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

FORM 10-Q

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

For the quarterly period ended September 30, 2023

or

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

For the transition period from _____ to _____

Commission file number: 001-16337

OIL STATES INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	**76-0476605**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
Three Allen Center, 333 Clay Street	
Suite 4620	**77002**
Houston, Texas	*(Zip Code)*
(Address of principal executive offices)	

(713) 652-0582
(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 per share	OIS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check one):

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 20, 2023, the number of shares of common stock outstanding was 63,889,176.

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OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES

PART I – FINANCIAL INFORMATION

ITEM 1. *Financial Statements*

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues:				
Products	$ 102,636	$ 99,743	$ 295,106	$ 284,537
Services	91,653	89,651	278,911	250,735
	194,289	189,394	574,017	535,272
Costs and expenses:				
Product costs	80,188	81,576	231,524	225,765
Service costs	70,239	69,723	211,668	194,294
Cost of revenues (exclusive of depreciation and amortization expense presented below)	150,427	151,299	443,192	420,059
Selling, general and administrative expense	24,241	23,374	71,785	70,964
Depreciation and amortization expense	15,416	16,413	46,209	51,469
Other operating income, net	(1,985)	(6,750)	(2,503)	(6,852)
	188,099	184,336	558,683	535,640
Operating income (loss)	6,190	5,058	15,334	(368)
Interest expense, net	(1,928)	(2,637)	(6,378)	(7,947)
Other income, net	186	491	672	1,892
Income (loss) before income taxes	4,448	2,912	9,628	(6,423)
Income tax provision	(236)	(769)	(2,700)	(6,002)
Net income (loss)	$ 4,212	$ 2,143	$ 6,928	$ (12,425)
Net income (loss) per share:				
Basic	$ 0.07	$ 0.03	$ 0.11	$ (0.20)
Diluted	0.07	0.03	0.11	(0.20)
Weighted average number of common shares outstanding:				
Basic	62,651	62,674	62,760	61,292
Diluted	63,060	62,676	63,135	61,292

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

OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	$ 4,212	$ 2,143	$ 6,928	$ (12,425)
Other comprehensive income (loss):				
Currency translation adjustments	(5,749)	(11,939)	1,670	(23,758)
Comprehensive income (loss)	$ (1,537)	$ (9,796)	$ 8,598	$ (36,183)

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

OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share Amounts)

	September 30, 2023	December 31, 2022
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 52,904	$ 42,018
Accounts receivable, net	189,249	218,769
Inventories, net	206,541	182,658
Prepaid expenses and other current assets	36,015	19,317
Total current assets	484,709	462,762
Property, plant, and equipment, net	279,146	303,835
Operating lease assets, net	22,002	23,028
Goodwill, net	79,399	79,282
Other intangible assets, net	157,077	169,798
Other noncurrent assets	25,687	25,687
Total assets	$ 1,048,020	$ 1,064,392
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 589	$ 17,831
Accounts payable	58,489	73,251
Accrued liabilities	49,138	49,057
Current operating lease liabilities	6,461	6,142
Income taxes payable	2,593	2,605
Deferred revenue	50,370	44,790
Total current liabilities	167,640	193,676
Long-term debt	135,437	135,066
Long-term operating lease liabilities	18,768	20,658
Deferred income taxes	7,386	6,652
Other noncurrent liabilities	20,425	18,782
Total liabilities	349,656	374,834
Stockholders' equity:		
Common stock, $.01 par value, 200,000,000 shares authorized, 77,218,035 shares and 76,587,920 shares issued, respectively	772	766
Additional paid-in capital	1,127,443	1,122,292
Retained earnings	278,955	272,027
Accumulated other comprehensive loss	(77,271)	(78,941)
Treasury stock, at cost, 13,328,859 and 12,684,101 shares, respectively	(631,535)	(626,586)
Total stockholders' equity	698,364	689,558
Total liabilities and stockholders' equity	$ 1,048,020	$ 1,064,392

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

OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Thousands)

Three Months Ended September 30, 2023	**Common Stock**	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Treasury Stock**	**Total Stockholders' Equity**
Balance, June 30, 2023	$ 772	$ 1,125,647	$ 274,743	$ (71,522)	$ (631,535)	$ 698,105
Net income	—	—	4,212	—	—	4,212
Currency translation adjustments (excluding intercompany advances)	—	—	—	(4,429)	—	(4,429)
Currency translation adjustments on intercompany advances	—	—	—	(1,320)	—	(1,320)
Stock-based compensation expense	—	1,796	—	—	—	1,796
Stock repurchases	—	—	—	—	—	—
Surrender of stock to settle taxes on stock awards	—	—	—	—	—	—
Balance, September 30, 2023	$ 772	$ 1,127,443	$ 278,955	$ (77,271)	$ (631,535)	$ 698,364

Nine Months Ended September 30, 2023	**Common Stock**	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Treasury Stock**	**Total Stockholders' Equity**
Balance, December 31, 2022	$ 766	$ 1,122,292	$ 272,027	$ (78,941)	$ (626,586)	$ 689,558
Net income	—	—	6,928	—	—	6,928
Currency translation adjustments (excluding intercompany advances)	—	—	—	1,774	—	1,774
Currency translation adjustments on intercompany advances	—	—	—	(104)	—	(104)
Stock-based compensation expense	6	5,151	—	—	—	5,157
Stock repurchases	—	—	—	—	(3,001)	(3,001)
Surrender of stock to settle taxes on stock awards	—	—	—	—	(1,948)	(1,948)
Balance, September 30, 2023	$ 772	$ 1,127,443	$ 278,955	$ (77,271)	$ (631,535)	$ 698,364

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

OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Thousands)

Three Months Ended September 30, 2022	**Common Stock**	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Treasury Stock**	**Total Stockholders' Equity**
Balance, June 30, 2022	$ 747	$ 1,108,631	$ 266,999	$ (77,850)	$ (626,586)	$ 671,941
Net income	—	—	2,143	—	—	2,143
Currency translation adjustments (excluding intercompany advances)	—	—	—	(10,363)	—	(10,363)
Currency translation adjustments on intercompany advances	—	—	—	(1,576)	—	(1,576)
Issuance of common stock in connection with settlement of disputes with seller of GEODynamics, Inc.	19	10,313	—	—	—	10,332
Stock-based compensation expense	—	1,663	—	—	—	1,663
Surrender of stock to settle taxes on stock awards	—	—	—	—	—	—
Balance, September 30, 2022	$ 766	$ 1,120,607	$ 269,142	$ (89,789)	$ (626,586)	$ 674,140

Nine Months Ended September 30, 2022	**Common Stock**	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Treasury Stock**	**Total Stockholders' Equity**
Balance, December 31, 2021	$ 739	$ 1,105,135	$ 281,567	$ (66,031)	$ (625,584)	$ 695,826
Net loss	—	—	(12,425)	—	—	(12,425)
Currency translation adjustments (excluding intercompany advances)	—	—	—	(23,571)	—	(23,571)
Currency translation adjustments on intercompany advances	—	—	—	(187)	—	(187)
Issuance of common stock in connection with settlement of disputes with seller of GEODynamics, Inc.	19	10,313	—	—	—	10,332
Stock-based compensation expense	8	5,159	—	—	—	5,167
Surrender of stock to settle taxes on stock awards	—	—	—	—	(1,002)	(1,002)
Balance, September 30, 2022	$ 766	$ 1,120,607	$ 269,142	$ (89,789)	$ (626,586)	$ 674,140

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

OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income (loss)	$ 6,928	$ (12,425)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	46,209	51,469
Stock-based compensation expense	5,157	5,167
Amortization of deferred financing costs	1,344	1,416
Deferred income tax provision (benefit)	(66)	1,295
Gains on disposals of assets	(3,335)	(1,538)
Settlement of disputes with seller of GEODynamics, Inc.	—	620
Other, net	(614)	459
Changes in operating assets and liabilities, net of effect from acquired business:		
Accounts receivable	29,538	(27,745)
Inventories	(23,754)	(18,680)
Accounts payable and accrued liabilities	(17,515)	8,873
Deferred revenue	5,580	7,496
Other operating assets and liabilities, net	2,905	2,586
Net cash flows provided by operating activities	52,377	18,993
Cash flows from investing activities:		
Capital expenditures	(23,370)	(13,263)
Proceeds from disposition of property and equipment	4,374	2,211
Acquisition of business, net of cash acquired	—	(8,125)
Other, net	(120)	(168)
Net cash flows used in investing activities	(19,116)	(19,345)
Cash flows from financing activities:		
Revolving credit facility borrowings	35,693	9,830
Revolving credit facility repayments	(35,693)	(9,830)
Repayment of 1.50% convertible senior notes	(17,315)	(6,272)
Payment of promissory note to seller of GEODynamics, Inc.	—	(10,000)
Other debt and finance lease repayments	(340)	(541)
Payment of financing costs	(101)	(81)
Purchases of treasury stock	(3,001)	—
Shares added to treasury stock as a result of net share settlements due to vesting of stock awards	(1,948)	(1,002)
Net cash flows used in financing activities	(22,705)	(17,896)
Effect of exchange rate changes on cash and cash equivalents	330	(1,501)
Net change in cash and cash equivalents	10,886	(19,749)
Cash and cash equivalents, beginning of period	42,018	52,852
Cash and cash equivalents, end of period	$ 52,904	$ 33,103
Cash paid (received) for:		
Interest	$ 4,353	$ 4,605
Income taxes, net	(34)	(67)

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

OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Oil States International, Inc. and its subsidiaries (the "Company") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission pertaining to interim financial information. Certain information in footnote disclosures normally included with financial statements prepared in accordance with generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to these rules and regulations. The unaudited financial statements included in this report reflect all the adjustments, consisting of normal recurring adjustments, which the Company considers necessary for a fair statement of the results of operations for the interim periods covered and for the financial condition of the Company at the date of the interim balance sheet. Results for the interim periods are not necessarily indicative of results for the full year.

The preparation of condensed consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include, but are not limited to, goodwill and long-lived asset impairments, revenue and income recognized over time, valuation allowances recorded on deferred tax assets, reserves on inventory, allowances for doubtful accounts, settlement of litigation and potential future adjustments related to contractual indemnification and other agreements. Actual results could materially differ from those estimates.

The Company revised its presentation of supplemental disclosure of disaggregated revenue information in Note 10, "Segments and Related Information," in the second quarter of 2023. Prior-period disclosures of disaggregated revenue information were conformed with the current-period presentation.

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

The financial statements included in this report should be read in conjunction with the Company's audited financial statements and accompanying notes included in its Annual Report on Form 10-K for the year ended December 31, 2022.

2. Charges and Benefits

During the third quarter of 2023, the Offshore/Manufactured Products segment recognized facility consolidation charges totaling $1.6 million in connection with the ongoing consolidation and relocation of certain manufacturing and service facilities and the relocation of related equipment. In the third quarter of 2022, the Offshore/Manufactured Products segment recognized a gain of $6.1 million associated with the settlement of outstanding litigation against certain service providers.

3. Details of Selected Balance Sheet Accounts

Additional information regarding selected balance sheet accounts as of September 30, 2023 and December 31, 2022 is presented below (in thousands):

	September 30, 2023	December 31, 2022
Accounts receivable, net:		
Trade	$ 137,020	$ 145,540
Unbilled revenue	26,973	29,679
Contract assets	26,005	42,599
Other	4,310	6,177
Total accounts receivable	194,308	223,995
Allowance for doubtful accounts	(5,059)	(5,226)
	$ 189,249	$ 218,769
Allowance for doubtful accounts as a percentage of total accounts receivable	3 %	2 %

	September 30, 2023	December 31, 2022
Deferred revenue (contract liabilities)	$ 50,370	$ 44,790

As of September 30, 2023, accounts receivable, net in the United States and the United Kingdom represented 68% and 11%, respectively, of the total. No other country or single customer accounted for more than 10% of the Company's total accounts receivable as of September 30, 2023.

For the nine months ended September 30, 2023, the $16.6 million net decrease in contract assets was attributable to $39.9 million transferred to accounts receivable during the period, which was partially offset by $23.3 million in revenue recognized. Deferred revenue (contract liabilities) increased by $5.6 million in the first nine months of 2023, reflecting $20.7 million in new customer billings which were not recognized as revenue during the period, partially offset by the recognition of $15.1 million of revenue that was deferred at the beginning of the period.

The following provides a summary of activity in the allowance for doubtful accounts for the nine months ended September 30, 2023 and 2022 (in thousands):

	Nine Months Ended September 30,	
	2023	2022
Allowance for doubtful accounts – January 1	$ 5,226	$ 4,471
Provisions	23	1,237
Write-offs	(208)	(1,581)
Other	18	272
Allowance for doubtful accounts – September 30	$ 5,059	$ 4,399

	September 30, 2023	December 31, 2022
Inventories, net:		
Finished goods and purchased products	$ 105,009	$ 90,443
Work in process	31,258	32,079
Raw materials	110,401	97,817
Total inventories	246,668	220,339
Allowance for excess or obsolete inventory	(40,127)	(37,681)
	$ 206,541	$ 182,658

	September 30, 2023	December 31, 2022
Property, plant and equipment, net:		
Property, plant and equipment	$ 886,920	$ 1,128,834
Accumulated depreciation	(607,774)	(824,999)
	$ 279,146	$ 303,835

During 2023, certain facilities in the Offshore/Manufactured Products segment were reclassified as held for sale assets, and transferred from property, plant and equipment to prepaid and other current assets. The carrying value of these facilities totaled $17.2 million as of September 30, 2023.

For the three months ended September 30, 2023 and 2022, depreciation expense was $11.1 million and $11.3 million, respectively. Depreciation expense was $33.3 million and $35.9 million, respectively, for the nine months ended September 30, 2023 and 2022.

	September 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Other intangible assets:						
Customer relationships	$ 141,215	$ 54,268	$ 86,947	$ 141,179	$ 47,629	$ 93,550
Patents/Technology/Know-how	69,971	33,188	36,783	69,830	29,214	40,616
Tradenames and other	52,492	19,145	33,347	52,488	16,856	35,632
	$ 263,678	$ 106,601	$ 157,077	$ 263,497	$ 93,699	$ 169,798

For the three months ended September 30, 2023 and 2022, amortization expense was $4.3 million and $5.1 million, respectively. Amortization expense was $12.9 million and $15.5 million for the nine months ended September 30, 2023 and 2022, respectively.

	September 30, 2023	December 31, 2022
Other noncurrent assets:		
Deferred compensation plan	$ 19,477	$ 17,551
Deferred financing costs	1,317	1,893
Deferred income taxes	2,274	1,517
Other	2,619	4,726
	$ 25,687	$ 25,687

	September 30, 2023	December 31, 2022
Accrued liabilities:		
Accrued compensation	$ 24,783	$ 33,659
Accrued taxes, other than income taxes	5,142	1,865
Insurance liabilities	3,653	4,640
Accrued interest	3,288	1,784
Accrued commissions	3,226	2,302
Other	9,046	4,807
	$ 49,138	$ 49,057

4. Long-term Debt

As of September 30, 2023 and December 31, 2022, long-term debt consisted of the following (in thousands):

	September 30, 2023	December 31, 2022
Revolving credit facility(1)	$ —	$ —
2026 Notes(2)	132,817	132,164
2023 Notes	—	17,303
Other debt and finance lease obligations	3,209	3,430
Total debt	136,026	152,897
Less: Current portion	(589)	(17,831)
Total long-term debt	$ 135,437	$ 135,066

(1) Unamortized deferred financing costs of $1.3 million and $1.9 million as of September 30, 2023 and December 31, 2022, respectively, are presented in other noncurrent assets.

(2) The outstanding principal amount of the 2026 Notes was $135.0 million as of September 30, 2023 and December 31, 2022.

Revolving Credit Facility

On February 10, 2021, the Company entered into a senior secured credit facility with certain lenders, which provides for a $125.0 million asset-based revolving credit facility (the "ABL Facility") under which credit availability is subject to a borrowing base calculation.

The ABL Facility is governed by a credit agreement, as amended, with Wells Fargo Bank, National Association, as administrative agent and the lenders and other financial institutions from time to time party thereto (the "ABL Agreement"). The ABL Agreement matures on February 10, 2025 with a springing maturity 91 days prior to the maturity of any outstanding indebtedness with a principal amount in excess of $17.5 million.

The ABL Agreement provides funding based on a borrowing base calculation that includes eligible U.S. customer accounts receivable and inventory and provides for a $50.0 million sub-limit for the issuance of letters of credit. Borrowings under the ABL Agreement are secured by a pledge of substantially all of the Company's domestic assets (other than real property) and the stock of certain foreign subsidiaries.

Since December 13, 2022, borrowings under the ABL Agreement bear interest at a rate equal to the Secured Overnight Financing Rate ("SOFR") rate (subject to a floor rate of 0%) plus a margin of 2.75% to 3.25%, or at a base rate plus a margin of 1.75% to 2.25%, in each case based on average borrowing availability. Quarterly, the Company must also pay a commitment fee of 0.375% to 0.50% per annum, based on unused commitments under the ABL Agreement.

The ABL Agreement places restrictions on the Company's ability to incur additional indebtedness, grant liens on assets, pay dividends or make distributions on equity interests, dispose of assets, make investments, repay other indebtedness (including the 2026 Notes discussed below), engage in mergers, and other matters, in each case, subject to certain exceptions. The ABL Agreement contains customary default provisions, which, if triggered, could result in acceleration of repayment of all amounts then outstanding. The ABL Agreement also requires the Company to satisfy and maintain a fixed charge coverage ratio of not less than 1.0 to 1.0 (i) in the event that availability under the ABL Agreement is less than the greater of (a) 15% of the borrowing base and (b) $14.1 million; (ii) to complete certain specified transactions; or (iii) if an event of default has occurred and is continuing.

As of September 30, 2023, the Company had no borrowings outstanding under the ABL Facility and $16.4 million of outstanding letters of credit. The total amount available to be drawn as of September 30, 2023 was $84.5 million, calculated based on the current borrowing base less outstanding borrowings and letters of credit. As of September 30, 2023, the Company was in compliance with its debt covenants under the ABL Agreement.

2026 Notes

The Company issued $135.0 million aggregate principal amount of its 4.75% convertible senior notes due 2026 (the "2026 Notes") pursuant to an indenture, dated as of March 19, 2021 (the "2026 Indenture"), between the Company and Computershare Trust Company, National Association, as successor trustee.

The 2026 Notes bear interest at a rate of 4.75% per year and will mature on April 1, 2026, unless earlier repurchased, redeemed or converted. Interest is payable semi-annually in arrears on April 1 and October 1 of each year. Additional interest and special interest may accrue on the 2026 Notes under certain circumstances as described in the 2026 Indenture. The initial conversion rate is 95.3516 shares of the Company's common stock per $1,000 principal amount of the 2026 Notes (equivalent to an initial conversion price of $10.49 per share of common stock). The conversion rate, and thus the conversion price, may be adjusted under certain circumstances as described in the 2026 Indenture. The Company's intent is to repay the principal amount of the 2026 Notes in cash and settle the conversion feature (if any) in shares of the Company's common stock. As of September 30, 2023, none of the conditions allowing holders of the 2026 Notes to convert, or requiring us to repurchase the 2026 Notes, had been met.

2023 Notes

On February 15, 2023, the Company's 1.50% convertible senior notes due 2023 (the "2023 Notes") matured and the outstanding $17.3 million principal amount was repaid in full.

5. Fair Value Measurements

The Company's financial instruments consist of cash and cash equivalents, investments, receivables, payables and debt instruments. The Company believes that the carrying values of these instruments, other than the 2026 Notes, on the accompanying consolidated balance sheets approximate their fair values. The estimated fair value of the 2026 Notes as of September 30, 2023 was $151.0 million based on quoted market prices (a Level 2 fair value measurement), which compares to the principal amount of $135.0 million.

6. Stockholders' Equity

Common and Preferred Stock

The following table provides details with respect to the changes to the number of shares of common stock, $0.01 par value, outstanding during the first nine months of 2023 (in thousands):

Shares of common stock outstanding – December 31, 2022	63,904
Restricted stock awards, net of forfeitures	630
Shares withheld for taxes on vesting of stock awards	(206)
Purchases of treasury stock	(439)
Shares of common stock outstanding – September 30, 2023	63,889

As of September 30, 2023 and December 31, 2022, the Company had 25,000,000 shares of preferred stock, $0.01 par value, authorized, with no shares issued or outstanding.

On February 16, 2023, the Company's Board of Directors authorized $25.0 million for the repurchase of the Company's common stock, par value $0.01 per share, through February 2025. During the second quarter of 2023, the Company repurchased 438,563 shares of common stock under the program at a total cost of $3.0 million. The amount remaining under the Company's share repurchase authorization as of September 30, 2023 was $22.0 million. Subject to applicable securities laws, such purchases will be at such times and in such amounts as the Company deems appropriate.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss, reported as a component of stockholders' equity, primarily relates to fluctuations in currency exchange rates against the U.S. dollar as used to translate certain of the international operations of the Company's operating segments. Accumulated other comprehensive loss decreased from $78.9 million at December 31, 2022 to $77.3 million at September 30, 2023. For the three and nine months ended September 30, 2023 and 2022, currency translation adjustments recognized as a component of other comprehensive income (loss) were primarily attributable to the United Kingdom and Brazil.

During the nine months ended September 30, 2023, the exchange rates for the British pound and the Brazilian real strengthened by 1% and 4%, respectively, compared to the U.S. dollar, contributing to other comprehensive income of $1.7 million. During the nine months ended September 30, 2022, the exchange rate for the British pound weakened by 18% compared to the U.S. dollar while the Brazilian real strengthened by 3% compared to the U.S. dollar, contributing to other comprehensive loss of $23.8 million.

7. Income Taxes

The income tax expense for the three and nine months ended September 30, 2023 was calculated using a discrete approach. This methodology was used because changes in the Company's results of operations and non-deductible expenses can materially impact the estimated annual effective tax rate. For the three months ended September 30, 2023, the Company's income tax expense was $0.2 million on pre-tax income of $4.4 million, which included certain non-deductible expenses, discrete tax items and a reduction in valuation allowances recorded against deferred tax assets. This compares to an income tax expense of $0.8 million on pre-tax income of $2.9 million, which which was negatively impacted by valuation allowances recorded against deferred tax assets as well as certain non-deductible expenses and discrete tax items, for the three months ended September 30, 2022.

For the nine months ended September 30, 2023, the Company's income tax expense was $2.7 million on pre-tax income of $9.6 million, which included certain non-deductible expenses, discrete tax items and a reduction in valuation allowances recorded against deferred tax assets. This compares to an income tax expense of $6.0 million on a pre-tax loss of $6.4 million, which included the impact of valuation allowances recorded against tax assets as well as certain non-deductible expenses and discrete tax items, for the nine months ended September 30, 2022.

8. Net Income (Loss) Per Share

The table below provides a reconciliation of the numerators and denominators of basic and diluted net income (loss) per share for the three and nine months ended September 30, 2023 and 2022 (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerators:				
Net income (loss)	$ 4,212	$ 2,143	$ 6,928	$ (12,425)
Less: Income attributable to unvested restricted stock awards	(82)	(41)	(135)	—
Numerator for basic net income (loss) per share	4,130	2,102	6,793	(12,425)
Effect of dilutive securities:				
Unvested restricted stock awards	1	3	1	—
Numerator for diluted net income (loss) per share	$ 4,131	$ 2,105	$ 6,794	$ (12,425)
Denominators:				
Weighted average number of common shares outstanding	63,892	63,896	64,007	62,490
Less: Weighted average number of unvested restricted stock awards outstanding	(1,241)	(1,222)	(1,247)	(1,198)
Denominator for basic net income (loss) per share	62,651	62,674	62,760	61,292
Effect of dilutive securities:				
Unvested restricted stock awards	—	2	—	—
Unvested performance share units	409	—	375	—
Denominator for diluted net income (loss) per share	63,060	62,676	63,135	61,292
Net income (loss) per share:				
Basic	$ 0.07	$ 0.03	$ 0.11	$ (0.20)
Diluted	0.07	0.03	0.11	(0.20)

The calculation of diluted net income per share for the three and nine months ended September 30, 2023 excluded 159 thousand shares and 177 thousand shares, respectively, issuable pursuant to outstanding stock options, due to their antidilutive effect. The calculation of diluted net loss per share for the three and nine months ended September 30, 2022 excluded 249 thousand shares and 287 thousand shares, respectively, issuable pursuant to outstanding stock options, due to their antidilutive effect. Additionally, shares issuable upon conversion of the 2026 Notes were excluded due to, among other factors, the Company's share price.

9. Long-Term Incentive Compensation

The following table presents a summary of activity for stock options, service-based restricted stock and stock unit awards, and performance-based stock unit awards for the nine months ended September 30, 2023 (in thousands):

	Stock Options	Service-based Restricted Stock	Performance- and Service-based Stock Units
Outstanding – December 31, 2022	245	1,222	494
Granted	—	645	211
Vested and distributed	—	(618)	—
Forfeited	(87)	(15)	—
Outstanding – September 30, 2023	158	1,234	705
Weighted average grant date fair value (2023 awards)		$ 8.81	$ 8.66

The restricted stock program consists of a combination of service-based restricted stock and stock units, as well as performance-based stock units. Service-based restricted stock awards generally vest on a straight-line basis over a term of three years. Service-based stock unit awards vest over one-year, with the underlying shares issued at a specified future date. Eighty-two thousand service-based stock units were outstanding as of September 30, 2023. Performance-based stock unit awards generally vest at the end of a three-year period, with the number of shares ultimately issued under the program dependent upon achievement of predefined specific performance objectives based on the Company's cumulative EBITDA over a three-year period.

In the event the predefined targets are exceeded for any performance-based award, additional shares up to a maximum of 200% of the target award may be granted. Conversely, if actual performance falls below the predefined target, the number of shares vested is reduced. If the actual performance falls below the threshold performance level, no shares will vest.

The Company issued conditional long-term cash incentive awards ("Cash Awards") of $1.5 million in the first quarters of 2023 and 2022. The performance measure for each of these Cash Awards is relative total stockholder return compared to a peer group of companies over a three-year period. The ultimate dollar amount to be awarded for each annual grant may range from zero to a maximum of $3.1 million, limited to their targeted award value ($1.5 million) if the Company's total stockholder return were to be negative over the performance period. Obligations related to the Cash Awards are classified as liabilities and recognized over their respective vesting periods.

Stock-based compensation expense recognized during the three and nine months ended September 30, 2023 totaled $1.8 million and $5.2 million, respectively. Stock-based compensation expense recognized during the three and nine months ended September 30, 2022 totaled $1.7 million and $5.2 million, respectively. As of September 30, 2023, there was $8.8 million of total compensation costs related to unvested restricted stock awards, which is expected to be recognized in future periods as vesting conditions are satisfied.

10. Segments and Related Information

The Company operates through three operating segments: Offshore/Manufactured Products, Well Site Services and Downhole Technologies. Financial information by operating segment for the three and nine months ended September 30, 2023 and 2022 is summarized in the following tables (in thousands).

	Revenues	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total assets
Three Months Ended September 30, 2023					
Offshore/Manufactured Products(1)	$ 111,043	$ 4,921	$ 17,804	$ 2,739	$ 536,263
Well Site Services	59,831	6,313	3,285	2,602	201,384
Downhole Technologies	23,415	4,030	(4,118)	541	246,329
Corporate	—	152	(10,781)	150	64,044
Total(1)	$ 194,289	$ 15,416	$ 6,190	$ 6,032	$ 1,048,020

(1) Operating income included $1.6 million of facility consolidation charges.

	Revenues	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total assets
Three Months Ended September 30, 2022					
Offshore/Manufactured Products(2)	$ 96,037	$ 5,072	$ 13,373	$ 1,620	$ 540,940
Well Site Services	60,509	6,732	2,359	4,894	205,018
Downhole Technologies	32,848	4,442	(342)	273	257,676
Corporate	—	167	(10,332)	23	46,736
Total(2)	$ 189,394	$ 16,413	$ 5,058	$ 6,810	$ 1,050,370

(2) Operating income included a $6.1 million gain on settlement of outstanding litigation against certain service providers.

	Revenues	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total asset
Nine Months Ended September 30, 2023					
Offshore/Manufactured Products(3)	$ 303,328	$ 14,236	$ 40,147	$ 7,936	$ 536
Well Site Services	191,425	19,023	14,983	14,046	201
Downhole Technologies	79,264	12,480	(8,173)	961	246
Corporate	—	470	(31,623)	427	64
Total(3)	$ 574,017	$ 46,209	$ 15,334	$ 23,370	$ 1,048

(3) Operating income included $1.6 million of facility consolidation charges.

	Revenues	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total asset
Nine Months Ended September 30, 2022					
Offshore/Manufactured Products(4)	$ 276,616	$ 15,651	$ 33,010	$ 3,093	$ 540
Well Site Services	163,500	22,059	(435)	9,360	205
Downhole Technologies	95,156	13,249	(3,332)	657	257
Corporate	—	510	(29,611)	153	46
Total(4)	$ 535,272	$ 51,469	$ (368)	$ 13,263	$ 1,050

(4) Operating income (loss) included a $6.1 million gain on settlement of outstanding litigation against certain service providers.

The following tables provide supplemental disaggregated revenue from contracts with customers by operating segment for the three and nine months ended September 30, 2023 and 2022 (in thousands):

	Offshore/Manufactured Products		Well Site Services		Downhole Technologies		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Three Months Ended September 30								
Project-driven:								
Products	$ 45,527	$ 38,911	$ —	$ —	$ —	$ —	$ 45,527	$ 38,911
Services	30,391	23,421	—	—	—	—	30,391	23,421
Total project-driven	75,918	62,332	—	—	—	—	75,918	62,332
Military and other products	7,195	9,995	—	—	—	—	7,195	9,995
Short-cycle:								
Products	27,930	23,710	—	—	21,984	27,127	49,914	50,837
Services	—	—	59,831	60,509	1,431	5,721	61,262	66,230
Total short-cycle	27,930	23,710	59,831	60,509	23,415	32,848	111,176	117,067
	$ 111,043	$ 96,037	$ 59,831	$ 60,509	$ 23,415	$ 32,848	$ 194,289	$ 189,394

	Offshore/Manufactured Products		Well Site Services		Downhole Technologies		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Nine Months Ended September 30								
Project-driven:								
Products	$ 116,869	$ 113,853	$ —	$ —	$ —	$ —	$ 116,869	$ 113,8
Services	79,867	71,714	—	—	—	—	79,867	71,7
Total project-driven	196,736	185,567	—	—	—	—	196,736	185,5
Military and other products	22,157	23,104	—	—	—	—	22,157	23,1
Short-cycle:								
Products	84,435	67,945	—	—	71,645	79,635	156,080	147,5
Services	—	—	191,425	163,500	7,619	15,521	199,044	179,0
Total short-cycle	84,435	67,945	191,425	163,500	79,264	95,156	355,124	326,6
	$ 303,328	$ 276,616	$ 191,425	$ 163,500	$ 79,264	$ 95,156	$ 574,017	$ 535,2

Revenues from products and services transferred to customers over time accounted for approximately 66% and 63% of consolidated revenues for the nine months ended September 30, 2023 and 2022, respectively. The balance of revenues for the respective periods relates to products and services transferred to customers at a point in time. As of September 30, 2023, the Company had $225.9 million of remaining backlog related to contracts with an original expected duration of greater than one year. Approximately 19% of this remaining backlog is expected to be recognized as revenue over the remaining three months of 2023, with an additional 51% recognized in 2024 and the balance thereafter.

11. Commitments and Contingencies

The Company is a party to various pending or threatened claims, lawsuits and administrative proceedings seeking damages or other remedies concerning its commercial operations, products, employees and other matters. Although the Company can give no assurance about the outcome of pending legal and administrative proceedings and the effect such outcomes may have on the Company, management believes that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise covered by insurance, will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q and other statements we make contain certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Actual results could differ materially from those projected in the forward-looking statements as a result of a number of important factors, including incorrect or changed assumptions. For a discussion of known material factors that could affect our results, please refer to "Part I, Item 1. Business," "Part I, Item 1A. Risk Factors," "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II, Item 7A. Quantitative and Qualitative Disclosures about Market Risk" included in our 2022 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 17, 2023, as well as to "Part II, Item 1A. Risk Factors" included in this Quarterly Report on Form 10-Q.

You can typically identify "forward-looking statements" by the use of forward-looking words such as "may," "will," "could," "project," "believe," "anticipate," "expect," "estimate," "potential," "plan," "forecast," "proposed," "should," "seek," and other similar words. Such statements may relate to our future financial position, budgets, capital expenditures, projected costs, plans and objectives of management for future operations and possible future strategic transactions. Actual results frequently differ from assumed facts and such differences can be material, depending upon the circumstances.

While we believe we are providing forward-looking statements expressed in good faith and on a reasonable basis, there can be no assurance that actual results will not differ from such forward-looking statements. The following are important factors that could cause actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, us:

- *the impact of the ongoing military actions in Europe and the Middle East, including, but not limited to, energy market disruptions, supply chain disruptions and increased costs, government sanctions, and delays or potential cancellation of planned customer projects;*
- *the ability and willingness of the Organization of Petroleum Exporting Countries ("OPEC") and other producing nations to set and maintain oil production levels and pricing;*
- *the level of supply of and demand for oil and natural gas;*
- *fluctuations in the current and future prices of oil and natural gas;*
- *the level of exploration, drilling and completion activity;*
- *the cyclical nature of the oil and natural gas industry;*
- *the level of offshore oil and natural gas developmental activities;*
- *the impact of disruptions in the bank and capital markets, including the four U.S. bank failures which occurred in March, May and July of 2023;*
- *the financial health of our customers;*
- *the impact of environmental matters, including executive actions and regulatory or legislative efforts to adopt environmental or climate change regulations that may result in increased operating costs or reduced oil and natural gas production or demand globally;*
- *proposed new rules by the SEC relating to the disclosure of a range of climate-related information and risks;*
- *political, economic and litigation efforts to restrict or eliminate certain oil and natural gas exploration, development and production activities due to concerns over the threat of climate change;*
- *the availability of and access to attractive oil and natural gas field prospects, which may be affected by governmental actions or actions of other parties restricting drilling and completion activities;*
- *general global economic conditions;*
- *global weather conditions and natural disasters, including hurricanes in the Gulf of Mexico;*
- *changes in tax laws and regulations;*
- *supply chain disruptions;*
- *the impact of tariffs and duties on imported materials and exported finished goods;*
- *our ability to timely obtain and maintain critical permits for operating facilities;*
- *our ability to attract and retain skilled personnel;*

- *negative outcome of litigation, threatened litigation or government proceedings;*
- *our ability to develop new competitive technologies and products;*
- *inflation, including our ability to increase prices to our customers as our costs increase;*
- *fluctuations in currency exchange rates;*
- *physical, digital, cyber, internal and external security breaches and other incidents affecting information security and data privacy;*
- *the cost of capital in the bank and capital markets and our ability to access them;*
- *our ability to protect and enforce our intellectual property rights;*
- *our ability to complete the integration of acquired businesses and achieve the expected accretion in earnings; and*
- *the other factors identified in "Part I, Item 1A. Risk Factors" in our 2022 Annual Report on Form 10-K, as well as in "Part II, Item 1A. Risk Factors" included in this Quarterly Report on Form 10-Q.*

Should one or more of these risks or uncertainties materialize, or should the assumptions on which our forward-looking statements are based prove incorrect or change, actual results may differ materially from those expected, estimated or projected. In addition, the factors identified above may not necessarily be all of the important factors that could cause actual results to differ materially from those expressed in any forward-looking statement made by us, or on our behalf. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no responsibility to publicly release the result of any revision of our forward-looking statements after the date they are made.

In addition, in certain places in this Quarterly Report on Form 10-Q, we refer to information and reports published by third parties that purport to describe trends or developments in the energy industry. We do so for the convenience of our stockholders and in an effort to provide information available in the market that will assist our investors in better understanding the market environment in which we operate. However, we specifically disclaim any responsibility for the accuracy and completeness of such information and undertake no obligation to update such information.

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

The following discussion and analysis should be read together with our condensed consolidated financial statements and notes to those statements included elsewhere in this Quarterly Report on Form 10-Q and our consolidated financial statements and notes to those statements included in our 2022 Annual Report on Form 10-K in order to understand factors, such as charges and credits, financing transactions and changes in tax regulations, which may impact comparability from period to period.

We provide a broad range of manufactured products and services to customers in the energy, industrial and military sectors through our Offshore/Manufactured Products, Well Site Services and Downhole Technologies segments. Demand for our products and services is cyclical and substantially dependent upon activity levels in the oil and gas industry, particularly our customers' willingness to invest capital in the exploration for and development of crude oil and natural gas reserves. Our customers' capital spending programs are generally based on their cash flows and their outlook for near-term and long-term commodity prices, making demand for our products and services sensitive to expectations regarding future crude oil and natural gas prices, as well as economic growth, commodity demand and estimates of resource production and regulatory pressures related to environmental, social and governance ("ESG") considerations.

Recent Developments

Brent and West Texas Intermediate ("WTI") crude oil and natural gas pricing trends were as follows:

Year	Average Price[1] for quarter ended				Average Price[1] for year ended December 31
	March 31	June 30	September 30	December 31	
Brent Crude (per bbl)					
2023	$ 81.01	$ 77.99	$ 86.65		
2022	100.87	113.84	100.71	$ 88.77	$ 100.99
WTI Crude (per bbl)					
2023	$ 75.91	$ 73.54	$ 82.25		
2022	95.18	108.83	93.06	$ 82.79	$ 94.90
Henry Hub Natural Gas (per MMBtu)					
2023	$ 2.64	$ 2.16	$ 2.59		
2022	4.67	7.50	8.03	$ 5.55	$ 6.45

(1) Source: U.S. Energy Information Administration (spot prices).

On October 20, 2023, Brent crude oil, WTI crude oil and natural gas spot prices closed at $93.72 per barrel, $89.12 per barrel and $2.60 per MMBtu, respectively. Additionally, as presented in more detail below, the U.S. drilling rig count reported on October 20, 2023 was 624 rigs – 4% below the third quarter 2023 average.

In February 2023, we repaid the $17.3 million principal amount, plus accrued interest, outstanding under our 2023 Notes (as defined below). Additionally, our Board of Directors authorized a $25.0 million stock repurchase plan, which extends through February 2025. During the first nine months of 2023, $3.0 million of share repurchases were made under this authorization.

Overview

Current and expected future pricing for WTI crude oil and natural gas and inflationary costs increases, along with expectations regarding the regulatory environment in the regions in which we operate, are factors that will continue to influence our customers' willingness to invest capital in their businesses. Expectations for the longer-term price for Brent crude oil will continue to influence our customers' spending related to global offshore drilling and development and, thus, a significant portion of the activity of our Offshore/Manufactured Products segment.

Crude oil prices and levels of demand for crude oil are likely to remain highly volatile due to numerous factors, including: geopolitical conflicts in Europe and the Middle East, along with associated international tensions; the perceived risk of a global economic recession; global uncertainties related to disruptions in the banking sector; domestic or international crude oil production; changes in governmental rules and regulations; sanctions; the willingness of operators to invest capital in the exploration for and development of resources; use of alternative fuels; improved vehicle fuel efficiency; timing of capital investments in alternative energy sources; a more sustained movement to electric vehicles; and the potential for ongoing supply/demand imbalances.

U.S. drilling, completion and production activity and, in turn, our financial results, are sensitive to near-term fluctuations in commodity prices, particularly WTI crude oil prices, given the short-term, call-out nature of our U.S. operations.

Customer spending in the natural gas shale plays has moderated over the last ten years due to technological advancements that have led to significant amounts of natural gas being produced from prolific basins in the Northeastern United States and from associated gas produced from the drilling and completion of unconventional oil wells in the United States.

Our Offshore/Manufactured Products segment provides technology-driven, highly-engineered products and services for offshore oil and natural gas production systems and facilities globally, as well as certain products and services to the offshore and land-based drilling and completion markets. This segment also produces a variety of products for use in industrial, military and other applications outside the traditional energy industry. Additionally, we are investing in research and product development related to, and have been awarded select contracts and are bidding on additional projects that facilitate, the development of alternative energy sources, including offshore wind and deepsea mineral gathering opportunities. This segment is particularly influenced by global spending on deepwater drilling and production, which is primarily driven by our customers' longer-term commodity demand forecasts and outlook for crude oil and natural gas prices. Approximately 65% of Offshore/Manufactured Products segment sales in the first nine months of 2023 were driven by our customers' capital spending for products and services used in exploratory and developmental drilling, greenfield offshore production infrastructure, and subsea pipeline tie-in and repair system applications, along with upgraded equipment for existing offshore drilling rigs and other vessels (referred to herein as "project-driven products and services"). Deepwater oil and gas development projects typically involve significant capital investments and multi-year development plans. Such projects are generally undertaken by larger exploration, field development and production companies (primarily international oil companies and state-run national oil companies) using relatively conservative crude oil and natural gas pricing assumptions. Given the long lead times associated with field development, we believe some of these deepwater projects, once approved for development, are generally less susceptible to change based on short-term fluctuations in the price of crude oil and natural gas.

Backlog reported by our Offshore/Manufactured Products segment increased to $348 million as of September 30, 2023 from $308 million as of December 31, 2022 and $258 million as of September 30, 2022. Bookings totaled $129 million in the third quarter of 2023, yielding a book-to-bill ratio of 1.2x (1.2x year-to-date). The following table sets forth backlog as of the dates indicated (in millions).

	Backlog as of			
Year	**March 31**	**June 30**	**September 30**	**December 31**
2023	$ 326	$ 338	$ 348	
2022	265	241	258	$ 308
2021	226	214	249	260

Our Well Site Services segment provides completion services and, to a much lesser extent, land drilling services, in the United States (including the Gulf of Mexico) and internationally. U.S. drilling and completion activity and, in turn, our Well Site Services results, are sensitive to near-term fluctuations in commodity prices, particularly WTI crude oil prices, given the short-term, call-out nature of its operations. We primarily supply equipment and service personnel utilized in the completion of and initial production from new and recompleted wells in our U.S. operations, which are dependent primarily upon the level and complexity of drilling, completion and workover activity in our areas of operations. Well intensity and complexity have increased with the continuing transition to multi-well pads, the drilling of longer lateral wells and increased downhole pressures, along with the increased number of frac stages completed in horizontal wells.

Our Downhole Technologies segment provides oil and gas perforation systems, downhole tools and services in support of completion, intervention, wireline and well abandonment operations. This segment designs, manufactures and markets its consumable engineered products to oilfield service as well as exploration and production companies. Product and service offerings for this segment include innovations in perforation technology through patented and proprietary systems combined with advanced modeling and analysis tools. This expertise has led to the optimization of perforation hole size, depth, and quality of tunnels, which are key factors for maximizing the effectiveness of hydraulic fracturing. Additional offerings include proprietary frac plug and toe valve products, which are focused on zonal isolation for hydraulic fracturing of horizontal wells, and a broad range of consumable products, such as setting tools and bridge plugs, that are used in completion, intervention and decommissioning applications. Demand drivers for the Downhole Technologies segment include continued trends toward longer lateral lengths, increased frac stages and more perforation clusters to target increased unconventional well productivity.

Demand for our completion-related products and services within each of our segments is highly correlated to changes in the total number of wells drilled in the United States, total footage drilled, the number of drilled wells that are completed and changes in the drilling rig count. The following table sets forth a summary of the U.S. and international drilling rig count, as measured by Baker Hughes Company, as of and for the periods indicated.

		Average for the			
		Three Months Ended September 30,		**Nine Months Ended September 30,**	
	As of October 20, 2023	**2023**	**2022**	**2023**	**2022**
United States Rig Count:					
Land – Oil	477	499	581	543	543
Land – Natural gas and other	122	128	160	143	145
Offshore	25	22	20	21	18
	624	649	761	707	706

The U.S. energy industry is primarily focused on crude oil and liquids-rich exploration and development activities in U.S. shale plays utilizing horizontal drilling and completion techniques. As of September 30, 2023, oil-directed drilling accounted for 81% of the total U.S. rig count – with the balance largely natural gas related.

We use a variety of domestically produced and imported raw materials and component products, including steel, in the manufacture of our products. The United States has imposed tariffs on a variety of imported products, including steel and aluminum. In response to the U.S. tariffs on steel and aluminum, the European Union and several other countries, including Canada and China, have threatened and/or imposed retaliatory tariffs. In addition, in response to Russia's invasion of Ukraine, governments in the European Union, the United States, the United Kingdom, Switzerland and other countries have enacted sanctions against Russia and Russian interests. The effect of these sanctions and tariffs and the application and interpretation of existing trade agreements and customs, anti-dumping and countervailing duty regulations continue to evolve, and we continue to monitor these matters. If we encounter difficulty in procuring these raw materials and component products, or if the prices we have to pay for these products increase and we are unable to pass corresponding cost increases on to our customers, our financial position, cash flows and results of operations could be adversely affected. Furthermore, uncertainty with respect to potential costs in the drilling and completion of oil and gas wells could cause our customers to delay or cancel planned projects which, if this occurred, would adversely affect our financial position, cash flows and results of operations.

Other factors that can affect our business and financial results include but are not limited to: the general global economic environment (including disruptions in the banking sector); competitive pricing pressures; public health crises; natural disasters; labor market constraints; supply chain disruptions; inflation in wages, materials, parts, equipment and other costs; climate-related and other regulatory changes; geopolitical conflicts and tensions; and changes in tax laws in the United States and international markets. We continue to monitor the global economy, the prices of and demand for crude oil and natural gas, and the resultant impact on the capital spending plans and operations of our customers in order to plan and manage our business.

Human Capital

For more information on our health and safety, diversity and other workforce policies, please see "Part I, Item 1. Business – Human Capital" in our Annual Report on Form 10-K for the year ended December 31, 2022.

Selected Financial Data

This selected financial data should be read in conjunction with our Unaudited Condensed Consolidated Financial Statements and related notes included in "Part I, Item 1. Financial Statements" of this Quarterly Report on Form 10-Q and in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements and related notes included in "Part II, Item 8. Financial Statements and Supplementary Data" of our Annual Report on Form 10-K for the year ended December 31, 2022 in order to understand factors which may impact comparability of the selected financial data.

We revised our presentation of supplemental disclosure of disaggregated revenue information in the second quarter of 2023. Prior-period disclosures of disaggregated revenue information presented within this discussion and analysis were conformed with the current-period presentation.

Unaudited Consolidated Results of Operations

The following summarizes our consolidated results of operations for the three and nine months ended September 30, 2023 and 2022 (in thousands, except per share amounts):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Revenues:						
Products	$ 102,636	$ 99,743	$ 2,893	$ 295,106	$ 284,537	$ 10,569
Services	91,653	89,651	2,002	278,911	250,735	28,176
	194,289	189,394	4,895	574,017	535,272	38,745
Costs and expenses:						
Product costs	80,188	81,576	(1,388)	231,524	225,765	5,759
Service costs	70,239	69,723	516	211,668	194,294	17,374
Cost of revenues (exclusive of depreciation and amortization expense presented below)	150,427	151,299	(872)	443,192	420,059	23,133
Selling, general and administrative expenses	24,241	23,374	867	71,785	70,964	821
Depreciation and amortization expense	15,416	16,413	(997)	46,209	51,469	(5,260)
Other operating expense (income), net[(1)]	(1,985)	(6,750)	4,765	(2,503)	(6,852)	4,349
	188,099	184,336	3,763	558,683	535,640	23,043
Operating income (loss)	6,190	5,058	1,132	15,334	(368)	15,702
Interest expense, net	(1,928)	(2,637)	709	(6,378)	(7,947)	1,569
Other income, net	186	491	(305)	672	1,892	(1,220)
Income (loss) before income taxes	4,448	2,912	1,536	9,628	(6,423)	16,051
Income tax provision	(236)	(769)	533	(2,700)	(6,002)	3,302
Net income (loss)	$ 4,212	$ 2,143	$ 2,069	$ 6,928	$ (12,425)	$ 19,353
Net income (loss) per share:						
Basic	$ 0.07	$ 0.03		$ 0.11	$ (0.20)	
Diluted	0.07	0.03		0.11	(0.20)	
Weighted average number of common shares outstanding:						
Basic	62,651	62,674		62,760	61,292	
Diluted	63,060	62,676		63,135	61,292	

(1) In the three and nine months ended September 30, 2023, we recognized facility consolidation charges of $1.6 million associated with the Offshore/Manufactured Products segment's ongoing consolidation and relocation of certain manufacturing and service locations. In the three and nine months ended September 30, 2022, we recognized a gain of $6.1 million associated with the settlement of outstanding litigation against certain service providers.

Unaudited Segment Results of Operations

We manage and measure our business performance in three distinct operating segments: Offshore/Manufactured Products, Well Site Services and Downhole Technologies. Supplemental financial information by operating segment for the three and nine months ended September 30, 2023 and 2022 is summarized below (in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Variance	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Variance
Revenues:						
Offshore/Manufactured Products						
Project-driven:						
Products	$ 45,527	$ 38,911	$ 6,616	$ 116,869	$ 113,853	$ 3,016
Services	30,391	23,421	6,970	79,867	71,714	8,153
	75,918	62,332	13,586	196,736	185,567	11,169
Military and other products	7,195	9,995	(2,800)	22,157	23,104	(947)
Short-cycle products	27,930	23,710	4,220	84,435	67,945	16,490
	111,043	96,037	15,006	303,328	276,616	26,712
Well Site Services	59,831	60,509	(678)	191,425	163,500	27,925
Downhole Technologies	23,415	32,848	(9,433)	79,264	95,156	(15,892)
	$ 194,289	$ 189,394	$ 4,895	$ 574,017	$ 535,272	$ 38,745
Operating income (loss):						
Offshore/Manufactured Products(1)	$ 17,804	$ 13,373	$ 4,431	$ 40,147	$ 33,010	$ 7,137
Well Site Services	3,285	2,359	926	14,983	(435)	15,418
Downhole Technologies	(4,118)	(342)	(3,776)	(8,173)	(3,332)	(4,841)
Corporate	(10,781)	(10,332)	(449)	(31,623)	(29,611)	(2,012)
	$ 6,190	$ 5,058	$ 1,132	$ 15,334	$ (368)	$ 15,702

(1) In the three and nine months ended September 30, 2023, we recognized facility consolidation charges of $1.6 million associated with the Offshore/Manufactured Products segment's ongoing consolidation and relocation of certain manufacturing and service locations. In the three and nine months ended September 30, 2022, we recognized a gain of $6.1 million associated with the settlement of outstanding litigation against certain service providers.

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022

We reported net income for the three months ended September 30, 2023 of $4.2 million, or $0.07 per share, which included facility consolidation charges of $1.6 million ($1.3 million after-tax, or $0.02 per share). These results compare to net income for the three months ended September 30, 2022 of $2.1 million, or $0.03 per share, which included a gain of $6.1 million ($4.6 million after-tax, or $0.07 per share) recognized in connection with the favorable settlement of a litigation matter.

Our reported results in the third quarter of 2023 reflect continued growth in international offshore-project activity and associated backlog conversion, partially offset by the impact of an industry-wide decline in U.S. well completions – which has been ongoing since the start of 2023.

Revenues. Consolidated total revenues in the third quarter of 2023 increased $4.9 million, or 3%, from the third quarter of 2022.

Consolidated product revenues in the third quarter of 2023 increased $2.9 million, or 3%, from the third quarter of 2022, driven primarily by the conversion of production facility products from backlog into revenue. Consolidated service revenues in the third quarter of 2023 increased $2.0 million, or 2%, from the third quarter of 2022 due to increased customer spending for project-driven services, partially offset by a decrease in U.S. customer demand for short-cycle services.

The following table provides supplemental disaggregated revenue from contracts with customers by operating segment for the three months ended September 30, 2023 and 2022 (in thousands):

	Offshore/ Manufactured Products		Well Site Services		Downhole Technologies		Total	
Three Months Ended September 30	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Project-driven:								
Products	$ 45,527	$ 38,911	$ —	$ —	$ —	$ —	$ 45,527	$ 38,911
Services	30,391	23,421	—	—	—	—	30,391	23,421
Total project-driven	75,918	62,332	—	—	—	—	75,918	62,332
Military and other products	7,195	9,995	—	—	—	—	7,195	9,995
Short-cycle:								
Products	27,930	23,710	—	—	21,984	27,127	49,914	50,837
Services	—	—	59,831	60,509	1,431	5,721	61,262	66,230
Total short-cycle	27,930	23,710	59,831	60,509	23,415	32,848	111,176	117,067
	$ 111,043	$ 96,037	$ 59,831	$ 60,509	$ 23,415	$ 32,848	$ 194,289	$ 189,394
Percentage of total revenue by type -								
Products	73 %	76 %	— %	— %	94 %	83 %	53 %	53 %
Services	27 %	24 %	100 %	100 %	6 %	17 %	47 %	47 %

Cost of Revenues (exclusive of Depreciation and Amortization Expense). Our consolidated total cost of revenues (exclusive of depreciation and amortization expense) in the third quarter of 2023 decreased $0.9 million, or 1%, compared to the level reported in the third quarter of 2022.

Consolidated product costs in the third quarter of 2023 decreased $1.4 million, or 2%, from the third quarter of 2022 due to a favorable shift in product sales mix. Consolidated service costs in the third quarter of 2023 increased $0.5 million, or 1%, from the third quarter of 2022, due primarily to the reported revenue growth.

Selling, General and Administrative Expense. Selling, general and administrative expense in the third quarter of 2023 increased $0.9 million, or 4%, from the level reported in the third quarter of 2022.

Depreciation and Amortization Expense. Depreciation and amortization expense decreased $1.0 million, or 6%, in the third quarter of 2023 compared to the prior-year quarter, reflective of certain intangible assets reaching the end of their economic life in 2022. Note 10, "Segments and Related Information," to our Unaudited Condensed Consolidated Financial Statements presents depreciation and amortization expense by segment.

Other Operating Income, Net. In the third quarter of 2023, other operating income, net included gains on disposals of assets totaling $2.8 million, partially offset by charges of $1.6 million recognized in connection with our ongoing consolidation of certain manufacturing and service locations within our Offshore/Manufactured Products segment. Net other operating income for the third quarter of 2022 included a gain of $6.1 million recognized in connection with the settlement of outstanding litigation against certain service providers within our Offshore/Manufactured Products segment and $0.4 million in gains on disposals of assets.

Operating Income, Net. Our consolidated operating income was $6.2 million in the third quarter of 2023, which included the $1.6 million in facility consolidation charges reported within other operating income, net as discussed above. This compares to third quarter 2022 consolidated operating income of $5.1 million, which included the $6.1 million gain reported within other operating income, net, as discussed above.

Interest Expense, Net. Net interest expense totaled $1.9 million in the third quarter of 2023, which compares to $2.6 million in the same period of 2022. Interest expense as a percentage of total debt outstanding was approximately 7% in the third quarter of 2023, compared to 6% in the third quarter of 2022.

Income Tax. Income tax expense for the three months ended September 30, 2023 was calculated using a discrete approach. This methodology was used because changes in our results of operations and non-deductible expenses can materially impact the estimated annual effective tax rate. For the three months ended September 30, 2023, our income tax provision was $0.2 million on pre-tax income of $4.4 million, which included certain non-deductible expenses, discrete tax items and a reduction in valuation allowances recorded against deferred tax assets. This compares to an income tax provision of $0.8 million on a pre-tax income of $2.9 million for the three months ended September 30, 2022.

Other Comprehensive Loss. Reported comprehensive loss is the sum of reported net income and other comprehensive loss. Other comprehensive loss was $5.7 million in the third quarter of 2023 compared to comprehensive loss of $11.9 million in the third quarter of 2022 due to fluctuations in currency exchange rates compared to the U.S. dollar which are used to translate certain of the international operations of our operating segments. For the three months ended September 30, 2023 and 2022, currency translation adjustments recognized as a component of other comprehensive loss were primarily attributable to the United Kingdom and Brazil. During the third quarter of both 2023 and 2022, the exchange rates for both the British pound and the Brazilian real weakened compared to the U.S. dollar.

Segment Operating Results

Offshore/Manufactured Products

Revenues. Our Offshore/Manufactured Products segment revenues increased $15.0 million, or 16%, in the third quarter of 2023 compared to the third quarter of 2022 due primarily to the timing of conversion of production facility products from backlog into revenue as well as higher service and short-cycle product sales.

Operating Income. Our Offshore/Manufactured Products segment reported operating income of $17.8 million in the third quarter of 2023, which included the $1.6 million in facility consolidation charges, compared to operating income in the third quarter of 2022 of $13.4 million, which included a $6.1 million gain recognized in connection with the settlement of outstanding litigation. Excluding the charges and prior-year gain, operating income increased $12.2 million year-over-year driven primarily by the reported revenue growth and a favorable shift in product sales mix.

Backlog. Backlog in our Offshore/Manufactured Products segment totaled $348 million as of September 30, 2023, with third quarter 2023 bookings of $129 million and a quarterly book-to-bill ratio of 1.2x.

Well Site Services

Revenues. Our Well Site Services segment revenues decreased $0.7 million, or 1%, in the third quarter of 2023 compared to the prior-year period, driven primarily by lower U.S. customer activity levels and competitive market conditions.

Operating Income. Our Well Site Services segment reported operating income of $3.3 million in the third quarter of 2023, compared to operating income of $2.4 million in the third quarter of 2022. The segment's operating results improved $0.9 million from the prior-year period, due primarily to a favorable shift in service mix and a $0.4 million decrease in depreciation and amortization expense, partially offset by increased labor, material and other costs.

Downhole Technologies

Revenues. Our Downhole Technologies segment revenues decreased $9.4 million, or 29%, in the third quarter of 2023 from the prior-year period, driven primarily by lower U.S. customer activity levels and competitive market conditions.

Operating Loss. Our Downhole Technologies segment reported an operating loss of $4.1 million in the third quarter of 2023, which compared to an operating loss of $0.3 million in the prior-year period. Operating loss increased $3.8 million year-over-year due primarily to the decline in reported revenue, lower manufacturing volumes and higher labor, material and other costs.

Corporate

Operating Loss. Corporate expenses increased $0.4 million, or 4%, in the third quarter of 2023 from the prior-year period.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

We reported net income for the nine months ended September 30, 2023 of $6.9 million, or $0.11 per share, which included facility consolidation charges of $1.6 million ($1.3 million after-tax, or $0.02 per share). These results compare to a net loss for the nine months ended September 30, 2022 of $12.4 million, or $0.20 per share, which included a gain of $6.1 million ($4.6 million after-tax, or $0.07 per share) recognized in connection with the settlement of a litigation matter.

Increased capital investments by our customers, together with our internal cost control and strict capital discipline measures and other corporate actions, resulted in significant improvements to our consolidated results in 2023. The favorable impact of continued growth in international offshore-project activity and associated backlog conversion was partially offset by the impact of an industry-wide decline in U.S. well completions – which has been ongoing since the start of 2023.

Revenues. Consolidated total revenues in the first nine months of 2023 increased $38.7 million, or 7%, from the first nine months of 2022.

Consolidated product revenues in the first nine months of 2023 increased $10.6 million, or 4%, from the first nine months of 2022, driven primarily by higher customer demand for short-cycle products. Consolidated service revenues in the first nine months of 2023 increased $28.2 million, or 11%, from the first nine months of 2022 due primarily to increased customer spending in the U.S. shale play regions in the first half of 2023.

The following table provides supplemental disaggregated revenue from contracts with customers by operating segment for the nine months ended September 30, 2023 and 2022 (in thousands):

	Offshore/ Manufactured Products		Well Site Services		Downhole Technologies		Total	
Nine Months Ended September 30	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Project-driven:								
Products	$ 116,869	$ 113,853	$ —	$ —	$ —	$ —	$ 116,869	$ 113,853
Services	79,867	71,714	—	—	—	—	79,867	71,714
Total project-driven	196,736	185,567	—	—	—	—	196,736	185,567
Military and other products	22,157	23,104	—	—	—	—	22,157	23,104
Short-cycle:								
Products	84,435	67,945	—	—	71,645	79,635	156,080	147,580
Services	—	—	191,425	163,500	7,619	15,521	199,044	179,021
Total short-cycle	84,435	67,945	191,425	163,500	79,264	95,156	355,124	326,601
	$ 303,328	$ 276,616	$ 191,425	$ 163,500	$ 79,264	$ 95,156	$ 574,017	$ 535,272
Percentage of total revenue by type -								
Products	74 %	74 %	— %	— %	90 %	84 %	51 %	53 %
Services	26 %	26 %	100 %	100 %	10 %	16 %	49 %	47 %

Cost of Revenues (exclusive of Depreciation and Amortization Expense). Our consolidated total cost of revenues (exclusive of depreciation and amortization expense) increased $23.1 million, or 6%, in the first nine months of 2023 compared to the first nine months of 2022.

Consolidated product costs in the first nine months of 2023 increased $5.8 million, or 3%, compared to the first nine months of 2022 due primarily to the reported revenue growth as well as higher material, transportation, labor and other costs. Consolidated service costs in the first nine months of 2023 increased $17.4 million, or 9%, compared to the first nine months of 2022, due primarily to the impact of higher revenue levels and increased labor and other costs.

Selling, General and Administrative Expense. Selling, general and administrative expense in the first nine months of 2023 increased $0.8 million, or 1%, from the first nine months of 2022.

Depreciation and Amortization Expense. Depreciation and amortization expense decreased $5.3 million, or 10%, in the first nine months of 2023 compared to the prior-year period, reflective of certain intangible assets reaching the end of their economic life in 2022 and reduced capital investments made in our Well Site Services segment in recent years. Note 10, "Segments and Related Information," to our Unaudited Condensed Consolidated Financial Statements presents depreciation and amortization expense by segment.

Other Operating Income, Net. In the first nine months of 2023, other operating income, net included gains on disposals of assets totaling $3.3 million, partially offset by charges of $1.6 million recognized in connection with our ongoing consolidation of certain manufacturing and service locations within our Offshore/Manufactured Products segment. Net other operating income for the first nine months of 2022 included a gain of $6.1 million recognized in connection with the settlement of outstanding litigation against certain service providers within our Offshore/Manufactured Products segment and $1.5 million in gains on disposals of assets.

Operating Income (Loss). Our consolidated operating income was $15.3 million in the first nine months of 2023, which included the $1.6 million in facility consolidation charges reported within other operating income, net. This compares to a consolidated operating loss of $0.4 million, which included the $6.1 million gain reported within other operating income, net, recognized in the first nine months of 2022.

Interest Expense, Net. Net interest expense totaled $6.4 million in the first nine months of 2023, which compares to $7.9 million in the first nine months of 2022. Interest expense as a percentage of total debt outstanding was approximately 7% in the first nine months of 2023, compared to 6% in the first nine months of 2022.

Income Tax. Income tax expense for the first nine months of 2023 was calculated using a discrete approach. This methodology was used because changes in our results of operations and non-deductible expenses can materially impact the estimated annual effective tax rate. For the first nine months of 2023, our income tax provision was $2.7 million on pre-tax income of $9.6 million, which included certain non-deductible expenses, discrete tax items and a reduction in valuation allowances recorded against deferred tax assets. This compares to an income tax provision of $6.0 million on a pre-tax loss of $6.4 million for the first nine months of 2022, which was negatively impacted by valuation allowances recorded against deferred tax assets as well as certain non-deductible expenses and discrete tax items.

Other Comprehensive Income (Loss). Reported comprehensive income (loss) is the sum of reported net income (loss) and other comprehensive income (loss). Other comprehensive income was $1.7 million in the first nine months of 2023 compared to comprehensive loss of $23.8 million in the first nine months of 2022 due to fluctuations in foreign currency exchange rates compared to the U.S. dollar for certain of the international operations of our operating segments. For the first nine months of 2023 and 2022, currency translation adjustments recognized as a component of other comprehensive income (loss) were primarily attributable to the United Kingdom and Brazil. During the first nine months of 2023, the exchange rates for the British pound and the Brazilian real strengthened compared to the U.S. dollar. During the first nine months of 2022, the exchange rate for the British pound weakened compared to the U.S. dollar, while the Brazilian real strengthened compared to the U.S. dollar.

Segment Operating Results

Offshore/Manufactured Products

Revenues. Our Offshore/Manufactured Products segment revenues increased $26.7 million, or 10%, in the first nine months of 2023 compared to the first nine months of 2022 due primarily to increased demand for short-cycle products and offshore-project driven services.

Operating Income. Our Offshore/Manufactured Products segment reported operating income of $40.1 million in the first nine months of 2023, which included the $1.6 million in facility consolidation charges. This compares to operating income of $33.0 million, which included a $6.1 million gain recognized in connection with the settlement of outstanding litigation, in the first nine months of 2022. Excluding the charges and prior-year gain, operating income increased $14.9 million year-over-year due primarily to the segment's reported revenue growth and lower bad debt expense, partially offset by the impact of higher material, transportation, labor and other costs.

Backlog. Backlog in our Offshore/Manufactured Products segment totaled $348 million as of September 30, 2023 compared to $308 million as of December 31, 2022. Bookings during the first nine months of 2023 totaled $353 million, yielding a year-to-date book-to-bill ratio of 1.2x.

Well Site Services

Revenues. Our Well Site Services segment revenues increased $27.9 million, or 17%, in the first nine months of 2023 compared to the first nine months of 2022, driven primarily by higher U.S. customer activity levels during the first half of 2023.

Operating Income (Loss). Our Well Site Services segment reported operating income of $15.0 million in the first nine months of 2023, compared to an operating loss of $0.4 million in the first nine months of 2022. The segment's operating results improved $15.4 million from the prior-year period, due to the reported revenue growth and a $3.0 million decrease in depreciation and amortization expense, partially offset by increased labor, material and other costs.

Downhole Technologies

Revenues. Our Downhole Technologies segment revenues decreased $15.9 million, or 17%, in the first nine months of 2023 from the first nine months of 2022 due primarily to lower U.S. customer demand for perforating products.

Operating Loss. Our Downhole Technologies segment reported an operating loss of $8.2 million in the first nine months of 2023, compared to an operating loss of $3.3 million reported in the first nine months of 2022. This year-over-year increase in operating loss is due primarily to the reported decrease in the segment's revenue as well as increased labor, material and other costs.

Corporate

Operating Loss. Corporate expenses in the first nine months of 2023 increased $2.0 million, or 7%, from the first nine months of 2022, due primarily to higher personnel and marketing costs.

Liquidity, Capital Resources and Other Matters

Our primary liquidity needs are to fund operating and capital expenditures, new product development and general working capital needs. In addition, capital has been used to fund strategic business acquisitions, repay debt and fund share repurchases. Our primary sources of funds are cash flow from operations, proceeds from borrowings under our credit facilities and, less frequently, capital markets transactions.

Operating Activities

Cash flows from operations totaled $52.4 million during the first nine months of 2023, compared to $19.0 million provided by operations during the first nine months of 2022.

During the first nine months of 2023, $3.2 million was used to fund net working capital increases, with an activity-driven increase in inventories and the payment of accrued 2022 short-and long-term cash incentives in the first quarter of 2023 substantially offset by the favorable impact of a decrease in accounts receivable and an increase in deferred revenues. During the first nine months of 2022, $27.5 million was used to fund net working capital increases, primarily due to increases in accounts receivable and inventories driven by higher activity levels.

Investing Activities

Net cash used in investing activities during the first nine months of 2023 totaled $19.1 million, compared to $19.3 million used in investing activities during the first nine months of 2022.

Capital expenditures totaled $23.4 million and $13.3 million during the first nine months of 2023 and 2022, respectively. These investments were partially offset by proceeds from the sale of property and equipment of $4.4 million and $2.2 million during the first nine months of 2023 and 2022, respectively.

In the second quarter of 2022, we acquired E-Flow Control Holdings Limited, a global provider of fully integrated handling, control, monitoring and instrumentation solutions. The purchase price of $8.1 million (net of cash acquired) was funded with cash on-hand.

Within our Offshore/Manufactured Products segment, we completed the consolidation of certain facilities in Houston, Texas during the third quarter of 2023 and are in the process of strategically relocating our Asian manufacturing and service operations from Singapore to Batam, Indonesia. With these consolidations, two facilities are classified as held-for-sale assets within prepaid expenses and other current assets at September 30, 2023.

With our planned purchase of land and the start of construction on a new facility in Batam in the fourth quarter of 2023, we currently expect to invest approximately $35 million in capital expenditures during 2023. In late 2023 or early 2024, we also expect to sell the two facilities (in Singapore and Houston), with expected proceeds ranging between $35 million and $40 million. We plan to fund our capital expenditures with available cash, internally generated funds and, if necessary, borrowings under our ABL Facility discussed below.

Financing Activities

During the first nine months of 2023, net cash of $22.7 million was used in financing activities, which included the repayment of the $17.3 million principal amount of our outstanding 2023 Notes and the repurchases of $3.0 million of the Company's common stock. This compares to $17.9 million of cash used in financing activities during the first nine months of 2022, which included a cash payment of $10.0 million related to the settlement of a promissory note to the seller of GEODynamics, Inc. (discussed below) and the purchase of $6.5 million principal amount of our outstanding 2023 Notes (as defined below).

On June 28, 2022, we entered into a settlement agreement with the seller of GEODynamics, Inc. (acquired in 2018), which provided for the full and final settlement of all amounts due under a promissory note to the seller of GEODynamics, Inc. Pursuant to the settlement agreement, on July 1, 2022, we paid the seller $10.0 million in cash and issued approximately 1.9 million shares of our common stock.

As of September 30, 2023, we had cash and cash equivalents totaling $52.9 million, which compared to $42.0 million as of December 31, 2022.

As of September 30, 2023, we had no borrowings outstanding under our ABL Facility, $135.0 million principal amount of our 2026 Notes (as defined below) outstanding and other debt of $3.2 million. Our reported interest expense included amortization of deferred financing costs of $1.3 million during the first nine months of 2023. For the first nine months of 2023, our contractual cash interest expense was $5.8 million, or approximately 6% of the average principal balance of debt outstanding.

We believe that cash on-hand, cash flow from operations and borrowing capacity available under our ABL Facility will be sufficient to meet our liquidity needs in the coming twelve months. If our plans or assumptions change, or are inaccurate, we may need to raise additional capital. Our ability to obtain capital for additional projects to implement our growth strategy over the longer term will depend upon our future operating performance, financial condition and, more broadly, on the availability of equity and debt financing. Capital availability will be affected by prevailing conditions in our industry, the global economy, the global banking and financial markets, stakeholder scrutiny of ESG matters and other factors, many of which are beyond our control. In this regard, the effect of the four U.S. bank failures, which occurred in March, May and July 2023, resulted in significant disruptions to global banking and financial markets. For companies like ours that support the energy industry, these disruptions negatively impacted the value of our common stock and may reduce our ability to access capital in the bank and capital markets or result in such capital being available on less favorable terms, which could in the future negatively affect our liquidity.

On March 21, 2022, the SEC proposed new rules relating to the disclosure of a range of climate-related information and risks. A final rule is expected to be released in the fourth quarter of 2023, but we cannot predict the final form and substance of the rule and its requirements at this time. The ultimate impact on our business is uncertain and, upon finalization, we and our customers may incur increased compliance costs related to the assessment and disclosure of climate-related risks. We may also face increased litigation risks related to disclosures made pursuant to the rule if finalized as proposed. In addition, enhanced climate disclosure requirements could accelerate the trend of certain stakeholders and lenders in restricting access to capital or seeking more stringent conditions with respect to their investments in us, our customers and other companies like ours that support the energy industry. For more information on our risks related to climate change, see the risk factors in "Part I, Item 1A. Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2022 titled, "Our and our customers' operations are subject to a series of risks arising out of the threat of climate change that could result in increased operating costs, limit the areas in which oil and natural gas production may occur, and reduce demand for the products and services we provide" and "Increasing attention to ESG matters may impact our business."

Stock Repurchase Program. On February 16, 2023, the Board of Directors authorized $25.0 million for the repurchases of our common stock, par value $0.01 per share, through February 2025. Subject to applicable securities laws, such purchases will be at such times and in such amounts as we deem appropriate. As of September 30, 2023, $3.0 million of share repurchases have been made under this authorization.

Revolving Credit Facility. On February 10, 2021, we entered into a senior secured credit facility with certain lenders, which provides for a $125.0 million asset-based revolving credit facility (the "ABL Facility") under which credit availability is subject to a borrowing base calculation.

The ABL Facility is governed by a credit agreement, as amended, with Wells Fargo Bank, National Association, as administrative agent and the lenders and other financial institutions from time to time party thereto (the "ABL Agreement"). The ABL Agreement matures on February 10, 2025 with a springing maturity 91 days prior to the maturity of any outstanding indebtedness with a principal amount in excess of $17.5 million.

See Note 4, "Long-term Debt," to the Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for further information regarding the ABL Agreement. As of September 30, 2023, we had $16.4 million of outstanding letters of credit, but no borrowings outstanding under the ABL Agreement. The total amount available to be drawn as of September 30, 2023 was $84.5 million, calculated based on the then-current borrowing base less outstanding letters of credit.

2026 Notes. We issued $135.0 million aggregate principal amount of 4.75% convertible senior notes due 2026 (the "2026 Notes") pursuant to an indenture, dated as of March 19, 2021 (the "2026 Indenture"), between us and Computershare Trust Company, National Association, as successor trustee. The 2026 Notes will mature on April 1, 2026, unless earlier repurchased, redeemed or converted.

The 2026 Indenture contains certain events of default, including certain defaults by us with respect to other indebtedness of at least $40.0 million.

See Note 4, "Long-term Debt," to the Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for further information regarding the 2026 Notes. As of September 30, 2023, none of the conditions allowing holders of the 2026 Notes to convert, or requiring us to repurchase the 2026 Notes, had been met.

2023 Notes. On February 15, 2023, our 1.50% convertible senior notes due 2023 (the "2023 Notes") matured and the outstanding $17.3 million principal amount was repaid in full.

Our total debt represented 16% and 18% of our combined total debt and stockholders' equity as of September 30, 2023 and December 31, 2022, respectively.

Contingencies and Other Obligations. We are a party to various pending or threatened claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, products, employees and other matters.

See Note 11, "Commitments and Contingencies," to the Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for additional discussion.

Off-Balance Sheet Arrangements. As of September 30, 2023, we had no off-balance sheet arrangements.

Critical Accounting Policies

For a discussion of the critical accounting policies and estimates that we use in the preparation of our condensed consolidated financial statements, see "Part II Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2022. These estimates require significant judgments, assumptions and estimates. We have discussed the development, selection, and disclosure of these critical accounting policies and estimates with the audit committee of our Board of Directors. There have been no material changes to the judgments, assumptions and estimates upon which our critical accounting estimates are based.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, which are adopted by us as of the specified effective date. Management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on our consolidated financial statements upon adoption.

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

Market risk refers to the potential losses arising from changes in interest rates, foreign currency exchange rates, equity prices, and commodity prices, including the correlation among these factors and their volatility.

Our principal market risks are our exposure to changes in interest rates and foreign currency exchange rates. We enter into derivative instruments only to the extent considered necessary to meet risk management objectives and do not use derivative contracts for speculative purposes.

Interest Rate Risk. We have a revolving credit facility that is subject to the risk of higher interest charges associated with increases in interest rates. As of September 30, 2023, we had no floating-rate obligations outstanding under our ABL Facility. The use of floating-rate obligations would expose us to the risk of increased interest expense in the event of increases in short-term interest rates.

Foreign Currency Exchange Rate Risk. Our operations are conducted in various countries around the world and we receive revenue from these operations in a number of different currencies. As such, our earnings are subject to movements in foreign currency exchange rates when transactions are denominated in (i) currencies other than the U.S. dollar, which is our functional currency, or (ii) the functional currency of our subsidiaries, which is not necessarily the U.S. dollar. In order to mitigate the effects of foreign currency exchange rate risks in areas outside of the United States (primarily in our Offshore/Manufactured Products segment), we generally pay a portion of our expenses in local currencies and a substantial portion of our contracts provide for collections from customers in U.S. dollars. During the first nine months of 2023, our reported foreign currency exchange losses were $0.2 million and are included in "Other operating income, net" in the consolidated statements of operations.

Accumulated other comprehensive loss, reported as a component of stockholders' equity, primarily relates to fluctuations in currency exchange rates against the U.S. dollar as used to translate certain of the international operations of our operating segments. Our accumulated other comprehensive loss decreased $1.7 million from $78.9 million as of December 31, 2022 to $77.3 million as of September 30, 2023, due to changes in currency exchange rates. During the nine months ended September 30, 2023, the exchange rates for the British pound and the Brazilian real strengthened by 1% and 4%, respectively, compared to the U.S. dollar.

ITEM 4. *Controls and Procedures*

(i) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) of the Exchange Act. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2023 at the reasonable assurance level.

(ii) Changes in Internal Control Over Financial Reporting

During the three months ended September 30, 2023, certain processes and controls were modified in connection with our Downhole Technologies segment migration to an enterprise resource planning system used by our Offshore/Manufactured Products segment. We do not believe that such modifications materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

There have been no other changes in the Company's internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended September 30, 2023, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. ***Legal Proceedings***

The information with respect to this Item 1 is set forth under Note 11, "Commitments and Contingencies."

ITEM 1A. ***Risk Factors***

"Part I, Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022 includes a detailed discussion of our risk factors. The risks described in such report are not the only risks we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, may materially adversely affect our business, financial conditions or future results. Except as described below, there have been no material changes to our risk factors as set forth in our 2022 Annual Report on Form 10-K.

Adverse developments affecting the financial services industry, such as events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect the Company's current and projected business operations and its financial condition and results of operations.

Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about such events or other similar risks, have in the past and may in the future lead to acute or market-wide liquidity problems. In addition, if any of the Company's customers, suppliers or other business counterparties are unable to access funds held by such a financial institution, such parties' ability to pay their obligations to the Company or to enter into new commercial arrangements requiring additional payments to the Company could be adversely affected.

Inflation and rapid increases in interest rates have led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates. Although the U.S. Department of Treasury, Federal Deposit Insurance Corporation ("FDIC") and Federal Reserve Board have announced a program to mitigate the risk of potential losses on the sale of such instruments, widespread demands for customer withdrawals or other needs of financial institutions for immediate liquidity may exceed the capacity of such program. Additionally, the Company maintains cash balances at third-party financial institutions in excess of FDIC standard insurance limits, and there is no guarantee that the U.S. Department of Treasury, FDIC and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of such banks or financial institutions, or that they would do so in a timely fashion.

Access to funding sources and other credit arrangements in amounts adequate to finance the Company's business operations could be significantly impaired by the foregoing factors that affect the Company, any financial institutions with which the Company enters into credit agreements or arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry.

The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on the Company's current and projected business operations and the Company's financial condition and results of operations. These risks include, but may not be limited to, the following:

- delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets;
- inability to enter into credit facilities or other working capital resources;
- potential or actual breach of contractual obligations that require the Company to maintain letters of credit or other credit support arrangements; or
- termination of cash management arrangements and/or delays in accessing or actual loss of funds subject to cash management arrangements.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for the Company to acquire financing on acceptable terms or at all. Any decline in available funding or access to cash and liquidity resources could, among other risks, adversely impact the Company's ability to meet operating expenses or other obligations, financial or otherwise, result in breaches of the Company's financial and/or contractual obligations, or result in violations of federal or state wage and hour laws. In addition, any further deterioration in the macroeconomic economy or financial services industry could lead to losses or defaults by the Company's customers, vendors or suppliers. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors, could have material adverse impacts on the Company's liquidity and its current and/or projected business operations and financial condition and results of operations.

ITEM 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

(a) None.

(b) None.

(c)

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs[2]
July 1 through July 31, 2023	—	$ —	—	$ 21,998,595
August 1 through August 31, 2023	—	—	—	21,998,595
September 1 through September 30, 2023	—	—	—	21,998,595
Total	—	$ —	—	

(1) No shares were purchased during the three-month period ended September 30, 2023.

(2) On February 16, 2023, the Company's Board of Directors authorized $25.0 million for the repurchases of the Company's common stock, par value $0.01 per share, through February 2025. As of September 30, 2023, $3.0 million of share repurchases have been made under this authorization.

ITEM 3. ***Defaults Upon Senior Securities***

None.

ITEM 4. ***Mine Safety Disclosures***

Not applicable.

ITEM 5. ***Other Information***

During the three months ended September 30, 2023, no director or executive officer adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each is defined in Item 408 of Regulation S-K) related to securities of our company.

ITEM 6. *Exhibits*

Exhibit No.		Description
3.1	—	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, as filed with the SEC on July 27, 2023 (File No. 001-16337)).
3.2	—	Fifth Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K, as filed with the SEC on February 17, 2023 (File No. 001-16337)).
3.3	—	Certificate of Designations of Special Preferred Voting Stock of Oil States International, Inc. (incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000, as filed with the SEC on March 30, 2001 (File No. 001-16337)).
31.1*	—	Certification of Chief Executive Officer of Oil States International, Inc. pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended.
31.2*	—	Certification of Chief Financial Officer of Oil States International, Inc. pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended.
32.1**	—	Certification of Chief Executive Officer of Oil States International, Inc. pursuant to Rules 13a-14(b) or 15d-14(b) under the Securities Exchange Act of 1934, as amended.
32.2**	—	Certification of Chief Financial Officer of Oil States International, Inc. pursuant to Rules 13a-14(b) or 15d-14(b) under the Securities Exchange Act of 1934, as amended.
101.INS*	—	XBRL Instance 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)

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* Filed herewith.

** Furnished herewith.

SIGNATURES

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.

OIL STATES INTERNATIONAL, INC.

Date:	October 27, 2023	By:	/s/ LLOYD A. HAJDIK
			Lloyd A. Hajdik Executive Vice President, Chief Financial Officer and Treasurer (Duly Authorized Officer and Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF OIL STATES INTERNATIONAL, INC.
PURSUANT TO RULE 13a–14(a) UNDER THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Cindy B. Taylor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oil States International, Inc. (Registrant);

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

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

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

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

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

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

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

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

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

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

/s/ Cindy B. Taylor

Name:	Cindy B. Taylor
	President and Chief Executive Officer
Date:	October 27, 2023

EXHIBIT 31.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF OIL STATES INTERNATIONAL, INC.
PURSUANT TO RULE 13a–14(a) UNDER THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Lloyd A. Hajdik, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oil States International, Inc. (Registrant);

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

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

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

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

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

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

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

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

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

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

/s/ Lloyd A. Hajdik

Name:	Lloyd A. Hajdik
	Executive Vice President, Chief Financial Officer and Treasurer
Date:	October 27, 2023

EXHIBIT 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF OIL STATES INTERNATIONAL, INC.
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Oil States International, Inc. for the quarterly period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cindy B. Taylor, President and Chief Executive Officer of Oil States International, Inc. (the "Company"), hereby certify, to the best of my knowledge, that:

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

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

/s/ Cindy B. Taylor

Name:	Cindy B. Taylor
	President and Chief Executive Officer
Date:	October 27, 2023

EXHIBIT 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF OIL STATES INTERNATIONAL, INC.
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Oil States International, Inc. for the quarterly period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lloyd A. Hajdik, Executive Vice President, Chief Financial Officer and Treasurer of Oil States International, Inc. (the "Company"), hereby certify, to the best of my knowledge, that:

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

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

/s/ Lloyd A. Hajdik	
Name:	Lloyd A. Hajdik
	Executive Vice President, Chief Financial Officer and Treasurer
Date:	October 27, 2023