shares until February 2026.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

This item is not applicable to the Company.

Item 5. Other Information

None.

Item 6. Exhibits

See Exhibit Index below.

Exhibit Index

Exhibit Number	Description
*10.1	2023 Executive Annual Incentive Plan.
*10.2	Form of Restricted Stock Award Agreement (2023).
*10.3	Form of Performance Share Unit Award Agreement and Long Term Incentive Performance Share Unit Program (2023-2025).
*31.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
*32.0	Certification of Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
*101.INS	XBRL Instance Document-the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
*101.SCH	XBRL Taxonomy Extension Schema Document.
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
*104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Exhibits marked with an asterisk are filed herewith.

SIGNATURE

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

L.B. FOSTER COMPANY
(Registrant)

Date: **May 10, 2023**

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

L. B. FOSTER COMPANY
ANNUAL EXECUTIVE INCENTIVE COMPENSATION PROGRAM
2023

The purpose of this document is to establish in writing the performance goals and other terms applicable to cash financial performance awards for each fiscal year of the Company which constitutes a Performance Period (the "Program") as authorized under the L.B. Foster Company Executive Annual Incentive Compensation Plan ("ExIP").

I. **DEFINITIONS**

a. Defined terms used but not defined herein shall have the meanings ascribed to them in the Executive Incentive Plan master document under which each annual Program is established.

II. TERMS AND CONDITIONS

a. Unless otherwise determined by the Compensation Committee, the Performance Period shall be one calendar year.

b. Each Participant shall receive a cash award in an amount equal to Participant's base compensation multiplied by a target percentage established by the Committee based upon the position held by the Participant as approved by the Compensation Committee and set forth on Exhibit B, on file with the Committee (the "Target Percentage") (an "Award"). The amount of any Award earned and payable is calculated with reference to the percentage achievement of certain Performance Measures established by the Committee and as described below.

c. Participant's base compensation shall be the Participant's salary on March 1 of the applicable Performance Period, rounded to the nearest whole dollar.

d. Participants in the Program are listed on Exhibit B on file with the Committee, which identifies each Participant's title and Company operating unit, and Target Percentage for the applicable Performance Period.

e. A Participant's right, if any, to receive payout of an Award, if earned, shall be contingent upon Participant having executed a Confidentiality, Intellectual Property and Non-Compete Agreement in a form satisfactory to the Committee. Further, in order to receive any payout of an Award, the Participant must have begun employment with the Company by October 1 of the Program's Performance Period.

f. In the event a Participant changes from one position to another position or is promoted into one of the positions approved by the Committee during the Performance Period, the Target Percentage and base compensation for such Participant shall be pro-rated as applicable to each position held during the Performance Period, and such Award will be determined on the pro-rated basis based on the number of full months employed during the Performance Period.

g. In order to be eligible to receive any payout of an Award, if earned, a Participant must be actively employed by the Company on the date the Award is paid. In no event is a Participant entitled to any pro-rata payment of an Award under the terms of this Program, except to the extent the Board has approved a Participant's retirement or termination from the Company, in which case the Committee may provide a pro-rata payment based on the Participant's active employment before the Board-approved retirement or termination.

III. CALCULATING PAYOUT OF AWARDS

The payout of Awards shall be calculated as set forth below:

a. A Participant's Award shall be determined and allocated by multiplying the Award by the Company's adjusted level of attainment of the financial Performance Measures identified below, weighted as shown below:

Performance Measure	CEO, CFO; CGO SVP, HR & Admin; SVP & General Counsel; and Controller & CAO	Executive SVPs or VPs Responsible for Operating Unit(s)
Corporate Adjusted EBITDA	75%	20%
Corporate Working Capital	25%	---
Operating Unit Adjusted EBITDA	--	50%
Operating Unit Working Capital	---	30%

b. The amount of an Award shall be calculated and adjusted upward or downward based on the level of attainment of the above Performance Measures, Adjusted EBITDA (Corporate and Operating Unit), and Working Capital (Corporate and Operating Unit), utilizing the targets as set forth in the tables below. (Tables shown below describe targets for the Consolidated Corporate Group. Targets for the business groups are shown in Exhibit A.) Straight-line interpolation will be used to determine the achievement between each level.

Adjusted EBITDA Multiplier [1]

Target Adjusted EBITDA	Multiplier
$32,000	200%
$26,400	100%
$21,120	50%
Less than $21,120	0%

Working Capital [1]

Target Working Capital	
20.7%	200%
21.4%	100%
21.8%	50%
Greater than 21.8%	0%

[1] *Targets and Multipliers for Business Groups are shown on Exhibit A, on file with the Committee*

c. Individual payout targets are shown on Exhibit B, on file with the Committee

d. Operating results of an acquisition will be immediately included in the financial results, with Compensation Committee approval.

e. Definitions of the Performance Measures and possible financial adjustments are noted on Schedule 1.0 attached hereto.

III. <u>RECOUPMENT</u>
All Awards granted hereunder are made subject to the L.B. Foster Executive Recoupment Policy which is incorporated herein by reference (the “Policy.”) The Policy provides for the clawback by the Company and repayment by the Participant of cash awards paid hereunder in the event of an accounting restatement applicable to any financial reporting period within the Performance Period due to noncompliance of the Company with any financial reporting requirement under the securities or other applicable laws.

IV. <u>COMPENSATION COMMITTEE</u>
As set forth in the ExIP document, the Compensation Committee retains all rights and discretion to modify, eliminate, or replace the ExIP and the Program at any time. The Committee will interpret and apply the ExIP and this Program at its discretion, and may adjust financial Performance Measures, weighting, and/or multipliers as it deems appropriate in its sole discretion, or increase, decrease, or eliminate any Award or payout hereunder. All determinations with respect to any Award shall be made by the Committee and shall be final, conclusive and binding on the Company, the Participant and any and all interested parties.

The undersigned Chairman of the Compensation Committee hereby certifies, on behalf of the Committee, that the performance goals and other material terms applicable have been determined and approved at the Committee meeting held in February of the
Program’s Performance Period.

____
John E. Kunz
Chairman, Compensation Committee

____
Date

Schedule 1.0

PERFORMANCE MEASURES AND ADJUSTMENTS

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA): shall mean with respect to the Company or an Operating Unit, for the Fiscal Year (a) income from continuing operations; (b) plus income tax expense; (c) plus interest expense; (d) minus interest income; (e) plus depreciation expense; and (f) plus amortization expense; (g) plus and minus the adjustments below. Adjusted EBITDA is to be calculated including the effect of expense associated with the program.

Working Capital as a Percentage of Sales ("W/C as a % of Sales"): shall mean with respect to the Company, or as applicable, for an Operating Unit, for the Fiscal Year, the average monthly balances (in all cases calculated utilizing a 13-point average method) of Inventory, Contract Assets and Accounts Receivable less the average monthly balances of Accounts Payable and Deferred Revenue divided by annual net sales. Results shall be determined incorporating approved adjustments below

The following adjustments are guidelines subject to board approval.

Adjustment Description **Unplanned reductions or add-backs to results for gains and losses**	Adjusted EBITDA	Working Capital
Effects of changes in accounting or tax law	X	X
Divestitures of properties, businesses, investments, equity in affiliates or held for sale as discontinued operations	X	X
Costs of an acquisition or potential acquisition, and purchase accounting of an acquisition completed during the year.	X	X
Any significant or non-recurring item(s) (these items include, but are not limited to a restructuring, long-lived asset impairment, warranty costs, product liability, legal settlement, environmental charges) that in total exceed $200,000 in EBITDA (favorable or unfavorable)	X	X
The impact on any Operating Unit attributable to any administrative intercompany charges related to transfer pricing compliance where the consolidated impact is zero.	X	X
Other adjustments for unforeseen extraordinary circumstances as deemed appropriate in the sole discretion of the Compensation Committee of the Board of Directors	X	X

Exhibit 10.2

RESTRICTED STOCK AGREEMENT
(EXECUTIVE)
(Section 6 Of The 2022 Equity and Incentive Compensation Plan)

This Restricted Stock Agreement set forth below (this "***Agreement***") is dated as of _________________ (the "***Issue Date***") and is between L. B. Foster Company, a Pennsylvania corporation ("***Company***"), and ________________ (the "***Shareholder***").

The Company has established its 2022 Equity and Incentive Compensation Plan (the "***Plan***"), to advance the interests of the Company and its Shareholders by providing incentives to certain eligible persons who contribute significantly to the strategic and long-term performance objectives and growth of the Company. All capitalized terms not otherwise defined in this Agreement have the same meaning given them in the Plan.

Pursuant to the provisions of the Plan, the Committee has full power and authority to direct the execution and delivery of this Agreement in the name and on behalf of the Company and has authorized the execution and delivery of this Agreement.

AGREEMENT

The parties, intending to be legally bound hereby, agree as follows:

Section 1. ***Issuance of Stock.*** Subject and pursuant to all terms and conditions stated in this Agreement and in the Plan, as of the Issue Date the Company hereby grants to **Shareholder ________** restricted shares of Company Common Stock, par value $0.01 per share (the "***Common Stock***") pursuant to Section 6 of the Plan. For purposes of this Agreement, the "***Shares***" shall include all of the shares of Common Stock issued to Shareholder pursuant to this Agreement or issued with respect to such shares of Common Stock, including, but not limited to, shares of Company capital stock issued by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization.

Section 2. ***Vesting; Rights; Obligations; and Restrictions on Transfer.***

(a) None of the Shares may be sold, transferred, pledged, hypothecated or otherwise encumbered or disposed of until they have vested in accordance with the terms of this Section 2. Except as set forth in this Section 2, effective at the close of business on the date Shareholder ceases to be employed by the Company or an affiliate of the Company, any Shares that are not vested in accordance with this Section 2, and any dividends accrued pursuant to Section 2(c) below, shall be automatically forfeited without any further obligation on the part of the Company. Shareholder hereby assigns and transfers any forfeited Shares and the stock certificate(s) or other evidence of ownership representing such Shares to the Company.

(b) **All of the Shares will vest 33 1/3% on each of the first, second, and third anniversaries.** However, if a Change of Control occurs prior to the end of the full vesting period and (i) Shareholder experiences an involuntary Separation from Service by the Company other than (A) a Termination for Cause, (B) death, or (C) Disability, or the Shareholder terminates for Good Reason (as defined below) within the 90-day period immediately preceding a Change of Control, or on or within the two-year period immediately following a Change of Control, or (ii) the acquiring entity in a Change of Control does not assume this Agreement and convert the Shares into a substantially comparable award of capital stock or other equity incentive instrument in such acquiring entity as determined by the Board of Directors, any unvested Shares shall immediately vest. Vesting shall be tolled during any period in which Shareholder is on an approved leave of absence from employment with the Company or an affiliate of the Company.

(c) Subject to the foregoing provisions of this Section 2 and the provisions of the Plan, Shareholder shall have all rights of a shareholder with respect to the Shares, including the right to vote the Shares and to receive dividends, *provided*, *however*, that until such time as the Shares, or portion thereof, shall have vested, the Company shall accrue on its books and records for the benefit of the Shareholder an amount equal to the dividend payment that would otherwise have been received on the Shares but for this agreement to accrue the dividend payments. Dividends accrued for the benefit of the Shareholder shall be payable as the Shares vest with payment to be made by the Company, or its agent, within ten (10) business days after vesting. For purposes of clarity, if this Agreement provides that only a portion of the Shares vest on a given date, accrued dividends shall only be payable on that portion of Shares vesting and not on any Shares that remain unvested.

(d) For purposes of this Agreement, "Good Reason" means the Shareholder's Separation from Service as a result of the occurrence, without the Shareholder's written consent, of one of the following events:

(i) A material reduction in the Shareholder's annual base salary (unless such reduction relates to an across-the-board reduction similarly affecting Shareholder and all or substantially all other executives of the Company and its affiliates);

(ii) The Company (or the Subsidiary employing Shareholder) makes or causes to be made a material adverse change in the Shareholder's position, authority, duties or responsibilities which results in a significant diminution in the Shareholder's position, authority, duties or responsibilities, excluding any change made in connection with (A) a reassignment to a New Job Position (as defined herein), or (B) a termination of Shareholder's employment with the Company for Disability, Termination for Cause, death, or temporarily as a result of Participant's incapacity or other absence for an extended period; (For purposes of this Agreement, "New Job Position" means a change in the Shareholder's position, authority, duties or responsibilities with the Company or any affiliate due to the Shareholder's demonstrated inadequate or unsatisfactory performance, provided the Shareholder had been notified of such inadequate performance and had been given at least 30 days to cure such inadequate performance.);

(iii) A relocation of the Company's principal place of business, or of Shareholder's own office as assigned to Shareholder by the Company or the Subsidiary employing Shareholder to a location that increases Shareholder's normal work commute by more than 50 miles; or

(iv) Any other action by the Company or the Subsidiary employing Shareholder that constitutes a material breach of the employment agreement, if any, under which Shareholder's services are to be performed.

In order for Shareholder to terminate for Good Reason, (A) the Company must be notified by Shareholder in writing within 90 days of the event constituting Good Reason, (B) the event must remain uncorrected by the Company for 30 days following such notice (the "Notice Period"), and (C) such termination must occur within 60 days after the expiration of the Notice Period.

(e) The certificates, if any, representing unvested Shares will bear the following or similar legend:

"The securities represented by this certificate are subject to forfeiture and restrictions on transfer as set forth in the Restricted Stock Agreement between the issuer and the initial holder of these shares. A copy of that document may be obtained by the holder without charge at the issuer's principal place of business or upon written request."

Section 3. ***Investment Representation*****.** Shareholder hereby acknowledges that the Shares cannot be sold, transferred, assigned, pledged or hypothecated in the absence of an effective registration statement for the shares under the Securities Act of 1933, as amended (the "***Securities Act***"), and applicable state securities laws or an applicable exemption from the registration requirements of the Securities Act and any applicable state securities laws or as otherwise provided herein or in the Plan. Shareholder also agrees that the Shares which Shareholder acquires pursuant to this Agreement will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable securities laws, whether federal or state.

Section 4. ***Book Entry Account***. At the discretion of the Company, certificates for the shares may not be issued. In lieu of certificates, the Company may establish a book entry account for the Shares, until vested, in the name of the Shareholder with the Company's transfer agent for its Common Stock.

Section 5. ***Income Taxes***. Shareholder acknowledges that any income for federal, state, or local income tax purposes that Shareholder is required to recognize on account of the issuance of the Shares to Shareholder shall be subject to withholding of tax by the Company. In order to satisfy Shareholder's statutory withholding tax obligations, if any, on account of the vesting of Shares hereunder, the Company shall withhold a number of vested Shares issued hereunder equal to the applicable statutory withholding tax obligation for such Shareholder. Shareholder agrees further to notify the Company promptly if Shareholder files an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "***Code***"), with respect to any Shares.

Section 6. ***No Right to Employment*****.** Neither the Plan nor this Agreement shall be deemed to give Shareholder any right to continue to be employed by the Company, nor shall the Plan or the Agreement be deemed to limit in any way the Company's right to terminate the employment of the Shareholder at any time.

Section 7. ***Further Assistance*****.** Shareholder will provide assistance reasonably requested by the Company in connection with actions taken by Shareholder while employed by the Company, including but not limited to assistance in connection with any lawsuits or other claims against the Company arising from events during the period in which Shareholder was employed by the Company.

Section 8. ***Binding Effect; No Third Party Beneficiaries*****.** This Agreement shall be binding upon and inure to the benefit of the Company and Shareholder and their respective heirs, representatives, successors and permitted assigns. This Agreement shall not confer any rights or remedies upon any person other than the Company and the Shareholder and their respective heirs, representatives, successors and permitted assigns. The parties agree that this Agreement shall survive the issuance of the Shares.

Section 9. ***Agreement to Abide by Plan; Conflict between Plan and Agreement.*** The Plan is hereby incorporated by reference into this Agreement and is made a part hereof as though fully set forth in this Agreement. Shareholder, by execution of this Agreement, represents that he or she is familiar with the terms and provisions of the Plan and agrees to abide by all of the terms and conditions of this Agreement and the Plan. Shareholder accepts as binding, conclusive and final all decisions or interpretations of the Committee upon any question arising under the Plan or this Agreement (including, without limitation, the date of any termination of Shareholder's employment with the Company). In the event of any conflict between the Plan and this Agreement, the Plan shall control and this Agreement shall be deemed to be modified accordingly, except to the extent that the Plan gives the Committee the express authority to vary the terms of the Plan by means of this Agreement, in which case this Agreement shall govern.

Section 10. ***Entire Agreement.*** Except as otherwise provided herein, this Agreement and the Plan, which Shareholder has reviewed and accepted in connection with the grant of the Shares reflected by this Agreement, constitute the entire agreement between the parties and supersede any prior understandings, agreements, or representations by or between the parties, written or oral, to the extent they related in any way to the subject matter of this Agreement.

Section 11. ***Choice of Law.*** To the extent not superseded by federal law, the laws of the Commonwealth of Pennsylvania (without regard to the conflicts laws thereof) shall control in all matters relating to this Agreement and any action relating to this Agreement must be brought in State or Federal Courts located in the Commonwealth of Pennsylvania.

Section 12. *Notice*. All notices, requests, demands, claims, and other communications under this Agreement shall be in writing. Any notice, request, demand, claim, or other communication under this Agreement shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient at the following address: If to the Company, L. B. Foster Company, 415 Holiday Drive, Suite 100, Pittsburgh, PA 15220, Attn: Secretary; and if to the Shareholder, to his or her address as it appears on the Company's records. Either party to this Agreement may send any notice, request, demand, claim, or other communication under this Agreement to the intended recipient at such address using any other means (including personal delivery, expedited courier, messenger service, telecopy, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Either party to this Agreement may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other party notice in the manner set forth in this section.

Section 13. ***Counterparts.*** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Section 14. ***Amendments.*** This Agreement may be amended or modified at any time by an instrument in writing signed by the parties hereto, or as otherwise provided under the Plan. Notwithstanding, the Company may, in its sole discretion and without the Shareholder's consent, modify or amend the terms of this Agreement, impose conditions on the timing and effectiveness of the issuance of the Shares, or take any other action it deems necessary or advisable, to cause this Award to be excepted from Section 409A of the Code (or to comply therewith to the extent the Company determines it is not excepted).

Section 15. ***Acknowledgments.***

(a) By accepting the Shares, the Shareholder acknowledges receipt of a copy of the Plan and agrees to be bound by the terms and conditions set forth in the Plan and this Agreement, as in effect and/or amended from time to time.

(b) The Plan and related documents may be delivered to you electronically. Such means of delivery may include but do not necessarily include the delivery of a link to a Company intranet site or the internet site of a third party involved in administering the Plan, the delivery of the documents via e-mail or CD-ROM or such other delivery determined at the Committee's discretion. Both Internet Email and the World Wide Web are required in order to access documents electronically.

(c) This Award is intended to be excepted from coverage under Section 409A of the Code and the regulations promulgated thereunder and shall be interpreted and construed accordingly. Notwithstanding, Shareholder recognizes and acknowledges that Section 409A of the Code may impose upon the Shareholder certain taxes or interest charges for which the Shareholder is and shall remain solely responsible.

(d) Shareholder acknowledges that, by receipt of this Award, Shareholder has read this Section 15 and consents to the electronic delivery of the Plan and related documents, as described in this Section 15. Shareholder acknowledges that Shareholder may receive from the Company a paper copy of any documents delivered electronically at no cost if Shareholder contacts the Company's General Counsel by telephone at (412) 928-7829 or by mail to L.B. Foster Company, 415 Holiday Drive, Suite 100, Pittsburgh, PA 15220 ATTN: General Counsel. Shareholder further acknowledges that Shareholder will be provided with a paper copy of any documents delivered electronically if electronic delivery fails.

IN WITNESS WHEREOF, the Company has caused a duly authorized officer to execute this Agreement on its behalf, and the Shareholder has placed his/her signature hereon, effective as of the Issue Date.

L. B. FOSTER COMPANY

__________By:

Name: John E. Kunz
Title: Director and Chairman of the Compensation Committee

ACCEPTED AND AGREED TO:

__________, Shareholder

L. B. Foster Company
2023 PERFORMANCE SHARE UNIT PROGRAM
(2023-2025)

[DATE]

[NAME AND ADDRESS]

Dear [NAME]:

Pursuant to the terms and conditions of the L. B. Foster Company 2023 Performance Share Unit Program (the "Program"), a component of the Long-Term Incentive Program, the Compensation Committee of the Board of Directors of L. B. Foster Company (the "Committee") has awarded you ___________ Performance Share Units (the "Award"). The terms and conditions of your Award are governed by the provisions of the Program document attached hereto as Exhibit A, the terms of which are hereby incorporated by reference. Capitalized terms not otherwise defined herein shall each have the meaning assigned to them in the Program.

____
Name: __________________________________
Title: __________________________________

I hereby acknowledge and accept the Award described above subject to all of the terms and conditions of the Program including, without limitation, the forfeiture and covenant provisions set forth in Sections 11, 12 and 13 of the Program, regardless of whether the Award ever results in a payment under the Program. I further acknowledge receipt of a copy of the Program document and the L. B. Foster 2022 Equity and Incentive Compensation Plan, and I agree to be bound by all the provisions of the Program and the Plan, as amended from time to time.

By signing below, I acknowledge that: (i) I have read and understand the Program including, without limitation, the provisions that require me to repay monies to the Company if (A) I breach Section 11 or 12 of the Program or (B) the Company is required to prepare an accounting restatement to the extent set forth in Section 13(c) of the Program; (ii) the Performance Share Units that have been awarded to me have no independent economic value, but rather are mere units of measurement to be used in calculating benefits, if any, available under the Program; (iii) I agree to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee upon any questions arising under this Award, the Program or the Plan; and (iv) my decision to participate in the Program is completely voluntary and done with full knowledge of its terms. ***I further acknowledge and agree that, except as otherwise specifically provided in the Program, in the event I terminate employment prior to the Payment Date, the Performance Share Units awarded to me shall be cancelled and forfeited, whether payable or not, without payment by the Company or any Subsidiary.***

Signature: ____________________________ Date: ______________________________
Name

Exhibit A

L. B. FOSTER COMPANY
2023 PERFORMANCE SHARE UNIT PROGRAM
(2023-2025)

L. B. FOSTER COMPANY, a Pennsylvania corporation (the "Company"), hereby establishes this L. B. FOSTER COMPANY 2023 PERFORMANCE SHARE UNIT PROGRAM (the "Program"), in accordance with the provisions of the L. B. FOSTER COMPANY 2023 Equity and Incentive Compensation Plan (the “Plan”), and the terms and conditions provided herein.

WHEREAS, the Company maintains the Plan for the benefit of its and its Subsidiaries’ key employees; and

WHEREAS, in order to align the interests of key employees with the interests of the Company's shareholders and to enhance the Company's ability to retain the employment of its key employees, the Company desires to provide long-term incentive compensation; and

WHEREAS, Section 8 of the Plan authorizes the Company to make performance-based awards.

NOW, THEREFORE, the Compensation Committee of the Board of Directors of the Company ("Compensation Committee") hereby adopts the Program on the following terms and conditions:

1. Plan. In addition to the terms and conditions set forth herein, Awards under the Program are subject to, and governed by, the terms and conditions set forth in the Plan, which are hereby incorporated by reference. Unless the context otherwise requires, capitalized terms used in this Program and not otherwise defined herein shall have the meanings set forth in the Plan. In the event of any conflict between the provisions of the Program and the Plan, the Compensation Committee shall have full authority and discretion to resolve such conflict and any such determination shall be final, conclusive and binding on the Participant and all interested parties.

2. Effective Date. The effective date of this Program is January 1, 2023.

3. Eligibility. The Committee shall select those individuals who shall participate in the Program (the "Participants"). In the event that an employee is hired by the Company or a Subsidiary during the Performance Period, upon recommendation by the CEO, the Committee shall determine whether such employee will become a Participant in the Program, subject to such terms, conditions and adjustments as the Committee determines to be necessary or desirable.

4. Performance Share Unit Awards.

(a) The Committee shall determine the number of performance share units (the "Performance Share Units") to be awarded to each Participant. Each Performance Share Unit awarded under the Program shall represent a contingent right to receive up to two shares of the Company's common stock (the “Common Stock”) as described more fully herein, to the extent such Performance Share Unit is earned and becomes payable pursuant to the terms of this Program. Performance Share Units have no independent economic value, but rather are mere units of measurement used for purpose of calculating the number of shares, if any, to be paid under the Program.

(b) Performance Share Units shall be increased and/or decreased in accordance with the terms of the Program as described more fully herein. Notwithstanding any provision of this Program to the contrary the Committee, in its sole discretion, may increase or reduce the amount of any Performance Share Units that would otherwise be earned by a Participant upon attainment of the Performance Conditions (as defined below) if it concludes that such reduction is necessary or appropriate.

5. Performance Conditions of the Performance Share Units. The total number of shares of the Company’s Common Stock that may be earned by a Participant will be based on the Company's attainment of performance goals relating to the Company's return on invested capital ("ROIC") and Earnings Before Interest, Taxes, Depreciation and Amortization (“Cumulative EBITDA”) during the Performance Period (as defined below) as approved by (and in accordance with the procedures established by) the Committee on February 14, 2023 and on file with the Committee (the "Performance Conditions"), for the performance period of January 1, 2023 through December 31, 2025 (the "Performance Period"); provided, however, that except as otherwise specifically provided herein, the ability to earn shares of the Company’s Common Stock and to receive payment thereon under the Program is expressly contingent upon achievement of the threshold for the Performance Conditions and otherwise satisfying all other terms and conditions of the Program.

6. Issuance and Distribution.

(a) After the end of the Performance Period, the Committee shall certify in writing the extent to which the applicable Performance Conditions and any other material terms of the Program have been achieved. For purposes of this provision, and for so long as the Code permits, the approved minutes of the Committee meeting in which the certification is made may be treated as written certification.

(b) Subject to the terms and conditions of this Program, Performance Share Units will be settled and paid in shares of the Company's common stock in the calendar year immediately following the end of the Performance Period on a date determined in the Company's discretion, but in no event later than March 15th of such calendar year (the "Payment Date").

(c) Notwithstanding any other provision of this Program, in the event of a Change of Control, the Committee may, in its sole discretion, terminate the Program and, unless otherwise determined by the Committee, the Participant shall be deemed to earn shares of the Company’s Common Stock at the target level; provided, however, the Participant shall only be entitled to a prorated portion of such shares of the Company’s Common Stock determined based on the ratio of the number of complete months the Participant is employed or serves during the Performance Period through the date of the change of control to the total number of originally scheduled months in the Performance Period (or the number of originally scheduled remaining months in the Performance Period if the Participant becomes an employee of the Company and/or its Subsidiaries after the start of the Performance Period). Any such earned shares of the Company’s Common Stock shall be issued contemporaneous with the Change of Control on the closing date of the Change of Control; provided, further, in the event of a Change of Control, Performance Share Units may, in the Committee’s discretion, be settled in cash and/or securities or other property.

7. Dividends. Performance Share Units will not be credited with dividends that are paid on the Company's Common Stock.

8. Change in Participant's Status. In the event a Participant's employment with the Company or any Subsidiary is terminated (i) by reason of Retirement on or after January 1, 2023 (or such earlier date as may be expressly authorized by the Committee), or (ii) on account of death or total and permanent Disability prior to the Payment Date, the Participant shall be entitled to retain the Performance Share Units and receive payment therefore to the extent earned and payable pursuant to the provisions of this Program; provided, however, the Participant shall only be entitled to retain a prorated portion of the Performance Share Units determined at the end of the Performance Period and based on the ratio of the number of complete months the Participant is employed or serves during the Performance Period to the total number of months in the Performance Period (or the number of remaining months in the Performance Period if the Participant becomes an employee of the Company and/or its Subsidiaries after the start of the Performance Period). In the event a Participant's employment with the Company or any Subsidiary is terminated for any other reason, including, but not limited to, by the Participant voluntarily, or by the Company on account of a Termination for Cause or without cause, prior to the Payment Date, the Performance Share Units awarded to the Participant shall be cancelled and forfeited, whether payable or not, without payment by the Company or any Subsidiary. Any payments due a deceased Participant shall be paid to his estate as provided herein after the end of the Performance Period.

9. Responsibilities of the Compensation Committee. In addition to the authority granted to the Compensation Committee under the Plan, the Compensation Committee has responsibility for all aspects of the Program's administration, including but not limited to: ensuring that the Program is administered in accordance with the provisions of the Program and the Plan; approving Participants; authorizing Performance Share Unit Awards to Participants; and adjusting Performance Share Units as authorized hereunder consistent with the terms of the Program and the Plan. All decisions of the Compensation Committee under the Program shall be final, conclusive and binding on all interest parties. No member of the Compensation Committee shall be liable for any action or determination made in good faith as to the Program or any Performance Share Units awarded thereunder.

10. Tax Consequences/Withholding.

(a) It is intended that: (i) a Participant's Performance Share Units shall be considered to be subject to a substantial risk of forfeiture in accordance with those terms as defined in Section 409A and 3121(v)(2) of the Code; and (ii) a Participant shall have merely an unfunded, unsecured promise to be paid a benefit, and such unfunded promise shall not consist of a transfer of "property" within the meaning of Code Section 83.

(b) Participant acknowledges that any income for foreign, federal, state or local income tax purposes, including payroll taxes, that the Participant is required to recognize on account of the vesting of the Performance Share Units and/or issuance of the shares of Common Stock under this Award to Participant shall be subject to withholding of tax by the Company. In accordance with administrative procedures established by the Company, in order to satisfy Participant's minimum statutory withholding tax obligations, if any, on account of the vesting of the Performance Share Units and/or issuance of shares of Common Stock under this Award, the Company will withhold from the Performance Share Units to be issued to the Participant a sufficient number of whole shares distributable in connection with this Award equal to the applicable minimum statutory withholding tax obligation.

(c) This Program is intended to be excepted from coverage under Section 409A and shall be construed accordingly. Notwithstanding any provision of this Program to the contrary, if any benefit provided under this Program is subject to the provisions of Section 409A, the provisions of the Program will be administered, interpreted and construed in a manner necessary to comply with Section 409A (or disregarded to the extent such provision cannot be so administered, interpreted or construed). Notwithstanding, Section 409A may impose upon the Participant certain taxes or other charges for which the Participant is and shall remain solely responsible, and nothing contained in this Program or the Plan shall be construed to obligate the Compensation Committee, the Company or any Subsidiary for any such taxes or other charges

11. Non-Competition.

(a) The Participants hereunder agree that this Section 11 is reasonable and necessary in order to protect the legitimate business interests and goodwill of the Company, including the Company's trade secrets, valuable confidential business and professional information, substantial relationships with prospective and existing customers and clients, and specialized training provided to Participants and other employees of the Company. The Participants acknowledge and recognize the highly competitive nature of the business of the Company and its Subsidiaries and accordingly agree that during the term of each of their employment and for a period of two (2) years after the termination thereof:

(i) The Participants will not directly or indirectly engage in any business substantially similar to any line of business conducted by the Company or any of its Subsidiaries, including, but not limited to, where such engagement is as an officer, director, proprietor, employee, partner, investor (other than as a holder of less than 1% of the outstanding capital stock of a publicly traded corporation), consultant, advisor, agent or sales representative, in any geographic region in which the Company or any of its Subsidiaries conducted business;

(ii) The Participants will not contact, solicit, perform services for, or accept business from any customer or prospective customer of the Company or any of its Subsidiaries in any line of business conducted by the Company or any of its subsidiaries;

(iii) The Participants will not directly or indirectly induce any employee of the Company or any of its Subsidiaries to: (1) engage in any activity or conduct which is prohibited pursuant to subparagraph 11(a)(i) or (2) terminate such employee's employment with the Company or any of its Subsidiaries. Moreover, the Participants will not directly or indirectly employ or offer employment (in connection with any business substantially similar to any line of business conducted by the Company or any of its Subsidiaries) to any person who was employed by the Company or any of its Subsidiaries unless such person shall have ceased to be employed by the Company or any of its Subsidiaries for a period of at least 12 months; and

(iv) The Participants will not directly or indirectly assist others in engaging in any of the activities, which are prohibited under subparagraphs (a)(i-iii) above.

(b) It is expressly understood and agreed that although the Participants and the Company consider the restrictions contained in this Section 11 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Program is an unenforceable restriction against any Participant, the provisions of this Program shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable against such Participant. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Program is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein. The restrictive covenants set forth in this Section 11 shall be extended by any amount of time that a Participant is in breach of such covenants, such that the Company receives the full benefit of the time duration set forth above.

12. Confidential Information and Trade Secrets. The Participants and the Company agree that certain materials, including, but not limited to, information, data and other materials relating to customers, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, manufacturing processes, financing methods, plans or the business and affairs of the Company and its Subsidiaries, constitute proprietary confidential information and trade secrets. Accordingly, the Participants will not at any time during or after a Participant's employment with the Company (including any Subsidiary) disclose or use for such Participant's own benefit or purposes or the benefit or purposes of any other person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise other than the Company and any of its affiliates, any proprietary confidential information or trade secrets, provided that the foregoing shall not apply to information which is not unique to the Company or any of its Subsidiaries or which is generally known to the industry or the public other than as a result of such Participant's breach of this covenant. The Participants agree that upon termination of employment with the Company (including any Subsidiary) for any reason, the Participants will immediately return to the Company all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, which in any way relate to the business of the Company and its Subsidiaries, except that the Participants may retain personal notes, notebooks and diaries. The Participants further agree that the Participants will not retain or use for their own account at any time any trade names, trademark or other proprietary business designation used or owned in connection with the business of the Company or any of its Subsidiaries.

13. Remedies/Forfeiture/Recoupment.

(a) The Participants acknowledge that a violation or attempted violation on a Participant's part of Sections 11 and 12 will cause irreparable damage to the Company and its Subsidiaries, and the Participants therefore agree that the Company and its Subsidiaries shall be entitled as a matter of right to an injunction, out of any court of competent jurisdiction, restraining any violation or further violation of such promises by the Participants or a Participant's employees, partners or agents. The Participants agree that such right to an injunction is cumulative and in addition to whatever other remedies the Company (including any Subsidiary) may have under law or equity, and the Participants' obligations to make timely payment to the Company as set forth in Section 13(b) of this Program. ***The Participants further acknowledge and agree that a Participant's Performance Share Units shall be cancelled and forfeited without payment by the Company if such Participant breaches any of his or her obligations set forth in Section 11 and 12 herein.***

(b) At any point after becoming aware of a breach of any obligation set forth in Sections 11 and/or 12 of this Program, the Company shall provide notice of such breach to a Participant. By agreeing to participate in this Program, the Participants agree that within ten (10) days after the date the Company provides such notice, a Participant shall pay to the Company in cash an amount equal to any and all distributions paid to or on behalf of such Participant under this Program within the six (6) months prior to the date of the earliest breach. The Participant agrees that failure to make such timely payment to the Company constitutes an independent and material breach of the terms and conditions of this Program, for which the Company may seek recovery of the unpaid amount as liquidated damages, in addition to all other rights and remedies the Company may have resulting from a Participant's breach of the obligations set forth in Sections 11 and 12. The Participants agree that timely payment to the Company as set forth in this provision of the Program is reasonable and necessary because the compensatory damages that will result from breaches of Sections 11 and/or 12 cannot readily be ascertained. Further, the Participants agree that timely payment to the Company as set forth in this provision of the Program is not a penalty, and it does not preclude the Company from seeking all other remedies that may be available to the Company, including without limitation those set forth in this Section 13.

(c) Notwithstanding any other provisions herein, any Performance Share Units or other compensation (equity or cash) subject to recovery under any law, government regulation, stock exchange listing requirement, or Company policy, including the L.B. Foster Executive Recoupment Policy (incorporated herein by reference), shall be subject to such deductions, recoupment, and clawback as may be required to be made pursuant to such law, government regulation, stock exchange listing requirement or Company policy, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to this Award and any other compensation paid or payable by the Company and recovery of such amounts relating thereto. By accepting this Award, Participant agrees and acknowledges that he or she is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover, recoup, or recapture this Award or any other applicable compensatory amounts pursuant to such law, government regulation, stock exchange listing requirement or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover, recoup or recapture this Award or such other compensatory amounts from Participant’s accounts, or pending or future compensation or other grants.

14. Assignment/Nonassignment.

(a) The Company shall have the right to assign this Program, including without limitation Section 11, and the Participants agree to remain obligated by all provisions of this Program that are assigned to any successor, assign or surviving entity. The obligations of the Company under the Program shall be binding upon the successors and assigns of the Company. Any successor to the Company is an intended third party beneficiary of this Program.

(b) The Performance Share Units shall not be sold, pledged, assigned, hypothecated, transferred or disposed of (a "Transfer") in any manner, other than by will or the laws of descent and distribution. Any attempt by a Participant to Transfer the Performance Share Units in violation of the terms of the Program shall render the Performance Share Units null and void, and result in the immediate forfeiture of such Performance Share Units, without payment by the Company or any Subsidiary.

15. Impact on Benefit Plans. Payments under the Program shall not be considered as earnings for purposes of the Company's and/or Affiliate's qualified retirement plans or any such retirement or benefit plan unless specifically provided for therein. Nothing herein shall prevent the Company or any Affiliate from maintaining additional compensation plans and arrangements for its employees.

16. Changes in Stock. In the event of a stock split, stock dividend, or similar event, the Performance Share Units and the shares of Company common stock on which the Performance Conditions are based shall be appropriately adjusted to prevent dilution or enlargement of the rights of Participants which would otherwise result from any such transaction, provided such adjustment shall be consistent with Code Section 409A. In the case of a Change of Control, any obligation under the Program shall be handled in accordance with the terms of Section 6(c) hereof.

17. Governing Law, Jurisdiction, and Venue.

(a) This Program shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflicts of law.

(b) Participant hereby irrevocably submits to the personal and exclusive jurisdiction of the United States District Court for the Western District of Pennsylvania or the Court of Common Pleas of Allegheny County, Pennsylvania in any action or proceeding arising out of, or relating to, this Program (whether such action or proceeding arises under contract, tort, equity or otherwise). Participant hereby irrevocably waives any objection which Participant now or hereafter may have to the laying of venue or personal jurisdiction of any such action or proceeding brought in said courts.

(c) Jurisdiction over, and venue of, any such action or proceeding shall be exclusively vested in the United States District Court for the Western District of Pennsylvania or the Court of Common Pleas of Allegheny County, Pennsylvania.

(d) Provided that the Company commences any such action or proceeding in the courts identified in Section 17(b), Participant irrevocably waives Participant's right to object to or challenge the above selected forum on the basis of inconvenience or unfairness under 28 U.S.C. § 1404, 42 Pa. C.S. § 5322 or similar state or federal statutes. Participant agrees to reimburse the Company for all of the attorney fees and costs it incurs to oppose Participant's efforts to challenge or object to litigation proceeding in the courts identified in Section 17(b) with respect to actions arising out of or relating to this Program (whether such actions arise under contract, tort, equity or otherwise).

18. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Program shall in no way be construed to be a waiver of such provision or of any other provision hereof.

19. Severability. In the event that any one or more of the provisions of this Program shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

20. Funding. The Program is not funded and all amounts payable hereunder, if any, shall be paid from the general assets of the Company or its Affiliate, as applicable. No provision contained in this Program or the Plan and no action taken pursuant to the provisions of this Program or the Plan shall create a trust of any kind or require the Company to maintain or set aside any specific funds to pay benefits hereunder. To the extent a Participant acquires a right to receive payments from the Company under the Program, such right shall be no greater than the right of any unsecured general creditor of the Company.

21. Headings. The descriptive headings of the Sections of this Program are inserted for convenience of reference only and shall not constitute a part of this Program.

22. Amendment or Termination of this Program. This Program may be modified, amended, suspended or terminated by the Committee at any time. Notwithstanding the foregoing or any provision of this Program to the contrary, the Committee may, in the sole discretion and without the Participants’ consent, modify or amend the terms of the Program or a Performance Grant, or take any other action it deems necessary or advisable, to cause the Program to comply with Section 409A. Any modification, amendment, suspension or termination shall only be effective upon a writing issued by the Committee, and a Participant shall not offer evidence of any purported oral modifications or amendments to vary or contradict the terms of this Program document.

IN WITNESS WHEREOF, the undersigned has executed this Program on the day and year indicated below. This Program may be executed in more than one counterpart, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

Exhibit 31.1

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

I, John F. Kasel, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: **May 10, 2023**

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

Exhibit 31.2

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

I, William M. Thalman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of L.B. Foster Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: **May 10, 2023**

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

Exhibit 32.0

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

In connection with the Quarterly Report of L.B. Foster Company (the "Company") on Form 10-Q for the period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

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

Date: **May 10, 2023**

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

Date: **May 10, 2023**

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