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

# FORM 10-Q

**(Mark One)**

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

**for the quarterly period ended September 30, 2024**

**Or**

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

**for the transition period from __________ to __________**

**Commission File Number: 000-10436**

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

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

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 October 31, 2024, there were 10,830,095 shares of the registrant's common stock, par value $0.01 per share, outstanding.

L.B. FOSTER COMPANY AND SUBSIDIARIES

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**Part I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| | (Unaudited) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 3,135 | $ 2,560 |
| Accounts receivable - net (Note 5) | 66,718 | 53,484 |
| Contract assets - net (Note 3) | 20,186 | 29,489 |
| Inventories - net (Note 6) | 73,877 | 73,111 |
| Other current assets | 9,538 | 8,711 |
| **Total current assets** | 173,454 | 167,355 |
| Property, plant, and equipment - net | 75,732 | 75,579 |
| Operating lease right-of-use assets - net | 12,604 | 14,905 |
| Other assets: | | |
| Goodwill (Note 4) | 32,880 | 32,587 |
| Other intangibles - net (Note 4) | 16,020 | 19,010 |
| Deferred tax assets (Note 9) | 30,045 | — |
| Other assets | 3,809 | 2,965 |
| **TOTAL ASSETS** | $ 344,544 | $ 312,401 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 40,008 | $ 39,500 |
| Deferred revenue (Note 3) | 9,720 | 12,479 |
| Accrued payroll and employee benefits | 11,243 | 16,978 |
| Current portion of accrued settlement (Note 13) | 4,000 | 8,000 |
| Current maturities of long-term debt (Note 7) | 167 | 102 |
| Other accrued liabilities | 11,251 | 17,442 |
| **Total current liabilities** | 76,389 | 94,501 |
| Long-term debt (Note 7) | 68,377 | 55,171 |
| Deferred tax liabilities (Note 9) | 1,134 | 1,232 |
| Long-term operating lease liabilities | 9,923 | 11,865 |
| Other long-term liabilities | 6,285 | 6,797 |
| Stockholders' equity: | | |
| Common stock, par value $0.01, authorized 20,000,000 shares; shares issued at September 30, 2024 and December 31, 2023, 11,115,779; shares outstanding at September 30, 2024 and December 31, 2023, 10,657,554 and 10,733,935, respectively | 111 | 111 |
| Paid-in capital | 43,385 | 43,111 |
| Retained earnings | 167,821 | 124,633 |
| Treasury stock - at cost, 458,225 and 381,844 common stock shares at September 30, 2024 and December 31, 2023, respectively | (8,994) | (6,494) |
| Accumulated other comprehensive loss | (20,472) | (19,250) |
| **Total L.B. Foster Company stockholders' equity** | 181,851 | 142,111 |
| Noncontrolling interest | 585 | 724 |
| **Total stockholders' equity** | 182,436 | 142,835 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 344,544 | $ 312,401 |

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

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Sales of goods | $ 119,322 | $ 131,065 | $ 346,202 | $ 361,770 |
| Sales of services | 18,144 | 14,280 | 56,380 | 47,097 |
| Total net sales | 137,466 | 145,345 | 402,582 | 408,867 |
| Cost of goods sold | 89,286 | 103,868 | 264,543 | 282,627 |
| Cost of services sold | 15,422 | 14,060 | 48,592 | 42,905 |
| Total cost of sales | 104,708 | 117,928 | 313,135 | 325,532 |
| Gross profit | 32,758 | 27,417 | 89,447 | 83,335 |
| Selling and administrative expenses | 24,289 | 24,421 | 71,977 | 70,360 |
| (Gain) on sale of former joint venture facility | — | — | (3,477) | — |
| Amortization expense | 1,146 | 1,379 | 3,486 | 4,119 |
| Operating income | 7,323 | 1,617 | 17,461 | 8,856 |
| Interest expense - net | 1,358 | 1,442 | 3,976 | 4,404 |
| Other (income) expense - net | (188) | (151) | (525) | 2,782 |
| Income before income taxes | 6,153 | 326 | 14,010 | 1,670 |
| Income tax benefit | (29,745) | (121) | (29,110) | (99) |
| Net income | 35,898 | 447 | 43,120 | 1,769 |
| Net loss attributable to noncontrolling interest | (7) | (68) | (68) | (125) |
| Net income attributable to L.B. Foster Company | $ 35,905 | $ 515 | $ 43,188 | $ 1,894 |
| | | | | |
| Per share data attributable to L.B. Foster shareholders: | | | | |
| Basic earnings per common share | $ 3.35 | $ 0.05 | $ 4.01 | $ 0.18 |
| Diluted earnings per common share | $ 3.27 | $ 0.05 | $ 3.91 | $ 0.17 |
| | | | | |
| Basic weighted average shares outstanding | 10,718 | 10,813 | 10,757 | 10,804 |
| Diluted weighted average shares outstanding | 10,992 | 10,973 | 11,059 | 10,895 |

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

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

| | Three Months Ended September 30, 2024 | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
|---|---|---|---|---|
| Net income | $ 35,898 | $ 447 | $ 43,120 | $ 1,769 |
| Other comprehensive income (loss), net of tax: | | | | |
| Foreign currency translation adjustment | 1,376 | (1,651) | (590) | 852 |
| Unrealized (loss) gain on cash flow hedges, net of tax expense of $0 | (698) | 1 | (778) | 79 |
| Reclassification of pension liability adjustments to earnings, net of tax expense of $5, $1, $12, and $5, respectively* | 24 | 42 | 75 | 123 |
| Total comprehensive income (loss) | 36,600 | (1,161) | 41,827 | 2,823 |
| Less comprehensive (loss) income attributable to noncontrolling interest: | | | | |
| Net loss attributable to noncontrolling interest | (7) | (68) | (68) | (125) |
| Foreign currency translation adjustment | 18 | (21) | (71) | 12 |
| Amounts attributable to noncontrolling interest | 11 | (89) | (139) | (113) |
| Comprehensive income (loss) attributable to L.B. Foster Company | $ 36,589 | $ (1,072) | $ 41,966 | $ 2,936 |

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

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

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

| | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
|---|---|---|
| | (Unaudited) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net income | $ 43,120 | $ 1,769 |
| Adjustments to reconcile net income to cash used in operating activities: | | |
| Deferred income taxes | (30,122) | (1,958) |
| Depreciation | 7,076 | 7,449 |
| Amortization | 3,486 | 4,119 |
| Equity in loss of nonconsolidated investments | 6 | 6 |
| Gain on sales and disposals of property, plant, and equipment | (4,437) | (366) |
| Stock-based compensation | 3,135 | 2,757 |
| Loss on asset divestitures | — | 3,074 |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (12,976) | 15,927 |
| Contract assets | 9,910 | (261) |
| Inventories | (465) | (16,047) |
| Other current assets | (2,020) | 1,108 |
| Other noncurrent assets | 2,517 | (762) |
| Accounts payable | 603 | 1,201 |
| Deferred revenue | (2,861) | 782 |
| Accrued payroll and employee benefits | (5,747) | 1,809 |
| Accrued settlement | (4,000) | (4,000) |
| Other current liabilities | (5,848) | (1,044) |
| Other long-term liabilities | (3,030) | (253) |
| Net cash (used in) provided by operating activities | (1,653) | 15,310 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Proceeds from the sale of property, plant, and equipment | 3,881 | 539 |
| Capital expenditures on property, plant, and equipment | (7,834) | (2,784) |
| Proceeds from business dispositions | — | 7,706 |
| Acquisitions, net of cash acquired | — | 337 |
| Net cash (used in) provided by investing activities | (3,953) | 5,798 |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Repayments of debt | (166,005) | (150,115) |
| Proceeds from debt | 178,167 | 129,853 |
| Treasury stock acquisitions | (5,742) | (1,193) |
| Investment of noncontrolling interest | — | 334 |
| Net cash provided by (used in) financing activities | 6,420 | (21,121) |
| Effect of exchange rate changes on cash and cash equivalents | (239) | 100 |
| Net increase in cash and cash equivalents | 575 | 87 |
| Cash and cash equivalents at beginning of period | 2,560 | 2,882 |
| Cash and cash equivalents at end of period | $ 3,135 | $ 2,969 |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | $ 3,632 | $ 4,351 |
| Income taxes paid (received) | $ 1,596 | $ (271) |

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

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

| | Three Months Ended September 30, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Paid-in Capital | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Loss | Noncontrolling Interest | Total Stockholders' Equity |
| Balance, June 30, 2024 | $ 111 | $ 42,612 | $ 131,916 | $ (6,405) | $ (21,156) | $ 574 | $ 147,652 |
| Net income (loss) | — | — | 35,905 | — | — | (7) | 35,898 |
| Other comprehensive income (loss), net of tax: | | | | | | | |
| Pension liability adjustment | — | — | — | — | 24 | — | 24 |
| Foreign currency translation adjustment | — | — | — | — | 1,358 | 18 | 1,376 |
| Unrealized derivative loss on cash flow hedges | — | — | — | — | (698) | — | (698) |
| Purchase of 126,688 common shares for treasury | — | — | — | (2,623) | — | — | (2,623) |
| Issuance of 1,206 common shares, net of shares withheld for taxes | — | (15) | — | 34 | — | — | 19 |
| Stock-based compensation | — | 788 | — | — | — | — | 788 |
| Balance, September 30, 2024 | $ 111 | $ 43,385 | $ 167,821 | $ (8,994) | $ (20,472) | $ 585 | $ 182,436 |

| | Three Months Ended September 30, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Paid-in Capital | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Loss | Noncontrolling Interest | Total Stockholders' Equity |
| Balance, June 30, 2023 | $ 111 | $ 40,919 | $ 124,548 | $ (4,846) | $ (18,536) | $ 396 | $ 142,592 |
| Net income (loss) | — | — | 515 | — | — | (68) | 447 |
| Other comprehensive income, net of tax: | | | | | | | |
| Pension liability adjustment | — | — | — | — | 42 | — | 42 |
| Foreign currency translation adjustment | — | — | — | — | (1,630) | (21) | (1,651) |
| Unrealized derivative loss on cash flow hedges | — | — | — | — | 1 | — | 1 |
| Purchase of 12,102 common shares for treasury | — | — | — | (216) | — | — | (216) |
| Issuance of 0 common shares, net of shares withheld for taxes | — | (15) | — | — | — | — | (15) |
| Stock-based compensation | — | 928 | — | — | — | — | 928 |
| Balance, September 30, 2023 | $ 111 | $ 41,832 | $ 125,063 | $ (5,062) | $ (20,123) | $ 307 | $ 142,128 |

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)

| | Nine Months Ended September 30, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Paid-in Capital | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Loss | Noncontrolling Interest | Total Stockholders' Equity |
| Balance, December 31, 2023 | $ 111 | $ 43,111 | $ 124,633 | $ (6,494) | $ (19,250) | $ 724 | $ 142,835 |
| Net income (loss) | — | — | 43,188 | — | — | (68) | 43,120 |
| Other comprehensive loss, net of tax: | | | | | | | |
| Pension liability adjustment | — | — | — | — | 75 | — | 75 |
| Foreign currency translation adjustment | — | — | — | — | (519) | (71) | (590) |
| Unrealized derivative loss on cash flow hedges | — | — | — | — | (778) | — | (778) |
| Purchase of 196,768 common shares for treasury | — | — | — | (4,330) | — | — | (4,330) |
| Issuance of 120,387 common shares, net of shares withheld for taxes | — | (3,235) | — | 1,830 | — | — | (1,405) |
| Stock-based compensation | — | 3,135 | — | — | — | — | 3,135 |
| Investment of noncontrolling interest | — | 374 | — | — | — | — | 374 |
| Balance, September 30, 2024 | $ 111 | $ 43,385 | $ 167,821 | $ (8,994) | $ (20,472) | $ 585 | $ 182,436 |

| | Nine Months Ended September 30, 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 income (loss) | — | — | 1,894 | — | — | (125) | 1,769 |
| Other comprehensive income, net of tax: | | | | | | | |
| Pension liability adjustment | — | — | — | — | 123 | — | 123 |
| Foreign currency translation adjustment | — | — | — | — | 840 | 12 | 852 |
| Unrealized derivative gain on cash flow hedges | — | — | — | — | 79 | — | 79 |
| Purchase of 63,343 common shares for treasury | — | — | — | (878) | — | — | (878) |
| Issuance of 91,316 common shares, net of shares withheld for taxes | — | (2,228) | — | 2,056 | — | — | (172) |
| Stock-based compensation | — | 2,757 | — | — | — | — | 2,757 |
| Balance, September 30, 2023 | $ 111 | $ 41,832 | $ 125,063 | $ (5,062) | $ (20,123) | $ 307 | $ 142,128 |

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. 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 and nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. 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/A for the year ended December 31, 2023. 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.

**Recently Issued Accounting Standards**

In November 2023, the FASB issued Accounting Standards Update 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), which requires enhanced disclosures regarding significant segment expenses that are regularly reviewed by the chief operating decision maker ("CODM") and included in each reported measure of segment operating income or loss, including an amount for "other segment items" by reportable segment and a description of its composition. ASU 2023-07 also requires entities to disclose the title and position of the CODM and an explanation of how the CODM uses reported measures of segment operating income or loss to assess performance and allocate resources. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 with early adoption permitted. The Company expects ASU 2023-07 to only impact its disclosures with no impacts to its consolidated financial condition, results of operations, and cash flows.

In December 2023, the FASB issued Accounting Standards Update 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 requires entities to disclose additional information with respect to the effective tax rate reconciliation and disaggregation of income tax expense and income taxes paid by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of ASU 2023-09, but expects this ASU to only impact its disclosures with no impacts to its consolidated financial condition, results of operations, and cash flows.

**Correction of Immaterial Errors in Previously Issued Condensed Consolidated Financial Statements**

As previously announced in the Company's Annual Report on Form 10-K/A filed with the SEC on November 1, 2024, the Company identified an immaterial error related to the classification of $1,068 of costs associated with exit of the bridge grid deck product line (the "Bridge Exit") that were erroneously excluded from the Company's "Operating income," as reported in the Company's Condensed Consolidated Statement of Operations. The Company has corrected this immaterial error and other immaterial errors for the three and nine months ended September 30, 2023. The impact of these adjustments are shown in the tables below. Note only line items that were impacted by the immaterial error corrections detailed above are included below.

| | Three Months Ended September 30, 2023 | | |
|---|---|---|---|
| | As Previously Reported | Adjustments | As Revised |
| Cost of goods sold | $ 103,061 | $ 807 | $ 103,868 |
| Total cost of sales | 117,121 | 807 | 117,928 |
| Gross profit | 28,224 | (807) | 27,417 |
| Selling and administrative expenses | 24,160 | 261 | 24,421 |
| Operating income | 2,685 | (1,068) | 1,617 |
| Other expense (income) - net | 917 | (1,068) | (151) |

| | Nine Months Ended September 30, 2023 | | |
|---|---|---|---|
| | As Previously Reported | Adjustments | As Revised |
| Cost of goods sold | $ 282,195 | $ 432 | $ 282,627 |
| Total cost of sales | 325,100 | 432 | 325,532 |
| Gross profit | 83,767 | (432) | 83,335 |
| Selling and administrative expenses | 70,111 | 249 | 70,360 |
| Operating income | 9,537 | (681) | 8,856 |
| Other expense - net | 3,463 | (681) | 2,782 |

The correction of immaterial errors to the Unaudited Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2023 did not change "Income before income taxes," "Income tax benefit," or "Net income." Where appropriate, the financial disclosures in the footnotes to the Unaudited Condensed Consolidated Financial Statements impacted by the correction of these immaterial errors have been updated.

**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 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 ("CODM"), who uses such information to make decisions about resources to be allocated to the segments, and (c) for which discrete financial information is available. Operating segments are evaluated on their segment profit contribution to the Company's consolidated results. Other income and expenses, interest, income taxes, and certain other items are managed on a consolidated basis. The Company's segment accounting policies are described in Note 2 Business Segments of the Notes to the Company's Consolidated Financial Statements contained in its Annual Report on Form 10-K/A for the year ended December 31, 2023.

The Company is organized and operates in two reporting segments: Rail, Technologies, and Services ("Rail"), and Infrastructure Solutions ("Infrastructure"). Effective for the quarter and year ended December 31, 2023, the Company made certain organizational changes that led to the conclusion that it will operate under two reporting segments as opposed to the three reporting segments it has operated under historically. As such, the Company has restated segment information for the historical periods presented herein to conform to the current presentation. The Infrastructure business comprises both the historic Precast Concrete Products and Steel Products and Measurement (since renamed "Steel Products") reporting segments.

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

| | Three Months Ended September 30, 2024 | | Three Months Ended September 30, 2023 | |
|---|---|---|---|---|
| | Net Sales | Segment Operating Income | Net Sales | Segment Operating Income |
| Rail, Technologies, and Services | $ 79,498 | $ 4,933 | $ 86,866 | $ 3,866 |
| Infrastructure Solutions | 57,968 | 5,110 | 58,479 | 799 |
| Total | $ 137,466 | $ 10,043 | $ 145,345 | $ 4,665 |

| | Nine Months Ended September 30, 2024 | | Nine Months Ended September 30, 2023 | |
|---|---|---|---|---|
| | Net Sales | Segment Operating Income | Net Sales | Segment Operating Income |
| Rail, Technologies, and Services | $ 247,715 | $ 17,212 | $ 242,866 | $ 13,231 |
| Infrastructure Solutions | 154,867 | 7,345 | 166,001 | 3,232 |
| Total | $ 402,582 | $ 24,557 | $ 408,867 | $ 16,463 |

Segment income from operations, as shown above, includes allocated corporate operating expenses. Allocated corporate operating expenses include costs associated with central services such as quality, logistics, environmental health and safety, information technology, insurance, and human resources. Other corporate functional costs that are associated with the operating segments are also allocated to the segments such as finance, marketing, credit and collections, and treasury functions. Operating expenses related to corporate headquarter functions were allocated to each segment 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. Management believes the allocation of corporate operating expenses provides an accurate presentation of how the segments utilize corporate support activities. This provides the CODM meaningful segment profitability information to support operating decisions and the allocation of resources. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies found in Note 1 Significant Accounting Policies of the Notes to the Company's Consolidated Financial Statements contained in its Annual Report on Form 10-K/A for the year ended December 31, 2023.

During the nine months ended September 30, 2024, the Company sold an ancillary property within the Steel Products business unit for total proceeds of $1,300 generating an $815 gain on sale recorded in "Cost of goods sold" for the nine months ended September 30, 2024 which has been included in the Infrastructure segment's operating income.

Certain corporate costs are separately managed on a consolidated basis and are not allocated to the operating segments. These corporate costs include public company costs such as listing fees, audit fees, compliance costs, and Board of Directors fees. Additionally, certain corporate executive management costs, including costs of the corporate executive leadership team, and corporate management stock-based compensation expenses are not allocated to the operating segments. Finally, interest expense, income taxes, and certain other items included in other income and expense which are managed on a consolidated basis are not allocated to the operating segments. During the nine months ended September 30, 2024, the Company sold a former joint venture facility located in Magnolia, Texas generating a $3,477 gain on sale recorded in "(Gain) on sale of former joint venture facility " which is included as a component of corporate operating income.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Income from operations: | | | | |
| Total segment operating income | $ 10,043 | $ 4,665 | $ 24,557 | $ 16,463 |
| Gain on sale of former joint venture facility | — | — | 3,477 | — |
| Interest expense - net | (1,358) | (1,442) | (3,976) | (4,404) |
| Other income (expense) - net | 188 | 151 | 525 | (2,782) |
| Public company costs | (1,327) | (1,371) | (4,167) | (3,244) |
| Corporate executive management costs | (839) | (760) | (4,131) | (2,281) |
| Corporate management stock-based compensation | (339) | (587) | (1,818) | (1,735) |
| Other | (215) | (330) | (457) | (347) |
| Income before income taxes | $ 6,153 | $ 326 | $ 14,010 | $ 1,670 |
| Depreciation/Amortization: | | | | |
| Total segment depreciation/amortization | $ 3,019 | $ 3,373 | $ 9,172 | $ 10,214 |
| Corporate depreciation/amortization | 467 | 466 | 1,390 | 1,354 |
| Depreciation/amortization | $ 3,486 | $ 3,839 | $ 10,562 | $ 11,568 |
| Expenditures for Long-Lived Assets: | | | | |
| Total segment expenditures for long-lived assets | $ 2,816 | $ 879 | $ 6,865 | $ 1,945 |
| Corporate expenditures for long-lived assets | 251 | 410 | 969 | 839 |
| Expenditures for long-lived assets | $ 3,067 | $ 1,289 | $ 7,834 | $ 2,784 |

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

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Rail, Technologies, and Services | $ 157,097 | $ 156,638 |
| Infrastructure Solutions | 130,052 | 130,247 |
| Unallocated corporate assets | 57,395 | 25,516 |
| Total | $ 344,544 | $ 312,401 |

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 generating a $2,065 loss on sale, recorded in "Other (income) expense - net" for the nine months ended September 30, 2023. The Chemtec business was reported in the Steel Products business unit in the Infrastructure segment.

On June 30, 2023, the Company sold substantially all the operating assets of the prestressed concrete railroad tie business operated by its wholly-owned subsidiary, CXT Incorporated ("Ties"), located in Spokane, WA, for $2,362 in proceeds, generating a $1,009 loss on the sale, which was recorded in "Other (income) expense - net" for the nine months ended September 30, 2023. The Ties business was reported in the Rail Products business unit within the Rail segment.

On August 30, 2023, the Company announced the Bridge Exit which was reported in the Steel Products business unit within the Infrastructure segment. The decision to exit the bridge grid deck product line was a result of a weak bridge grid deck market condition and outlook due to customer adoption of newer technologies replacing the grid deck solution. The Company continues to operate its bridge forms product line which is a newer technology and not subject to the same challenging market conditions. The Bedford, PA based operations supporting the discontinued bridge grid deck product line expect to complete any remaining customer obligations during 2025. The discontinued product line had sales of $921 and $283 for the three months ended September 30, 2024 and 2023, respectively, and $2,888 and $3,749 for the nine months ended September 30, 2024 and 2023, respectively. During the three and nine months ended September 30, 2024, the Company incurred an immaterial amount of exit costs, all of which were personnel expenses. The Company does not expect to incur additional material exit costs in the remainder of 2024. Cumulatively, the Company has incurred a total of $1,476 in exit costs for the Bridge Exit, which included $474 in inventory write-downs and $740 in personnel expenses, both of which were recorded in "Cost of goods sold," as well as $262 in other exit costs, which were recorded in "Selling and administrative expenses." The majority of such expenses were incurred in the last six months of 2023 and paid in early 2024.

On November 17, 2023, the Company acquired the operating assets of Caldwell, Idaho based Cougar Mountain Precast, LLC (“Cougar”), a licensed manufacturer and seller of Redi-Rock® products for $1,644, subject to hold back amount equal to $160 to be paid twelve months following the closing or utilized to satisfy post-close working capital adjustments or indemnity claims. Cougar has been included in the Precast Concrete Products business unit within the Infrastructure segment.

**Note 3. Revenue**

The following table summarizes the Company’s sales by major product and service line for the periods presented:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Rail Products | $ 47,442 | $ 60,137 | $ 156,803 | $ 164,612 |
| Global Friction Management | 19,548 | 16,125 | 51,008 | 49,624 |
| Technology Services and Solutions | 12,508 | 10,604 | 39,904 | 28,630 |
| Rail, Technologies, and Services | 79,498 | 86,866 | 247,715 | 242,866 |
| Precast Concrete Products | 42,688 | 38,642 | 97,730 | 96,795 |
| Steel Products | 15,280 | 19,837 | 57,137 | 69,206 |
| Infrastructure Solutions | 57,968 | 58,479 | 154,867 | 166,001 |
| Total net sales | $ 137,466 | $ 145,345 | $ 402,582 | $ 408,867 |

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 September 30, 2024 | | |
|---|---|---|---|
| | Rail, Technologies, and Services | Infrastructure Solutions | Total |
| Point in time | $ 62,717 | $ 33,462 | $ 96,179 |
| Over time | 16,781 | 24,506 | 41,287 |
| Total net sales | $ 79,498 | $ 57,968 | $ 137,466 |

| | Three Months Ended September 30, 2023 | | |
|---|---|---|---|
| | Rail, Technologies, and Services | Infrastructure Solutions | Total |
| Point in time | $ 72,246 | $ 38,534 | $ 110,780 |
| Over time | 14,620 | 19,945 | 34,565 |
| Total net sales | $ 86,866 | $ 58,479 | $ 145,345 |

| | Nine Months Ended September 30, 2024 | | |
|---|---|---|---|
| | Rail, Technologies, and Services | Infrastructure Solutions | Total |
| Point in time | $ 198,179 | $ 98,246 | $ 296,425 |
| Over time | 49,536 | 56,621 | 106,157 |
| Total net sales | $ 247,715 | $ 154,867 | $ 402,582 |

| | Nine Months Ended September 30, 2023 | | |
|---|---|---|---|
| | Rail, Technologies, and Services | Infrastructure Solutions | Total |
| Point in time | $ 202,003 | $ 102,609 | $ 304,612 |
| Over time | 40,863 | 63,392 | 104,255 |
| Total net sales | $ 242,866 | $ 166,001 | $ 408,867 |

The Company’s performance obligations under long-term agreements with its customers are generally satisfied over time. Over time revenue is primarily comprised of transit infrastructure and technology services and solutions projects within the Rail segment, precast concrete buildings within the Precast Concrete Products division in the Infrastructure segment, and long-term bridge projects and custom precision metering systems within the Steel Products division in the Infrastructure segment. Revenue under these long-term agreements is recognized over time either using an input measure based upon the proportion of actual costs incurred to estimated total project costs or an input measure based upon actual labor costs as a percentage of estimated total labor costs, depending upon which measure the Company believes best depicts the Company’s performance to date under the terms of the contract, or an output method, specifically units delivered, based upon certain customer acceptance and delivery requirements. The use of an input or an output measure to recognize revenue is determined based on what is most appropriate given the nature of the work performed and terms of the associated agreement.

Accounting for these long-term agreements involves the use of various techniques to estimate total revenues and costs. The Company estimates profit on these long-term agreements as the difference between total estimated revenues and expected costs to complete a contract and recognizes that profit over the life of the contract. As a result of management’s reviews of contract-related estimates the Company makes adjustments to contract estimates that impact our revenue and profit totals. Changes in estimates are primarily attributed to updated considerations, including economic conditions and historic contract patterns, resulting in changes to anticipated revenue from existing contracts. During the nine months ended September 30, 2024, reductions to net sales stemming from changes in actual and expected values of certain commercial contracts and settlements of such contracts were $1,477; there were no such changes in actual or expected values during the three months ended September 30, 2024. Such adjustments were $3,996 and $5,424 during the three and nine months ended September 30, 2023, respectively, including $1,977 related to the Bridge Exit in both the three and nine month periods last year. The Company’s estimates related to these long-term agreements are further described in Note 4 Revenue of the Notes to the Company’s Consolidated Financial Statements contained in its Annual Report on Form 10-K/A for the year ended December 31, 2023.

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

| | Three Months Ended September 30, | | Percentage of Total Net Sales Three Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Over time input method | $ 15,020 | $ 12,642 | 10.9 % | 8.7 % |
| Over time output method | 26,267 | 21,923 | 19.1 | 15.1 |
| Total over time sales | $ 41,287 | $ 34,565 | 30.0 % | 23.8 % |

| | Nine Months Ended September 30, | | Percentage of Total Net Sales Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Over time input method | $ 42,259 | $ 44,577 | 10.5 % | 10.9 % |
| Over time output method | 63,898 | 59,678 | 15.9 | 14.6 |
| Total over time sales | $ 106,157 | $ 104,255 | 26.4 % | 25.5 % |

The timing of revenue recognition, billings, and cash collections results in billed receivables, costs in excess of billings (included in "Contract assets - net"), 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, 2023 | $ 29,489 |
| Net additions to contract assets | 9,898 |
| Transfers from contract asset balance to accounts receivable | (19,201) |
| Balance as of September 30, 2024 | $ 20,186 |

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

| | Contract Liabilities |
|---|---|
| Balance as of December 31, 2023 | $ 2,189 |
| Revenue recognized from contract liabilities | (1,285) |
| Increase in billings in excess of cost, excluding revenue recognized | 1,744 |
| Other adjustments | (317) |
| Balance as of September 30, 2024 | $ 2,331 |

The Company has established policies regarding allowance for credit losses associated with contract assets, which includes standalone reserve assessments for its long term, complex contracts as needed as well as detailed regular review and updates to contract margins, progress, and value. A standard reserve threshold is applied to contract assets related to short term, less complex contracts. Management also regularly reviews collection patterns and future expected collections and makes necessary revisions to allowance for credit losses related to contract assets.

As of September 30, 2024, the Company had approximately $209,005 of remaining performance obligations, which are also referred to as backlog. Approximately 12.5% of the September 30, 2024 backlog was related to projects that are anticipated to extend beyond September 30, 2025.

**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 | Infrastructure Solutions | Total |
|---|---|---|---|
| Balance as of December 31, 2023 | $ 20,466 | $ 12,121 | $ 32,587 |
| Cougar purchase accounting adjustment | — | (445) | (445) |
| Foreign currency translation impact | 738 | — | 738 |
| Balance as of September 30, 2024 | $ 21,204 | $ 11,676 | $ 32,880 |

On November 17, 2023, the Company acquired the operating assets of Cougar Mountain Precast, LLC, for which all purchase accounting adjustments were finalized as of March 31, 2024. Purchase accounting finalization during the first quarter of 2024 included adjustments to record $429 of gross intangible assets for customer relationships with a weighted average amortization period of 5 years.

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 September 30, 2024. However, future impairment charges could result if future projections diverge unfavorably from current expectations.

The following table sets forth the components of the Company's intangible assets for the periods presented:

| | September 30, 2024 | | | |
|---|---|---|---|---|
| | Weighted Average Amortization Period In Years | Gross Carrying Value | Accumulated Amortization | Net Carrying Amount |
| Patents | 10 | $ 328 | $ (206) | $ 122 |
| Customer relationships | 15 | 28,672 | (19,886) | 8,786 |
| Trademarks and trade names | 14 | 8,045 | (5,117) | 2,928 |
| Technology | 9 | 32,786 | (28,811) | 3,975 |
| Favorable lease | 6 | 327 | (118) | 209 |
| | | $ 70,158 | $ (54,138) | $ 16,020 |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Weighted Average Amortization Period In Years | Gross Carrying Value | Accumulated Amortization | Net Carrying Amount |
| Patents | 10 | $ 335 | $ (199) | $ 136 |
| Customer relationships | 16 | 27,712 | (17,236) | 10,476 |
| Trademarks and trade names | 16 | 7,989 | (4,593) | 3,396 |
| Technology | 9 | 32,658 | (27,906) | 4,752 |
| Favorable lease | 6 | 327 | (77) | 250 |
| | | $ 69,021 | $ (50,011) | $ 19,010 |

**Note 5. Accounts Receivable**

Changes in reserves for uncollectible accounts are recorded as part of "Selling and administrative expenses" in the Condensed Consolidated Statements of Operations, and were an expense of $0 and $732 for the three months ended September 30, 2024 and 2023, respectively, and an expense of $529 and $1,174 for the nine months ended September 30, 2024 and 2023, respectively. The changes in reserves for uncollectible accounts are net of recoveries of previous write-offs of $263 for the three and nine months ended September 30, 2024.

The Company established the allowance for credit losses by calculating the amount to reserve based on the age of a given trade receivable and considering historical collection patterns, bad debt expense experience, expected future trends of collections, current and expected market conditions, and any other relevant subjective adjustments as needed. Management maintains high-quality credit review practices and positive customer relationships that mitigate credit risks. The Company's reserves are regularly reviewed and revised as necessary.

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

| | Allowance for Credit Losses |
|---|---|
| Balance as of December 31, 2023 | $ 809 |
| Additions to the current period provision | 792 |
| Write-off against allowance | (36) |
| Recoveries of previous write-offs | (263) |
| Balance as of September 30, 2024 | $ 1,302 |

**Note 6. Inventory**

Inventory is valued at average cost or net realizable value, whichever is lower. The Company's components of inventory are summarized in the following table for the periods presented:

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Finished goods | $ 45,582 | $ 44,518 |
| Work-in-process | 2,952 | 4,675 |
| Raw materials | 25,343 | 23,918 |
| Inventories - net | $ 73,877 | $ 73,111 |

**Note 7. Long-Term Debt and Related Matters**

Long-term debt consisted of the following:

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Revolving credit facility | $ 68,029 | $ 55,060 |
| Finance leases and financing agreements | 515 | 213 |
| Total | 68,544 | 55,273 |
| Less current maturities | (167) | (102) |
| Long-term portion | $ 68,377 | $ 55,171 |

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 amended revolving credit facility, 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 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. On August 12, 2022, the Company entered into a second amendment to its Credit Agreement (the "Second Amendment") which added an additional tier to the pricing grid and provided for the conversion from LIBOR-based to SOFR-based borrowings.

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. As of September 30, 2024, the Company was in compliance with the covenants in the Credit Agreement, as amended, and had outstanding letters of credit of approximately $2,264.

**Note 8. Earnings Per Common Share**

(Share amounts in thousands)

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Numerator for basic and diluted earnings per common share: | | | | |
| Net income attributable to L.B. Foster Company | $ 35,905 | $ 515 | $ 43,188 | $ 1,894 |
| Denominator: | | | | |
| Weighted average shares outstanding | 10,718 | 10,813 | 10,757 | 10,804 |
| Denominator for basic earnings per common share | 10,718 | 10,813 | 10,757 | 10,804 |
| Effect of dilutive securities: | | | | |
| Stock compensation plans | 274 | 160 | 302 | 91 |
| Dilutive potential common shares | 274 | 160 | 302 | 91 |
| Denominator for diluted earnings per common share - adjusted weighted average shares outstanding | 10,992 | 10,973 | 11,059 | 10,895 |
| Basic earnings per common share | $ 3.35 | $ 0.05 | $ 4.01 | $ 0.18 |
| Diluted earnings per common share | $ 3.27 | $ 0.05 | $ 3.91 | $ 0.17 |

**Note 9. Income Taxes**

For the three months ended September 30, 2024 and 2023, the Company recorded an income tax benefit of $29,745 and $121, respectively, on pre-tax income of $6,153 and $326, respectively, for an effective income tax rate of (483.4%) and (37.1%), respectively. For the nine months ended September 30, 2024 and 2023, the Company recorded an income tax benefit of $29,110 and $99, respectively, on pre-tax income of $14,010 and $1,670, respectively, for an effective income tax rate of (207.8%) and (5.9%), respectively.

The Company's effective income tax rate for the three and nine months ended September 30, 2024 differed from the federal statutory rate of 21% primarily due to the change in valuation allowance previously recorded against certain U.S. federal and state deferred tax assets. When a change in a valuation allowance is recognized in an interim period, the change in valuation allowance resulting from current year income is included in the annual effective tax rate, and the release of valuation allowance supported by projections of future taxable income is recorded as a discrete tax benefit in the interim period. Accordingly, during the quarter ended September 30, 2024, the Company recognized an income tax benefit of $30,045 comprised of both a discrete tax benefit and change in the Company's estimated annual effective tax rate arising from the change in valuation allowance. The Company continued to maintain a valuation allowance against deferred tax assets related to operating loss carryforwards in certain U.S. state and foreign jurisdictions.

The Company regularly assesses the need for a valuation allowance against its deferred tax assets. A valuation allowance is required to be established or maintained, when based on currently available information and other factors, it is more likely than not that all or a portion of a deferred tax asset will not be realized. The Company has considered all evidence, both positive and negative, in assessing the need for a valuation allowance in each jurisdiction.

The positive evidence considered in evaluating U.S. federal and state deferred tax assets included the Company's cumulative financial income position over the previous three years, as well as the composition and reversal patterns of existing taxable and deductible temporary differences between financial reporting and tax. Based on its evaluation, the Company believed it was appropriate to rely on forecasted future taxable income to support its U.S. federal and state deferred tax assets. The amount of deferred tax assets considered realizable; however, could be adjusted if negative evidence outweighs additional subjective evidence such as the Company's projections for growth.

**Note 10. Stock-Based Compensation**

The Company recorded stock-based compensation expense of $788 and $928 for the three months ended September 30, 2024 and 2023, respectively, and $3,135 and $2,757 for the nine months ended September 30, 2024 and 2023, respectively, related to restricted stock awards and performance unit awards. As of September 30, 2024, unrecognized compensation expense for awards that the Company expects to vest approximated $6,163. The Company will recognize this unrecognized compensation expense over the upcoming 2.3 years through February 13, 2027.

As of September 30, 2024, the Company had stock awards issued pursuant to the 2022 Equity and Incentive Compensation Plan (the "Equity and Incentive Plan") and its predecessor, the 2006 Omnibus Incentive Compensation Plan (the "Omnibus Plan"). No stock options are outstanding under either the Omnibus Plan or Equity and Incentive Plan and, as such, there was no stock-based compensation expense related to stock options recorded for the September 30, 2024 and 2023.

***Non-Employee Director Fully-Vested and Restricted Stock Awards***

Since May 2018, non-employee directors have been awarded shares of the Company's common stock on each date the non-employee directors were elected at the annual shareholders' meeting to serve as directors, subject to a one-year vesting requirement. The Deferred Compensation Plan for Non-Employee Directors under the Omnibus Plan and, by amendment, under the Equity and Incentive Compensation Plan, which permits non-employee directors of the Company to defer receipt of earned cash and/or stock compensation for service on the Board into deferred stock units. Non-Employee directors may elect to receive quarterly cash compensation in the form of fully-vested stock. During 2024, a Board member has elected to receive fully vested stock in lieu of cash compensation.

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

Under the Equity and Incentive Compensation Plan and Omnibus Plan, the Company grants certain employees restricted stock and performance-based stock and 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. Performance unit awards are offered annually under separate three-year long-term incentive programs, unless indicated otherwise by the underlying performance unit award agreement. Performance units are subject to forfeiture and will be converted into common stock based upon the Company's performance relative to performance measures and conversion multiples as defined in the underlying program.

The following table summarizes the restricted stock, deferred stock units, and performance-based stock and share unit activity for the periods presented:

| | Restricted Stock | Deferred Stock Units | Performance-Based Stock and Share Units | Weighted Average Grant Date Fair Value |
|---|---|---|---|---|
| Outstanding as of December 31, 2023 | 264,970 | 12,404 | 560,338 | $ 14.10 |
| Granted | 90,807 | — | 86,772 | 24.69 |
| Vested | (148,808) | — | (29,778) | 14.01 |
| Adjustment for incentive awards expected to vest | — | — | (24,165) | 22.17 |
| Cancelled and forfeited | (2,250) | — | (437) | 15.19 |
| Outstanding as of September 30, 2024 | 204,719 | 12,404 | 592,730 | $ 15.61 |

**Note 11. Fair Value Measurements**

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

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

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

*SOFR-based interest rate swaps* - To reduce the impact of interest rate changes on outstanding variable-rate debt, the Company amended and entered into forward-starting SOFR-based interest rate swaps with notional values totaling $20,000 and $20,000 effective August 12, 2022 and August 31, 2022, respectively. The fair value of the interest rate swaps are based on market-observable forward interest rates and represents the estimated amount that the Company would pay to terminate the agreements. As such, the swap agreements are classified as Level 2 within the fair value hierarchy. As of September 30, 2024 and December 31, 2023, the interest rate swaps were recorded in "Other current assets" when the interest rate swaps' fair market value are in an asset position, and "Other accrued liabilities" when in a liability position within our Condensed Consolidated Balance Sheets.

| | Fair Value Measurements at Reporting Date | | | | Fair Value Measurements at Reporting Date | | | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2024 | Level 1 | Level 2 | Level 3 | December 31, 2023 | Level 1 | Level 2 | Level 3 |
| Interest rate swaps | $ 447 | $ — | $ 447 | $ — | $ 1,225 | $ — | $ 1,225 | $ — |
| Total assets | $ 447 | $ — | $ 447 | $ — | $ 1,225 | $ — | $ 1,225 | $ — |

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

For the three months ended September 30, 2024 and 2023, the Company recognized interest income of $340 and $329, respectively, from interest rate swaps. For the nine months ended September 30, 2024 and 2023, the Company recognized interest income of $1,017 and $869, respectively, from interest rate swaps.

**Note 12. 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.

On May 23, 2024, the Company's Board of Directors approved the termination of our frozen L.B. Foster Company Merged Retirement Plan (the "US DB Plan") and the Portec Rail Products (UK) Limited Pension Scheme (the "UK DB Plan"). The transfer of plan assets and obligations to insurers and subsequent terminations are expected to be completed by December 31, 2024 for the US DB Plan and by June 30, 2025 for the UK DB Plan, subject to the finalization of agreements with insurance companies.

The Company's US DB Plan is underfunded as of September 30, 2024, and will require cash payments of approximately $2,000 to $2,500 to effectuate the termination. The estimated cash payments are subject to change due to changes in market conditions that can impact the return on plan assets that are held by the US DB Plan and the UK DB Plan. The UK DB Plan is fully funded as of September 30, 2024, and we do not expect any additional contributions to be required during the termination process.

These plans are discussed in further detail below.

**United States Defined Benefit Plan**

Net periodic pension costs were as follows for the periods presented:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Interest cost | $ 66 | $ 71 | $ 198 | $ 214 |
| Expected return on plan assets | (68) | (64) | (204) | (192) |
| Recognized net actuarial loss | 15 | 16 | 45 | 47 |
| Net periodic pension cost | $ 13 | $ 23 | $ 39 | $ 69 |

The Company has made contributions to its United States defined benefit plan of $356 during the nine months ended September 30, 2024 and expects to make total contributions of approximately $370 during 2024.

**United Kingdom Defined Benefit Plan**

Net periodic pension costs were as follows for the periods presented:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Interest cost | $ 57 | $ 56 | $ 171 | $ 168 |
| Expected return on plan assets | (95) | (84) | (285) | (252) |
| Amortization of prior service costs and transition amount | 6 | 6 | 18 | 18 |
| Recognized net actuarial loss | 8 | 3 | 24 | 9 |
| Net periodic pension income | $ (24) | $ (19) | $ (72) | $ (57) |

United Kingdom regulations require trustees to adopt a prudent approach to funding required contributions to defined benefit pension plans. For the nine months ended September 30, 2024, the Company contributed approximately $240 to the plan. The Company anticipates total contributions of approximately $334 to the United Kingdom pension plan during 2024.

**Defined Contribution Plans**

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| United States | $ 698 | $ 728 | $ 1,968 | $ 2,135 |
| Canada | 39 | 36 | 149 | 131 |
| United Kingdom | 304 | 294 | 877 | 881 |
| | $ 1,041 | $ 1,058 | $ 2,994 | $ 3,147 |

**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 then-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 payment under the UPRR Settlement Agreement for the remainder of the year ending December 31, 2024 is $4,000, upon which the obligation for the Settlement Agreement will be satisfied.

**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 September 30, 2024 and December 31, 2023, the Company maintained environmental reserves approximating $1,796 and $2,417, 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 September 30, 2024.

If management believes that, based on available information, it is at least reasonably possible that a material loss (or additional material loss in excess of any accrual) will be incurred in connection with any legal actions, the Company discloses an estimate of the possible loss or range of loss, either individually or in the aggregate, as appropriate, if such an estimate can be made, or discloses that an estimate cannot be made. Based on the Company’s assessment as of September 30, 2024, no such disclosures were considered necessary.

**Note 14. Restructuring Costs**

In August 2024, the Company announced an enterprise restructuring program aligned with its long-term strategy to reduce costs and enable investment in its growth platforms. The restructuring action is expected to be completed in 2024, and is expected to provide annual run-rate pre-tax savings of approximately $4,500, $2,000 of which to be realized in 2024.

The following table sets forth restructuring costs by segment for the three and nine months ended September 30, 2024:

| | | |
|---|---|---|
| Rail, Technologies, and Services | $ | 651 |
| Infrastructure Solutions | | 63 |
| Corporate | | 195 |
| Total | $ | 909 |

There were no restructuring costs incurred prior to the three months ended September 30, 2024. The Company's $909 restructuring expense relates to severance and an immaterial amount of legal costs. Of the total restructuring costs incurred for the three and nine months ended September 30, 2024, $69 was reported in “Cost of goods sold” and $840 was reported in “Selling and administrative expense.” The Company expects approximately $471 in additional restructuring costs associated with this program in total.

The following table sets forth a reconciliation of the beginning and ending restructuring liability balance through September 30, 2024:

| | | |
|---|---|---|
| Balance as of June 30, 2024 | $ | — |
| Restructuring costs | | 909 |
| Cash paid | | 767 |
| Balance as of September 30, 2024 | $ | 142 |

The majority of the remaining liability of $142 is expected to be paid in 2024.

## 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 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: a continuation or worsening of the adverse economic conditions in the markets we serve, including recession, the continued volatility in the prices for oil and gas, 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 decrease in freight or transit rail traffic; environmental matters and the impact of recently-finalized environmental regulations, 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, global shipping disruptions, 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 Track Components, Chemtec, and Ties businesses, and acquisitions of the Skratch Enterprises Ltd., Intelligent Video Ltd., VanHooseCo Precast LLC, and Cougar Mountain Precast, LLC businesses and to realize anticipated benefits; costs of and impacts associated with shareholder activism; the timeliness and availability of materials from our major suppliers, 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; cybersecurity 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, business or financial condition; 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, 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; our ability to maintain effective internal controls over financial reporting ("ICFR") and disclosure controls and procedures, including our ability to remediate any existing material weakness in our ICFR and the timing of any such remediation, as well as our ability to reestablish effective disclosure controls and procedures; the results of the UK's 2024 parliamentary election, uncertainties related to the U.S. 2024 Presidential election and any corresponding changes to policy or other changes that could affect UK or U.S. business conditions; other geopolitical conditions, including the ongoing conflicts between Russia and Ukraine, conflicts in the Middle East, and increasing tensions between China and Taiwan; 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; 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, including any governmental travel restrictions; 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/A for the year ended December 31, 2023, as amended on November 1, 2024, 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.*

**Correction of Immaterial Errors in Previously Issued Condensed Consolidated Financial Statements**

In this Quarterly Report on Form 10-Q, we have revised our previously issued Unaudited Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2023 to correct certain immaterial errors. As a result, we have also revised certain previously reported financial information for the three and nine months ended September 30, 2023 in this "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" including, but not limited to, information within the "*Results of Operations*" section to conform the discussion with the appropriate revised amounts. Refer to "Item 1. Financial Statements (unaudited) - Notes to Unaudited Condensed Consolidated Financial Statements - Note 1. Basis of Presentation" as well as our Annual Report on Form 10-K/A as filed with the SEC on November 1, 2024 for additional information related to the correction of these immaterial errors.

**General Overview and Business Update**

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 two reporting segments: Rail, Technologies, and Services ("Rail"), and Infrastructure Solutions ("Infrastructure"). Effective for the quarter and year ended December 31, 2023, the Company made certain organizational changes that led to the conclusion that it will operate under two reporting segments as opposed to the three reporting segments it has operated under historically. As such, the Company has restated segment information for the historical periods presented herein to conform to the current presentation. The Infrastructure business comprises both the historic Precast Concrete Products and Steel Products and Measurement (since renamed "Steel Products") reporting segments.

**Acquisitions, Divestitures, and Product Line Exit**

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 generating a $2,065 loss on sale, recorded in "Other expense (income) - net" for the nine months ended September 30, 2023. The Chemtec business was reported in the Steel Products business unit in the Infrastructure segment.

On June 30, 2023, the Company sold substantially all the operating assets of the prestressed concrete railroad tie business operated by its wholly-owned subsidiary, CXT Incorporated ("Ties"), located in Spokane, WA, for $2,362 in proceeds, generating a $1,009 loss on the sale, which was recorded in "Other expense (income) - net" for the nine months ended September 30, 2023. The Ties business was reported in the Rail Products business unit within the Rail segment.

On August 30, 2023, the Company announced the discontinuation of its Bridge Products grid deck product line ("Bridge Exit") which was reported in the Steel Products business unit within the Infrastructure segment. The decision to exit the bridge grid deck product line was a result of a weak bridge grid deck market condition and outlook due to customer adoption of newer technologies replacing the grid deck solution. The Company continues to operate its bridge forms product line which is a newer technology and not subject to the same challenging market conditions. The Bedford, PA based operations supporting the discontinued product line expect to complete any remaining customer obligations during 2025. For the three months ended September 30, 2024 and 2023, the discontinued product line had $921 and $283 in sales, respectively, and for the nine months ended September 30, 2024 and 2023, the discontinued product line had $2,888 and $3,749 in sales, respectively.

On November 17, 2023, the Company acquired the operating assets of Caldwell, Idaho based Cougar Mountain Precast, LLC ("Cougar"), a licensed manufacturer and seller of Redi-Rock® products for $1,644, subject to hold back amount equal to $160 to be paid twelve months following the closing or utilized to satisfy post-close working capital adjustments or indemnity claims. Cougar has been included in the Precast Concrete Products business unit within the Infrastructure segment.

**Results of Operations**

Third Quarter 2024 Compared to Third Quarter 2023

| | Three Months Ended September 30, | | Change |
|---|---|---|---|
| | 2024 | 2023 | 2024 vs. 2023 |
| Net sales | $ 137,466 | $ 145,345 | $ (7,879) |
| Gross profit | 32,758 | 27,417 | 5,341 |
| Gross profit margin | 23.8 % | 18.9 % | 490 bps |
| Expenses: | | | |
| Selling and administrative expenses | $ 24,289 | $ 24,421 | $ (132) |
| Selling and administrative expenses as a percent of sales | 17.7 % | 16.8 % | 90 bps |
| Amortization expense | 1,146 | 1,379 | (233) |
| Operating income | $ 7,323 | $ 1,617 | $ 5,706 |
| Operating income margin | 5.3 % | 1.1 % | 420 bps |
| Interest expense - net | $ 1,358 | $ 1,442 | $ (84) |
| Other income - net | (188) | (151) | (37) |
| Income before income taxes | $ 6,153 | $ 326 | $ 5,827 |
| Income tax benefit | (29,745) | (121) | (29,624) |
| Net income | $ 35,898 | $ 447 | $ 35,451 |
| Net loss attributable to noncontrolling interest | (7) | (68) | 61 |
| Net income attributable to L.B. Foster Company | $ 35,905 | $ 515 | $ 35,390 |
| Diluted earnings per common share | $ 3.27 | $ 0.05 | $ 3.22 |

**Results Summary**

Net sales for the three months ended September 30, 2024 decreased by $7,879, or 5.4%, from the prior year quarter. The decrease in sales was driven by organic sales declines in the Rail and Infrastructure segments. Additionally, net sales for the third quarter of 2023 included an adverse impact from the Bridge Exit related to long-term contract changes within the Infrastructure segment. This impact reduced sales in the three months ended September 30, 2023 by $1,977 and gross profit by $3,051.

Gross profit for the three months ended September 30, 2024 increased by $5,341, or 19.5%, over the prior year quarter and gross profit margins increased by 490 basis points. The improvement in gross profit was due to prior year reductions in gross profit, which included reductions of $3,051 related to changes in expected value of certain commercial projects and $807 of exit costs both associated with the Bridge Exit in the Infrastructure segment. Additionally, the improvement in gross profit was attributed to portfolio transformation activities along with improved product mix.

Selling and administrative expenses for the three months ended September 30, 2024 decreased by $132, or 0.5%, from the prior year quarter. The decrease in selling and administrative expenses was due to $817 in lower employment costs and $732 in lower bad debt expense, partially offset by $422 in higher legal costs associated with a resolved matter and $840 in restructuring costs.

Net interest expense decreased $84 for the three months ended September 30, 2024 compared to the prior year quarter. The Company's outstanding debt balance was $68,544 as of September 30, 2024, compared to $71,689 as of September 30, 2023.

Other income - net for the three months ended September 30, 2024 was $188 compared to other income - net for the three months ended September 30, 2023 of $151.

The Company's effective income tax rate for the three months ended September 30, 2024 was (483.4%), compared to (37.1%) in the prior year quarter. The Company's effective income tax rate for the three months ended September 30, 2024 differed from the federal statutory rate of 21% primarily due to a $30,045 income tax benefit comprised of both a discrete tax benefit and change in the Company's estimated annual effective tax rate arising from a change in valuation allowance previously recorded against certain U.S. federal and state deferred tax assets, including those related to net operating loss carryforwards. The Company continued to maintain a valuation allowance against deferred tax assets related to net operating loss carryforwards in certain U.S. state and foreign jurisdictions.

Net income attributable to the Company for the three months ended September 30, 2024 increased by $35,390, or $3.22 per diluted share, over the prior year quarter, primarily due to a change in income tax benefit of $29,624 that was driven by a favorable tax valuation allowance adjustment; the balance of the increase was driven primarily by gross profit improvement.

**Results of Operations - Segment Analysis**

**Rail, Technologies, and Services**

| | Three Months Ended September 30, | | Change | Percent Change |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 vs. 2023 | 2024 vs. 2023 |
| Net sales | $ 79,498 | $ 86,866 | $ (7,368) | (8.5)% |
| Gross profit | $ 18,471 | $ 17,229 | $ 1,242 | 7.2 |
| Gross profit margin | 23.2 % | 19.8 % | 340 bps | 17.1 |
| Segment operating income | $ 4,933 | $ 3,866 | $ 1,067 | 27.6 |
| Segment operating income margin | 6.2 % | 4.5 % | 170 bps | 39.4 |

*Note percentages may not foot due to rounding.*

The Rail segment sales for the three months ended September 30, 2024 decreased by $7,368, or 8.5%, compared to the prior year quarter, all of which represented a decrease in organic sales. Rail Products sales decreased by $12,695 due to overall weaker domestic market conditions. Despite overall weaker market conditions, Global Friction Management sales increased $3,423, driven primarily by an improvement in domestic sales. Technology Services and Solutions sales increased by $1,904 due to improvement in United Kingdom (“UK”) markets, as well as continued strength in the domestic rail safety markets served.

The Rail segment gross profit increased by $1,242, or 7.2%, compared to the prior year quarter, and gross profit margins increased 340 basis points to 23.2%. The improvement in gross profit was driven by higher volumes and improved mix in Global Friction Management and Technology Services and Solutions which improved by $2,521 and $1,944, respectively, over the prior year quarter. This was partially offset by Rail Products, which decreased by $3,223 from the prior year quarter due to overall weaker domestic market conditions.

Segment operating income increased $1,067 compared to the prior year quarter, and operating income margins improved 170 basis points to 6.2%. The improvement was driven primarily by expanded gross profit, partially offset by higher selling and administrative expenses. During the three months ended September 30, 2024, the Company incurred $610 in restructuring costs associated with its recent restructuring program, as well as a $407 increase in personnel expenses. These increases were offset by lower bad debt provision expense of $866 that was recorded in the prior year relating to a customer in the UK that filed for administrative protection.

During the current quarter, new orders within the Rail segment were $52,675, an increase of $2,857, or 5.7%, compared to the prior year quarter. The increase in new orders was attributable to a $5,141 increase in Rail Products orders, as well as an increase of $6,041 in Global Friction Management orders, partially offset by a decline of $8,325 in Technology Services and Solutions as initiatives are scaled back in the UK market. Segment backlog as of September 30, 2024 decreased by $4,969, or 5.3%, compared to the prior year quarter. The decrease is attributed to the Technology Services and Solutions businesses decreasing $14,929 as we scale back initiatives in the UK market in line with our strategy. This decrease was partially offset by an increase of $5,663 and $4,297 in Rail Products and Global Friction Management, respectively.

**Infrastructure Solutions**

| | Three Months Ended September 30, | | Change | Percent Change |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 vs. 2023 | 2024 vs. 2023 |
| Net sales | $ 57,968 | $ 58,479 | $ (511) | (0.9)% |
| Gross profit | $ 14,287 | $ 10,188 | $ 4,099 | 40.2 |
| Gross profit margin | 24.6 % | 17.4 % | 720 bps | 41.5 |
| Segment operating income | $ 5,110 | $ 799 | $ 4,311 | ** |
| Segment operating income margin | 8.8 % | 1.4 % | 740 bps | ** |

*Note percentages may not foot due to rounding.*
***Results of this calculation not meaningful.*

The Infrastructure segment sales for the three months ended September 30, 2024 decreased by $511, or 0.9%, compared to the prior year quarter. The decrease in sales for the third quarter of 2024 was driven by the Steel Products business unit decreasing by $4,557 from the prior year quarter due to soft market conditions. Net sales for the third quarter of 2023 included an adverse impact from the exit of the bridge grid deck product line related to long-term contract changes within the Steel Products business. This impact reduced sales by $1,977 and gross profit by $3,051 during the third quarter last year. Sales in the Precast Concrete Products business unit increased by $4,046 driven by strong market demand.

The Infrastructure segment gross profit for the three months ended September 30, 2024, increased by $4,099, or 40.2%, and gross profit margins increased 720 basis points. The increase in gross profit was due to the prior year having a $3,051 reduction in profitability related to changes in the expected value of certain commercial projects and $807 of exit costs associated with the Bridge Exit in the Steel Products business. Also contributing to the gross profit increase was a 360 basis point improvement in Precast Concrete Products margins.

Segment operating income for the third quarter of 2024 increased by $4,311 compared to the prior year quarter due to higher gross profit, including the comparative improvement from the unfavorable Bridge Exit impact of $3,858 in the prior year period, and lower amortization expense, while selling and administrative expenses were flat year over year.

During the third quarter, the Infrastructure segment had new orders of $43,298, a decrease of $7,147, or 14.2%, compared to the prior year quarter. This decrease was driven entirely by the Steel Products business unit, specifically the Protective Coatings business, which is currently experiencing constrained demand. Backlog as of September 30, 2024 decreased by $29,245, or 19.6%, versus the prior year quarter, driven entirely by Steel Products which decreased $30,836 overall, including a reduction of $4,533 related to the Bridge Exit, offsetting an increase of $1,591 in Precast Concrete Products.

**Corporate**

| | Three Months Ended September 30, | | Change | Percent Change |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 vs. 2023 | 2024 vs. 2023 |
| Public company costs | $ 1,327 | $ 1,371 | $ (44) | (3.2)% |
| Corporate executive management costs | 839 | 760 | 79 | 10.4 |
| Corporate management stock-based compensation | 339 | 587 | (248) | (42.2) |
| Other | 215 | 330 | (115) | (34.8) |
| Total unallocated corporate expenses | $ 2,720 | $ 3,048 | $ (328) | (10.8)% |

*Note percentages may not foot due to rounding.*

Unallocated corporate expenses decreased $328 in 2024 compared with 2023, primarily due to a decrease in corporate management stock-based compensation. Corporate executive management costs increased due to a $422 expense for the resolution of a legal matter, partially offset by lower travel, entertainment and purchased services expenses.

**Results of Operations**

First Nine Months 2024 Compared to First Nine Months 2023

| | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 | Change 2024 vs. 2023 |
|---|---|---|---|
| Net sales | $ 402,582 | $ 408,867 | $ (6,285) |
| Gross profit | 89,447 | 83,335 | 6,112 |
| Gross profit margin | 22.2 % | 20.4 % | 180 bps |
| Expenses: | | | |
| Selling and administrative expenses | $ 71,977 | $ 70,360 | $ 1,617 |
| Selling and administrative expenses as a percent of sales | 17.9 % | 17.2 % | 70 bps |
| (Gain) on sale of former joint venture facility | (3,477) | — | (3,477) |
| Amortization expense | 3,486 | 4,119 | (633) |
| Operating income | $ 17,461 | $ 8,856 | $ 8,605 |
| Operating income margin | 4.3 % | 2.2 % | 210 bps |
| Interest expense - net | $ 3,976 | $ 4,404 | $ (428) |
| Other (income) expense - net | (525) | 2,782 | (3,307) |
| Income before income taxes | $ 14,010 | $ 1,670 | $ 12,340 |
| Income tax benefit | (29,110) | (99) | (29,011) |
| Net income | $ 43,120 | $ 1,769 | $ 41,351 |
| Net loss attributable to noncontrolling interest | (68) | (125) | 57 |
| Net income attributable to L.B. Foster Company | $ 43,188 | $ 1,894 | $ 41,294 |
| Diluted earnings per common share | $ 3.91 | $ 0.17 | $ 3.74 |

**Results Summary**

Net sales for the nine months ended September 30, 2024 decreased by $6,285, or 1.5%, from the prior year period. The decrease in sales is due to divestitures and the Bridge Exit with a combined impact of of $12,234, or 3.0%, offset by organic sales growth of $5,949, or 1.5%. Organic sales growth was driven by the Rail, Technologies, and Services segment.

Gross profit for the nine months ended September 30, 2024 increased by $6,112, or 7.3%, over the prior year period and gross profit margins increased 180 basis points. The improvement in gross profit is due to the business portfolio changes in line with the Company's strategic transformation along with improved mix. The current year gross profit includes a $815 gain on the sale of an ancillary property within the Steel Products business unit. The prior year gross profit includes a reduction of $3,051 related to changes in expected value of certain commercial projects and $807 of exit costs associated with the exit of the bridge grid deck product line in the Steel Products business unit.

Selling and administrative expenses for the nine months ended September 30, 2024 increased by $1,617, or 2.3%, over the prior year period. The increase was due primarily to increased corporate legal costs of $1,173 associated with a resolved legal matter, $1,083 in professional services expenditures, including $783 associated with the announced enterprise restructuring, and $840 in restructuring expenses, partially offset by $1,065 in lower employment related costs and $645 in lower bad debt expense.

The $3,477 gain on sale of the former joint venture facility for the nine months ended September 30, 2024 was attributed to the Company's facility and land in Magnolia, Texas.

Other income - net for the nine months ended September 30, 2024 was $525 while other expense - net was $2,782 in the prior year period. Other expense - net for the nine months ended September 30, 2023 was due primarily to the $3,074 loss on the divestitures of Ties and Chemtec.

Net interest expense for the nine months ended September 30, 2024 decreased by $428, or 9.7%, from the prior year period due to lower debt levels during the year.

The Company's effective income tax rate for the nine months ended September 30, 2024 was (207.8%), compared to (5.9%) in the prior year period. The Company's effective tax rate for the nine months ended September 30, 2024 differed from the federal statutory rate of 21% primarily due to a $30,045 income tax benefit comprised of both a discrete tax benefit and change in the Company's estimated annual effective tax rate arising from a change in valuation allowance previously recorded against certain U.S. federal and state deferred tax assets, including those related to net operating loss carryforwards. The Company continued to maintain a valuation allowance against deferred tax assets related to net operating loss carryforwards in certain U.S. state and foreign jurisdictions.

Net income attributable to the Company for the nine months ended September 30, 2024 was favorable by $41,294, or $3.74 per diluted share, over the prior year period. The increase was due to an income tax benefit of $29,110 that is primarily associated with a favorable tax valuation allowance adjustment, the gain on sale attributed to the Company's facility and land in Magnolia, Texas, and an increase in gross profit, due in part to the unfavorable impact of $3,858 on gross profit from the Bridge Exit in the prior year.

**Results of Operations - Segment Analysis**

**Rail, Technologies, and Services**

| | Nine Months Ended September 30, | | Change | Percent Change |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 vs. 2023 | 2024 vs. 2023 |
| Net sales | $ 247,715 | $ 242,866 | $ 4,849 | 2.0 % |
| Gross profit | $ 54,917 | $ 51,704 | $ 3,213 | 6.2 |
| Gross profit margin | 22.2 % | 21.3 % | 90 bps | 4.1 |
| Segment operating income | $ 17,212 | $ 13,231 | $ 3,981 | 30.1 |
| Segment operating income margin | 6.9 % | 5.4 % | 150 bps | 27.5 |

*Note percentages may not foot due to rounding.*

The Rail segment sales for the nine months ended September 30, 2024 increased by $4,849, or 2.0%, compared to the prior year period. The increase was due to higher organic sales of $6,963, or 2.9%, partially offset by a $2,114, or 0.9% decrease from the divestiture of Ties. Technology Services and Solutions sales increased by $11,274 due to strength in domestic rail safety markets served, as well as improvement in United Kingdom markets. Global Friction Management sales increased by $1,384 driven by domestic markets served. Rail Products sales decreased by $7,809 driven by the divestiture of Ties and overall weaker domestic market conditions.

The Rail segment gross profit increased by $3,213, or 6.2%, compared to the prior year period, and gross profit margins improved 90 basis points. The Technology Services and Solutions business unit gross profit improved by $6,860 due to higher volumes and improved mix, including a 910 basis point improvement in the margins of our UK business. Higher Global Friction Management volumes resulted in an increase in gross profit of $1,882 from the prior year quarter. Rail Products gross profit decreased by $5,529 due primarily to market pricing pressure.

Segment operating income increased by $3,981, or 30.1%, compared to the prior year period, and operating income margins expanded 150 basis points. The increase was primarily driven by improvement in gross profit levels and lower selling and administrative expenses.

During the nine months ended September 30, 2024, new orders within the Rail segment were $253,412, an increase of $13,886, or 5.8%, compared to the prior year period. Rail Products had an $23,681 increase in new orders, including the impact of the Ties divestiture which reduced orders by $6,105. Global Friction Management orders increased $6,139 and Technology Services and Solutions business unit had a decline of $16,342 in overall orders as we scale back initiatives in the UK market in line with our strategy.

**Infrastructure Solutions**

| | Nine Months Ended September 30, | | Change | Percent Change |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 vs. 2023 | 2024 vs. 2023 |
| Net sales | $ 154,867 | $ 166,001 | $ (11,134) | (6.7)% |
| Gross profit | $ 34,530 | $ 31,631 | $ 2,899 | 9.2 |
| Gross profit margin | 22.3 % | 19.1 % | 320 bps | 17.0 |
| Segment operating income | $ 7,345 | $ 3,232 | $ 4,113 | 127.3 |
| Segment operating income margin | 4.7 % | 1.9 % | 280 bps | 143.8 |

*Note percentages may not foot due to rounding.*

The Infrastructure segment sales for the nine months ended September 30, 2024 decreased by $11,134, or 6.7%, compared to the prior year period. The decrease in sales for the nine months ended September 30, 2024 was attributable to the divestiture of Chemtec and the Bridge Exit, which decreased sales by $9,259 and $861, respectively. Organic sales decreased by $1,014, or 0.6%.

The Infrastructure segment gross profit for the nine months ended September 30, 2024, increased by $2,899, or 9.2%. This increase in gross profit was due to the prior year having a $3,051 reduction in profitability related to changes in the expected value of certain commercial projects and $807 of exit costs associated with the Bridge Exit included in the Steel Products business. Also contributing to the gross profit increase was a 30 basis point improvement in Precast Concrete Products margins. Additionally, the increase in gross profit for the nine months ended September 30, 2024 is due to an $815 gain on the sale of ancillary property offset by the divestiture of Chemtec which in the prior year period contributed $862 to gross profit.

Segment operating income for the nine months ended September 30, 2024 increased by $4,113 from the prior year period. The improvement in segment operating income was due to higher gross profit, due in part to the unfavorable impact of $3,858 from the Bridge Exit in the prior year period, a $521 decrease in selling and administrative costs, and a $693 decrease in amortization expense.

For the nine months ended September 30, 2024, the Infrastructure segment had new orders of $145,939, a decrease of $38,056, or 20.7%, compared to the prior year period. The decrease was driven primarily by the Steel Products business unit due to short term constrained demand as well as a $4,742 impact associated with the divestiture of Chemtec and the Bridge Exit.

## Corporate

| | Nine Months Ended September 30, | | Change | Percent Change |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 vs. 2023 | 2024 vs. 2023 |
| (Gain) on sale of former joint venture facility | $ (3,477) | $ — | $ (3,477) | ** |
| Public company costs | 4,167 | 3,244 | 923 | 28.5 % |
| Corporate executive management costs | 4,131 | 2,281 | 1,850 | 81.1 |
| Corporate management stock-based compensation | 1,818 | 1,735 | 83 | 4.8 |
| Other | 457 | 347 | 110 | 31.7 |
| Unallocated corporate expense - net | $ 7,096 | $ 7,607 | $ (511) | (6.7)% |

*Note percentages may not foot due to rounding.*
***Results of this calculation not meaningful.*

Unallocated corporate expense - net declined by $511 due to the gain of $3,477 on sale of former joint venture facility. This was partially offset by public company costs, which increased due to increased Board of Director and insurance costs as well as corporate executive management costs, which increased due to legal fees and professional services.

**Restructuring**

In August 2024, the Company announced the continuation of its enterprise restructuring program aligned with its long-term strategy to reduce costs and enable investment in its growth platforms. The restructuring action is expected to be completed in 2024, and is expected to provide annual run-rate pre-tax savings of approximately $4,500, $2,000 of which to be realized in 2024.

The following table sets forth restructuring costs by segment for the three and nine months ended September 30, 2024:

| | |
|---|---|
| Rail, Technologies, and Services | $ 651 |
| Infrastructure Solutions | 63 |
| Corporate | 195 |
| Total | $ 909 |

There were no restructuring costs incurred prior to to the three months ended September 30, 2024. The Company's $909 restructuring expense relates to severance and an immaterial amount of legal costs. Of the total restructuring costs incurred for the three and nine months ended September 30, 2024, $69 was reported in "Cost of goods sold" and $840 was reported in "Selling and administrative expense." The Company expects approximately $471 in additional restructuring costs associated with this program in total.

The following table sets forth a reconciliation of the beginning and ending restructuring liability balance through September 30, 2024:

| | | |
|---|---|---|
| Balance as of June 30, 2024 | $ | — |
| Restructuring costs | | 909 |
| Cash paid | | 767 |
| Balance as of September 30, 2024 | $ | 142 |

The majority of the remaining liability of $142 is expected to be paid in 2024.

**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 $59,707 was available for borrowing as of September 30, 2024, 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, tax obligations, outstanding purchase obligations, acquisitions, payments related to the termination of the L.B. Foster Company Merged Retirement Plan, restructuring payments, and to support the share repurchase program. The Company's total debt, including finance leases, was $68,544 and $55,273 as of September 30, 2024 and December 31, 2023, respectively, and was primarily comprised of borrowings under its revolving credit facility.

The following table reflects available funding capacity as of September 30, 2024:

| | September 30, 2024 | | |
|---|---|---|---|
| Cash and cash equivalents | | $ | 3,135 |
| Credit agreement: | | | |
| Total availability under the credit agreement | 130,000 | | |
| Outstanding borrowings on revolving credit facility | (68,029) | | |
| Letters of credit outstanding | (2,264) | | |
| Net availability under the revolving credit facility | | | 59,707 |
| Total available funding capacity | | $ | 62,842 |

As of September 30, 2024, the Company was in compliance with all covenants of the Credit Agreement and has $62,842 available funding capacity, subject to covenant restrictions.

The Company's operating cash flows are impacted from period to period by fluctuations in working capital needs, 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 and collection terms, collection patterns, and market conditions as well as seasonality may impact its working capital. The Company regularly assesses its receivables and contract assets for collectability and realization, and provides allowances for credit losses where appropriate. The Company believes that its reserves for credit losses are appropriate as of September 30, 2024, 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.

On May 23, 2024, the Company's Board of Directors approved the terminations of our frozen L.B. Foster Company Merged Retirement Plan (the "US DB Plan") and the Portec Rail Products (UK) Limited Pension Scheme (the "UK DB Plan"). The transfer of plan assets and obligations to insurers and subsequent terminations are expected to be completed by December 31, 2024 for the US DB Plan and by June 30, 2025 for the UK DB Plan, subject to finalization of agreements with insurance companies.

The Company's US DB Plan is underfunded as of September 30, 2024, and will require cash payments of approximately $2,000 to $2,500 to effectuate the termination. The estimated cash payments are subject to change due to changes in market conditions that can impact the return on plan assets that are held by the US DB Plan and the UK DB Plan. The UK DB Plan is fully funded as of September 30, 2024, and we do not expect any additional contributions to be required during the termination process.

The changes in cash and cash equivalents for the nine months ended September 30, 2024 and 2023 were as follows:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2024 | 2023 |
| Net cash (used in) provided by operating activities | $ (1,653) | $ 15,310 |
| Net cash (used in) provided by investing activities | (3,953) | 5,798 |
| Net cash provided by (used in) financing activities | 6,420 | (21,121) |
| Effect of exchange rate changes on cash and cash equivalents | (239) | 100 |
| Net increase in cash and cash equivalents | $ 575 | $ 87 |

**Cash Flow from Operating Activities**

During the nine months ended September 30, 2024, net cash used in operating activities was $1,653, compared to cash provided by operating activities of $15,310 during the prior year. For the nine months ended September 30, 2024, net income and adjustments to reconcile net income from operating activities provided $22,264, compared to $16,850 in the prior year. Working capital and other assets and liabilities were a use of $23,917 in the current period, compared to a use of $1,540 in the prior year. The change in operating cash flow for the nine months ended September 30, 2024 versus the nine months ended September 30, 2023 was largely driven by accounts receivable, which was a use of $12,976 during the nine months ended September 30, 2024 compared to the $15,927 provided in the nine months ended September 30, 2023. Order execution and collection timing can impact accounts receivables in any given quarter.

**Cash Flow from Investing Activities**

Capital expenditures for the nine months ended September 30, 2024 and 2023 were $7,834 and $2,784, respectively. Capital expenditures in both periods primarily relate to general plant and operational improvements throughout the Company, as well as organic growth initiatives. During the nine months ended September 30, 2024, the Company sold the facility and land of its former joint venture in Magnolia, Texas and fixed assets associated with the Bridge Exit generating a cash inflow of $3,881. During the nine months ended September 30, 2023 the Company received cash proceeds from the Chemtec and Ties divestitures totaling $7,706.

**Cash Flow from Financing Activities**

During the nine months ended September 30, 2024 the Company had an increase in outstanding debt of $12,162 compared to the nine months ended September 30, 2023 in which the Company had a decrease in outstanding debt of $20,262. The increase in debt for the nine months ended September 30, 2024 was primarily due to an increase in cash used in operating activities due to higher working capital needs. The decrease in debt for the 2023 period was primarily due to cash provided by operations, as well as proceeds received from the Ties and Chemtec divestitures during the nine month period.

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. For the nine months ended September 30, 2024 the Company repurchased 196,768 shares of its stock for $4,330 under this 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.

On August 5, 2024, the Board of Directors approved the modification of the Company's stock repurchase program. The modifications include revising the repurchase program expiration date from February 2026 to February 2025. Additionally, the Board of Directors removed the restriction which previously limited repurchases to $5,000 in any trailing 12-month period. The authorized repurchase amount was unchanged at $15,000. As of September 30, 2024, the Company has repurchased stock of $6,644, with $8,356 of the original $15,000 authorized remaining. Any repurchases will continue to 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.

**Financial Condition**

As of September 30, 2024, the Company had $3,135 in cash and cash equivalents and $59,707 of availability under its revolving credit facility, subject to covenant restrictions. As of September 30, 2024, approximately $2,368 of the Company's cash and cash equivalents were held in non-domestic bank accounts.

The Company's principal uses of cash in recent years have been to fund its operations, including capital expenditures, repurchase of shares, acquisitions, funding the UPRR Settlement Agreement, and service indebtedness. The Company views its short and long-term liquidity as being dependent on its results of operations, changes in working capital needs, and its borrowing capacity.

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 amended revolving credit facility, 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 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. On August 12, 2022, the Company entered into a second amendment to its Credit Agreement (the "Second Amendment") which 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.

**Backlog**

Although backlog is not necessarily indicative of future operating results, the following table provides the backlog by segment:

| | Backlog | | |
|---|---|---|---|
| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
| Rail, Technologies, and Services | $ 88,663 | $ 84,418 | $ 93,632 |
| Infrastructure Solutions | 120,342 | 129,362 | 149,587 |
| Total backlog | $ 209,005 | $ 213,780 | $ 243,219 |

While a considerable portion of the Company's business is backlog driven, certain businesses, including the Global Friction Management business unit, are not driven by backlog and therefore have insignificant levels of backlog throughout the year. Backlog decreased $34,214 compared to the prior year quarter due to constrained demand in the Steel Products business unit, which declined $30,836, including $4,533 from a discontinued product line.

**Critical Accounting Estimates**

The Condensed Consolidated Financial Statements have been prepared in conformity with US GAAP. The preparation of the Condensed Consolidated Financial Statements requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenues, and expenses, and the related disclosure of contingent assets and liabilities. As a result, actual results could differ from these estimates. The Company has concluded that there have been no significant changes to its critical accounting policies or estimates as described in its Annual Report on Form 10-K/A for the year ended December 31, 2023.

**Non-GAAP Financial Measures**

In accordance with SEC rules, the Company provides descriptions of the non-GAAP financial measures included in this filing and reconciliations to the most closely related GAAP financial measures. The Company believes that these measures provide useful perspective on underlying business trends and results and a supplemental measure of year-over-year results. The non-GAAP financial measures described below are used by management in making operating decisions, allocating financial resources and for business strategy purposes and may, therefore, also be useful to investors as they are a view of our business results through the eyes of management. These non-GAAP financial measures are not intended to be considered by the user in place of the related GAAP financial measure, but rather as supplemental information to our business results. These non-GAAP financial measures may not be the same as similar measures used by other companies due to possible differences in method and in the items or events being adjusted.

References in this Management's Discussion and Analysis of Financial Condition and Results of Operations to "organic sales" refer to sales calculated in accordance with GAAP, adjusted to exclude divestiture, exit, and acquisition-related sales. Management evaluates the Company's sales performance based on organic sales growth. Organic sales growth is a non-GAAP financial measure of sales growth (which is the most directly comparable GAAP measure), adjusted to exclude the effects of divestiture, exit, and acquisition-related sales from year-over-year comparisons. The Company believes this measure provides investors with a supplemental understanding of underlying sales trends by providing sales growth on a consistent basis. The Company reports organic sales growth at the consolidated and segment levels.

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

Non-GAAP financial measures are not a substitute for GAAP financial results and should only be considered in conjunction with the Company's financial information that is presented in accordance with GAAP.

A reconciliation of organic sales growth to its most directly comparable respective US GAAP financial measure is presented below.

| **Change in Consolidated Sales** | Three Months Ended September 30, | Percent Change | Nine Months Ended September 30, | Percent Change |
|---|---|---|---|---|
| 2023 net sales, as reported | $ 145,345 | | $ 408,867 | |
| Increase (decrease) from divestitures and exit | 638 | 0.4 % | (12,234) | (3.0)% |
| Change due to organic sales | (8,517) | (5.9)% | 5,949 | 1.5 % |
| 2024 net sales, as reported | $ 137,466 | | $ 402,582 | |
| | | | | |
| Total sales change, 2023 vs 2024 | $ (7,879) | (5.4)% | $ (6,285) | (1.5)% |

| **Change in Rail, Technologies, and Services Sales** | Three Months Ended September 30, | Percent Change | Nine Months Ended September 30, | Percent Change |
|---|---|---|---|---|
| 2023 net sales, as reported | $ 86,866 | | $ 242,866 | |
| Decrease due to divestiture | — | — % | (2,114) | (0.9)% |
| Change due to organic sales | (7,368) | (8.5)% | 6,963 | 2.9 % |
| 2024 net sales, as reported | $ 79,498 | | $ 247,715 | |
| | | | | |
| Total sales change, 2023 vs 2024 | $ (7,368) | (8.5)% | $ 4,849 | 2.0 % |

| **Change in Infrastructure Solutions Sales** | Three Months Ended September 30, | Percent Change | Nine Months Ended September 30, | Percent Change |
|---|---|---|---|---|
| 2023 net sales, as reported | $ 58,479 | | $ 166,001 | |
| Increase (decrease) due to divestiture and exit | 638 | 1.1 % | (10,120) | (6.1)% |
| Change due to organic sales | (1,149) | (2.0)% | (1,014) | (0.6)% |
| 2024 net sales, as reported | $ 57,968 | | $ 154,867 | |
| | | | | |
| Total sales change, 2023 vs 2024 | $ (511) | (0.9)% | $ (11,134) | (6.7)% |

*Note percentages may not foot due to rounding.*

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

This item is not applicable to a smaller reporting company.

## Item 4. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

L.B. Foster Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of September 30, 2024. Our Chief Executive Officer and Chief Financial Officer have concluded that, due to the material weakness in our internal control over financial reporting described below, our disclosure controls and procedures were not effective as of September 30, 2024.

### Material Weakness in Internal Control over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim consolidated financial statements will not be prevented or detected on a timely basis. We have identified the following unremediated material weakness in internal control over financial reporting as of September 30, 2024.

As discussed in our Quarterly Reports on Form 10-Q/A for the quarters ended March 31, 2024 and June 30, 2024, the Company concluded it did not design effective controls related to the accounting for, and disclosure of, non-recurring complex transactions. This material weakness resulted in a material error in the Company’s previously issued Unaudited Condensed Consolidated Financial Statements, which was subsequently corrected in the above mentioned amendments for the quarterly periods ending March 31, 2024 and June 30, 2024.

### Management’s Remediation Efforts

In response to the material weakness described above, with the oversight of the Audit Committee of our Board of Directors, the Company will conduct more thorough and diligent accounting research and, when necessary, engage third-parties to assist with the accounting for, and disclosure of, non-recurring complex transactions.

The remediation efforts are intended both to address the identified material weakness and to enhance our overall internal control environment. The Company is committed to continuous improvement of its internal control over financial reporting and will continue to diligently review and enhance its internal controls, as necessary. The Company cannot be assured that the measures we have taken to date, or that we may take in the future, will be sufficient to remediate the material weakness we identified or avoid future material weaknesses. Accordingly, there could continue to be a reasonable possibility that a material misstatement of our consolidated financial statements would not be prevented or detected on a timely basis.

### Changes in Internal Control Over Financial Reporting

Other than the material weakness described above, 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 and nine months ended September 30, 2024, and that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### Limitations on Effectiveness of Controls and Procedures

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

## PART II. OTHER INFORMATION

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

### Item 1. Legal Proceedings

See Note 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

In addition to the information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in “Part 1 - Item 1A. Risk Factors” in our Annual Report on Form 10-K/A for the year ended December 31, 2023, which could materially affect our business, financial condition, or future results.

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

The Company’s purchases of equity securities for the three months ended September 30, 2024 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 |
|---|---|---|---|---|
| July 1, 2024 - July 31, 2024 | 49,340 | $ 22.53 | 49,340 | $ 9,867 |
| August 1, 2024 - August 31, 2024 | 35,608 | 19.16 | 35,608 | 9,185 |
| September 1, 2024 - September 30, 2024 | 41,740 | 19.86 | 41,740 | 8,356 |
| Total | 126,688 | $ 20.70 | 126,688 | $ 8,356 |

1. During the current period, no shares were withheld by the Company to pay taxes upon vesting of stock.
2. On March 3, 2023, as amended on August 5, 2024, the Board of Directors authorized the repurchase of up to $15,000 of the Company’s common shares until February 2025.

### 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

**Trading Arrangements**

None of the Company’s directors or “officers,” as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K, during the Company’s fiscal quarter ended September 30, 2024.

**Item 6. Exhibits**

See Exhibit Index below.

**Exhibit Index**

| Exhibit Number | Description |
|---|---|
| *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.
** Exhibit represents a management contract or compensatory plan, contract, or arrangement.

**SIGNATURE**

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

L.B. FOSTER COMPANY
(Registrant)

Date: **November 7, 2024**

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

**Exhibit 31.1**

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

I, John F. Kasel, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: **November 7, 2024**

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

**Exhibit 31.2**

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

I, William M. Thalman, certify that:

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

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

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

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

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

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

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

Date: **November 7, 2024**

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

**Exhibit 32.0**

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

In connection with the Quarterly Report of L.B. Foster Company (the “Company”) on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

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

Date: **November 7, 2024**

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

Date: **November 7, 2024**

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