

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 March 31, 2023

or

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

For the transition period from to

Commission File Number: 001-38441

**ChampionX Corporation**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

82-3066826

(I.R.S. Employer Identification No.)

2445 Technology Forest Blvd, Building 4, 12th Floor

The Woodlands, Texas

(Address of principal executive offices)

77381

(Zip Code)

(281) 403-5772

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

| <u>Title of each class</u>     | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|--------------------------------|--------------------------|--|
| Common stock, \$0.01 par value | CHX                      | The Nasdaq Stock Market LLC                      |

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.

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

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

The registrant had 197,973,797 shares of common stock, \$0.01 par value, outstanding as of April 20, 2023.

# CHAMPIONX CORPORATION

## TABLE OF CONTENTS

|  | <b>Page</b>  |                  |
|--|--|------------------|
| <b><u>PART I — FINANCIAL INFORMATION</u></b> |  |                  |
| <u>Item 1.</u>                               | <u>Financial Statements (unaudited)</u>  | <u>1</u>         |
|  | <u>Condensed Consolidated Statements of Income</u>   | <u>1</u>         |
|  | <u>Condensed Consolidated Statements of Comprehensive Income</u>                             | <u>2</u>         |
|  | <u>Condensed Consolidated Balance Sheets</u>   | <u>3</u>         |
|  | <u>Condensed Consolidated Statements of Changes in Stockholders' Equity</u>                  | <u>4</u>         |
|  | <u>Condensed Consolidated Statements of Cash Flows</u>                                       | <u>5</u>         |
|  | <u>Notes to Condensed Consolidated Financial Statements</u>                                  | <u>6</u>         |
| <u>Item 2.</u>                               | <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | <u>18</u>        |
|  | <u>Executive Overview and Business Outlook</u>   | <u>18</u>        |
|  | <u>Consolidated Results of Operations</u>  | <u>19</u>        |
|  | <u>Segment Results of Operations</u>   | <u>20</u>        |
|  | <u>Capital Resources and Liquidity</u>   | <u>21</u>        |
| <u>Item 3.</u>                               | <u>Quantitative and Qualitative Disclosures About Market Risk</u>                            | <u>23</u>        |
| <u>Item 4.</u>                               | <u>Controls and Procedures</u>   | <u>23</u>        |
| <b><u>PART II — OTHER INFORMATION</u></b>    |  |                  |
| <u>Item 1.</u>                               | <u>Legal Proceedings</u>   | <u>24</u>        |
| <u>Item 1A.</u>                              | <u>Risk Factors</u>  | <u>24</u>        |
| <u>Item 2.</u>                               | <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>                           | <u>24</u>        |
| <u>Item 3.</u>                               | <u>Defaults Upon Senior Securities</u>   | <u>24</u>        |
| <u>Item 4.</u>                               | <u>Mine Safety Disclosures</u>   | <u>24</u>        |
| <u>Item 5.</u>                               | <u>Other Information</u>   | <u>24</u>        |
| <u>Item 6.</u>                               | <u>Exhibits</u>  | <u>25</u>        |
|  | <b><u>SIGNATURES</u></b>   | <b><u>26</u></b> |

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, contained in this report are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements usually relate to future events and anticipated revenues, earnings, cash flows or other aspects of our operations or operating results. Forward-looking statements are often identified by the words “believe,” “anticipate,” “expect,” “may,” “intend,” “foresee,” “guidance,” “estimate,” “potential,” “outlook,” “plan,” “should,” “would,” “could,” “target,” “forecast” and similar expressions, including the negative thereof. The absence of these words, however, does not mean that the statements are not forward-looking statements. Forward-looking statements are based on our current expectations, beliefs and assumptions concerning future developments and business conditions and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate.

All of our forward-looking statements involve risks, uncertainties (some of which are significant or beyond our control) and assumptions that could cause actual results to materially differ from our historical experience and our present expectations or projections. Known material factors that could cause actual results to materially differ from those contemplated in the forward-looking statements are those set forth in Part I, Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, including the following:

- Demand for, and profitability of our products and services, is affected by changes in the price of, and demand for, crude oil and natural gas in domestic and international markets;
- Cost inflation and availability of raw materials;
- The impact of inflation on wholesale product costs, labor rates, transportation costs, and on our customers’ financial position and ability to purchase our products;
- Global economic conditions, inflation, geopolitical issues, supply chain disruptions, and availability and cost of credit, and its impact on our operations and those of our customers and suppliers;
- Our ability to successfully compete with other companies in our industry;
- Our ability to develop and implement or introduce new technologies, products, and services, as well as our ability to protect and maintain intellectual property assets;
- Our ability to successfully execute potential acquisitions and integrate acquired businesses;
- Potential liabilities arising out of the installation or use of our products or from a chemical spill or release;
- Continuing consolidation within our customers’ industry;
- Credit risks related to our customer base or the loss of significant customers;
- A failure of our information technology infrastructure or any significant breach of security;
- Risks relating to our existing international operations and expansion into new geographical markets;
- Risks relating to improper conduct by any of our employees, agents or business partners;
- Failure to attract, retain and develop personnel;
- The impact of natural disasters and other unusual weather conditions on our business;
- Investor sentiment towards companies in the oil and gas industry due to climate change, fossil fuels and other environmental, social and governance matters;
- Changes in domestic and foreign governmental public policies and actions of governments that impact oil and gas operations or favor renewable energy projects, risks associated with entry into emerging markets, changes in statutory tax rates and unanticipated outcomes with respect to tax audits;
- Disruptions in the political, regulatory, economic and social conditions of the countries in which we conduct business;
- Fluctuations in currency markets worldwide and disruptions in capital and credit markets;
- The impact of our indebtedness on our financial position and operating flexibility;
- Disruptions in the capital and credit markets;
- The impact of war, terrorism and civil unrest;
- Changes in federal, state and local legislation and regulations relating to oil and gas development and the potential for related litigation or restrictions on our customers;
- Changes in environmental and health and safety laws and regulations which may increase our costs, limit the demand for our products and services or restrict our operations; and
- The impact of tariffs and other trade measures on our business.

We wish to caution you not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update, revise or correct any of our forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise, except to the extent required under the federal securities laws.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**CHAMPIONX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**

| (in thousands, except per share data)                     | Three Months Ended<br>March 31, |                  |
|---|---------------------------------|------------------|
|   | 2023                            | 2022             |
| <i>Revenue:</i>   |                                 |                  |
| Product revenue   | \$ 833,023                      | \$ 750,668       |
| Service revenue   | 93,245                          | 96,394           |
| Lease and other revenue                                   | 22,079                          | 18,898           |
| <b>Total revenue</b>                                      | <b>948,347</b>                  | <b>865,960</b>   |
| Cost of goods and services                                | 664,992                         | 658,350          |
| <b>Gross profit</b>                                       | <b>283,355</b>                  | <b>207,610</b>   |
| <i>Costs and expenses:</i>                                |                                 |                  |
| Selling, general and administrative expense               | 160,816                         | 150,360          |
| Loss on disposal group                                    | 12,965                          | —                |
| Interest expense, net                                     | 12,466                          | 11,363           |
| Other expense, net  | 5,295                           | 1,320            |
| <b>Income before income taxes</b>                         | <b>91,813</b>                   | <b>44,567</b>    |
| Provision for income taxes                                | 28,669                          | 6,394            |
| <b>Net income</b>   | <b>63,144</b>                   | <b>38,173</b>    |
| Net income (loss) attributable to noncontrolling interest | (388)                           | 1,471            |
| <b>Net income attributable to ChampionX</b>               | <b>\$ 63,532</b>                | <b>\$ 36,702</b> |
| <b>Earnings per share attributable to ChampionX:</b>      |                                 |                  |
| Basic   | \$ 0.32                         | \$ 0.18          |
| Diluted   | \$ 0.31                         | \$ 0.18          |
| <b>Weighted-average shares outstanding:</b>               |                                 |                  |
| Basic   | 198,286                         | 203,079          |
| Diluted   | 202,440                         | 208,850          |

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

**CHAMPIONX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

| (in thousands)  | Three Months Ended<br>March 31, |           |
|---|---------------------------------|-----------|
|   | 2023                            | 2022      |
| <b>Net income</b>   | \$ 63,144                       | \$ 38,173 |
| Other comprehensive income (loss), net of tax:                            |                                 |           |
| Foreign currency translation adjustments                                  | (10,676)                        | (1,565)   |
| Cash flow hedges  | (4,689)                         | (1,299)   |
| Defined pension and other post-retirement benefits adjustments, net       | 53                              | 69        |
| <b>Other comprehensive loss</b>   | (15,312)                        | (2,795)   |
| <b>Comprehensive income</b>   | 47,832                          | 35,378    |
| Less: Comprehensive income (loss) attributable to noncontrolling interest | (388)                           | 1,471     |
| <b>Comprehensive income attributable to ChampionX</b>                     | \$ 48,220                       | \$ 33,907 |

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

**CHAMPIONX CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

| (in thousands)   | March 31, 2023 | December 31, 2022 |
|--|----------------|-------------------|
| <b>ASSETS</b>  |                |                   |
| <i>Current Assets:</i>   |                |                   |
| Cash and cash equivalents  | \$ 247,996     | \$ 250,187        |
| Receivables, net   | 539,380        | 601,061           |
| Inventories, net   | 591,788        | 542,543           |
| Assets held for sale   | 15,316         | 29,334            |
| Prepaid expenses and other current assets  | 74,018         | 75,456            |
| Total current assets   | 1,468,498      | 1,498,581         |
| Property, plant, and equipment, net of accumulated depreciation of \$717,383 in 2023 and \$693,226 in 2022   | 739,853        | 734,810           |
| Goodwill   | 666,689        | 679,488           |
| Intangible assets, net   | 286,888        | 305,010           |
| Operating lease right-of-use assets  | 89,344         | 92,928            |
| Other non-current assets   | 76,064         | 76,666            |
| <b>Total assets</b>  | \$ 3,327,336   | \$ 3,387,483      |
| <b>LIABILITIES AND EQUITY</b>  |                |                   |
| <i>Current Liabilities:</i>  |                |                   |
| Current portion of long-term debt  | \$ 6,250       | \$ 6,250          |
| Accounts payable   | 539,166        | 469,566           |
| Accrued compensation and employee benefits   | 61,535         | 102,750           |
| Current portion of operating lease liabilities   | 27,396         | 28,838            |
| Accrued distributor fees   | 67,096         | 102,034           |
| Liabilities held for sale  | —              | 7,186             |
| Accrued expenses and other current liabilities   | 139,564        | 142,352           |
| Total current liabilities  | 841,007        | 858,976           |
| Long-term debt   | 595,938        | 621,702           |
| Deferred income taxes  | 84,551         | 94,235            |
| Operating lease liabilities  | 57,247         | 59,686            |
| Other long-term liabilities  | 78,424         | 75,669            |
| Total liabilities  | 1,657,167      | 1,710,268         |
| <i>Stockholders' equity:</i>   |                |                   |
| Common stock (2.5 billion shares authorized, \$0.01 par value)<br>198.0 million shares and 198.5 million shares issued and outstanding in 2023 and 2022,<br>respectively | 1,980          | 1,985             |
| Capital in excess of par value of common stock   | 2,238,027      | 2,249,698         |
| Accumulated deficit  | (506,458)      | (527,603)         |
| Accumulated other comprehensive loss   | (44,842)       | (29,530)          |
| ChampionX stockholders' equity   | 1,688,707      | 1,694,550         |
| Noncontrolling interest  | (18,538)       | (17,335)          |
| <b>Total equity</b>  | 1,670,169      | 1,677,215         |
| <b>Total liabilities and equity</b>  | \$ 3,327,336   | \$ 3,387,483      |

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

**CHAMPIONX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(Unaudited)**

| (in thousands)  | <b>Common Stock</b> |                  |                                       |                       |                                |                                 |                     |
|---|---------------------|------------------|---------------------------------------|-----------------------|--------------------------------|---------------------------------|---------------------|
|   | <b>Shares</b>       | <b>Par Value</b> | <b>Capital in Excess of Par Value</b> | <b>Accum. Deficit</b> | <b>Accum. Other Comp. Loss</b> | <b>Non-controlling Interest</b> | <b>Total</b>        |
| <b>December 31, 2022</b>                                      | 198,466             | \$ 1,985         | \$ 2,249,698                          | \$ (527,603)          | \$ (29,530)                    | \$ (17,335)                     | \$ 1,677,215        |
| Net income  | —                   | —                | —                                     | 63,532                | —                              | (388)                           | 63,144              |
| Other comprehensive loss                                      | —                   | —                | —                                     | —                     | (15,312)                       | —                               | (15,312)            |
| Stock-based compensation                                      | 327                 | 3                | 5,231                                 | —                     | —                              | —                               | 5,234               |
| Stock options exercised                                       | 481                 | 5                | 3,009                                 | —                     | —                              | —                               | 3,014               |
| Taxes withheld on issuance of stock-based awards              | —                   | —                | (5,100)                               | —                     | —                              | —                               | (5,100)             |
| Dividends declared to common stockholders (\$0.085 per share) | —                   | —                | —                                     | (16,784)              | —                              | —                               | (16,784)            |
| Repurchase and cancellation of common stock                   | (1,302)             | (13)             | (14,811)                              | (25,603)              | —                              | —                               | (40,427)            |
| Distributions to noncontrolling interest                      | —                   | —                | —                                     | —                     | —                              | (823)                           | (823)               |
| Cumulative translation adjustments                            | —                   | —                | —                                     | —                     | —                              | 8                               | 8                   |
| <b>March 31, 2023</b>   | <u>197,972</u>      | <u>\$ 1,980</u>  | <u>\$ 2,238,027</u>                   | <u>\$ (506,458)</u>   | <u>\$ (44,842)</u>             | <u>\$ (18,538)</u>              | <u>\$ 1,670,169</u> |

| (in thousands)  | <b>Common Stock</b> |                  |                                       |                       |                                |                                 |                     |
|---|---------------------|------------------|---------------------------------------|-----------------------|--------------------------------|---------------------------------|---------------------|
|   | <b>Shares</b>       | <b>Par Value</b> | <b>Capital in Excess of Par Value</b> | <b>Accum. Deficit</b> | <b>Accum. Other Comp. Loss</b> | <b>Non-controlling Interest</b> | <b>Total</b>        |
| <b>December 31, 2021</b>                                      | 202,866             | \$ 2,029         | \$ 2,315,399                          | \$ (525,158)          | \$ (21,625)                    | \$ (16,338)                     | \$ 1,754,307        |
| Net income  | —                   | —                | —                                     | 36,702                | —                              | 1,471                           | 38,173              |
| Other comprehensive loss                                      | —                   | —                | —                                     | —                     | (2,795)                        | —                               | (2,795)             |
| Stock-based compensation                                      | 290                 | 3                | 4,725                                 | —                     | —                              | —                               | 4,728               |
| Stock options exercised                                       | 189                 | 1                | 1,054                                 | —                     | —                              | —                               | 1,055               |
| Taxes withheld on issuance of stock-based awards              | —                   | —                | (2,639)                               | —                     | —                              | —                               | (2,639)             |
| Dividends declared to common stockholders (\$0.075 per share) | —                   | —                | —                                     | (15,465)              | —                              | —                               | (15,465)            |
| Cumulative translation adjustments                            | —                   | —                | —                                     | —                     | —                              | 208                             | 208                 |
| <b>March 31, 2022</b>   | <u>203,345</u>      | <u>\$ 2,033</u>  | <u>\$ 2,318,539</u>                   | <u>\$ (503,921)</u>   | <u>\$ (24,420)</u>             | <u>\$ (14,659)</u>              | <u>\$ 1,777,572</u> |

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

**CHAMPIONX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

| (in thousands)  | Three Months Ended March 31, |                   |
|---|------------------------------|-------------------|
|   | 2023                         | 2022              |
| <b>Cash flows from operating activities:</b>                                      |                              |                   |
| Net income  | \$ 63,144                    | \$ 38,173         |
| Adjustments to reconcile net income to net cash flows from operating activities:  |                              |                   |
| Depreciation and amortization   | 56,710                       | 57,699            |
| Loss on disposal group  | 12,965                       | —                 |
| Stock-based compensation  | 5,234                        | 4,728             |
| Provision for inventory obsolescence and write-downs                              | 9,966                        | 3,988             |
| Deferred income taxes   | (8,441)                      | (7,788)           |
| (Gain) loss on disposal of fixed assets   | (534)                        | (5,070)           |
| Amortization of deferred loan costs and accretion of discount                     | 1,014                        | 828               |
| Other   | 1,512                        | 612               |
| Changes in operating assets and liabilities (net of effects of foreign exchange): |                              |                   |
| Receivables   | 62,673                       | (73,262)          |
| Inventories   | (63,139)                     | (81,283)          |
| Prepaid expenses and other current assets   | (2,060)                      | 6,647             |
| Accounts payable  | 40,708                       | 27,184            |
| Accrued compensation and employee benefits  | (42,025)                     | (38,174)          |
| Accrued expenses and other liabilities  | (39,051)                     | 28,746            |
| Leased assets   | (9,830)                      | (5,265)           |
| Other   | 3,532                        | (888)             |
| <b>Net cash flows provided by (used in) operating activities</b>                  | <b>92,378</b>                | <b>(43,125)</b>   |
| <b>Cash flows from investing activities:</b>                                      |                              |                   |
| Capital expenditures  | (26,530)                     | (30,597)          |
| Proceeds from sale of fixed assets  | 3,505                        | 12,731            |
| Acquisitions, net of cash acquired  | —                            | (3,198)           |
| <b>Net cash used for investing activities</b>                                     | <b>(23,025)</b>              | <b>(21,064)</b>   |
| <b>Cash flows from financing activities:</b>                                      |                              |                   |
| Repayment of long-term debt   | (26,563)                     | (6,713)           |
| Repurchases of common stock   | (40,428)                     | —                 |
| Dividends paid  | (15,011)                     | —                 |
| Payments related to taxes withheld on stock-based compensation                    | (5,100)                      | (2,639)           |
| Payment of finance lease obligations  | (1,970)                      | (1,501)           |
| Distributions to noncontrolling interest  | (823)                        | —                 |
| Proceeds from exercise of stock options   | 3,014                        | 1,055             |
| Proceeds expected to be remitted under the Accounts Receivable Facility           | 15,774                       | —                 |
| <b>Net cash used for financing activities</b>                                     | <b>(71,107)</b>              | <b>(9,798)</b>    |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash  | (437)                        | (582)             |
| <b>Net decrease in cash and cash equivalents and restricted cash</b>              | <b>(2,191)</b>               | <b>(74,569)</b>   |
| Cash and cash equivalents and restricted cash at beginning of period              | 250,187                      | 255,178           |
| <b>Cash and cash equivalents and restricted cash at end of period</b>             | <b>\$ 247,996</b>            | <b>\$ 180,609</b> |

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



**CHAMPIONX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1—BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Business**

ChampionX Corporation is a global leader in chemistry solutions, artificial lift systems, and highly engineered equipment and technologies that help companies drill for and produce oil and gas safely, efficiently, and sustainably around the world. Our expertise, innovative products, and digital technologies provide enhanced oil and gas production, transportation, and real-time emissions monitoring throughout the lifecycle of a well.

Unless the context requires otherwise, references in this report to “we,” “us,” “our,” “the Company,” or “ChampionX” mean ChampionX Corporation, together with our subsidiaries where the context requires.

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements of ChampionX have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission pertaining to interim financial information. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP have been condensed or omitted. Therefore, these financial statements should be read in conjunction with the audited consolidated financial statements, and notes thereto, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions that we may undertake in the future, actual results may differ from our estimates. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments unless otherwise specified) necessary for a fair statement of our financial condition and results of operations as of and for the periods presented. Revenue, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these financial statements may not be representative of the results that may be expected for the year ending December 31, 2023.

**Significant Accounting Policies**

Please refer to “Note 1—Basis of Presentation and Summary of Significant Accounting Policies” to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 for the discussion of our significant accounting policies.

**New Accounting Standards Issued**

In September 2022, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2022-04, *“Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations,”* which requires that a buyer in a supplier finance program disclose information about the key terms of the program, outstanding confirmed amounts as of the end of the period, a rollforward of such amounts during each annual period, and a description of where in the financial statements outstanding amounts are presented. The ASU does not affect the recognition, measurement or financial statement presentation of obligations covered by supplier finance programs. The guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023, with early adoption permitted.

The adoption of this ASU did not have a material effect on our consolidated financial statements. See Note 15—Supply Chain Finance for information on our supplier finance programs.

## NOTE 2—SEGMENT INFORMATION

Our reporting segments are:

- **Production Chemical Technologies**—provides oil and natural gas production and midstream markets with solutions to manage and control corrosion, oil and water separation, flow assurance, sour gas treatment and a host of water-related issues.
- **Production & Automation Technologies**—designs, manufactures, markets and services a full range of artificial lift equipment, end-to-end digital automation solutions, as well as other production equipment and asset monitoring technologies. Production & Automation Technologies' products are sold under a collection of brands including Harbison-Fischer, Norris, Alberta Oil Tool, Oil Lift Technology, PCS Ferguson, Pro-Rod, Upco, Unbridled ESP, Norriseal-Wellmark, Quartzdyne, Spirit, Theta, Timberline and Windrock.
- **Drilling Technologies**—designs, manufactures and markets polycrystalline diamond cutters and bearings for use in oil and gas drill bits under the US Synthetic brand.
- **Reservoir Chemical Technologies**—manufactures specialty products that support well stimulation, construction (including drilling and cementing) and remediation needs in the oil and natural gas industry.

We refer to our Production Chemical Technologies segment and our Reservoir Chemical Technologies segment collectively as our Chemical Technologies business. Although Reservoir Chemical Technologies is not required to be disclosed separately as a reportable segment based on materiality, management believes the additional information may contribute to a better understanding of the business. Other business activities that do not meet the criteria of an operating segment have been combined into Corporate and other. Corporate and other includes (i) corporate and overhead expenses, and (ii) revenue and costs for activities that are not operating segments.

### Segment revenue and segment operating profit

| (in thousands)                          | Three Months Ended March 31, |                   |
|---|------------------------------|-------------------|
|   | 2023                         | 2022              |
| <b>Segment revenue:</b>                 |                              |                   |
| Production Chemical Technologies        | \$ 591,684                   | \$ 514,972        |
| Production & Automation Technologies    | 251,548                      | 220,349           |
| Drilling Technologies                   | 56,707                       | 56,859            |
| Reservoir Chemical Technologies         | 25,806                       | 39,900            |
| Corporate and other <sup>(1)</sup>      | 22,602                       | 33,880            |
| <b>Total revenue</b>                    | <b>\$ 948,347</b>            | <b>\$ 865,960</b> |
| <b>Segment operating profit (loss):</b> |                              |                   |
| Production Chemical Technologies        | \$ 66,314                    | \$ 31,263         |
| Production & Automation Technologies    | 34,792                       | 24,710            |
| Drilling Technologies                   | 11,887                       | 15,220            |
| Reservoir Chemical Technologies         | 1,987                        | (3,469)           |
| <b>Total segment operating profit</b>   | <b>114,980</b>               | <b>67,724</b>     |
| Corporate and other <sup>(1)</sup>      | 10,701                       | 11,794            |
| Interest expense, net                   | 12,466                       | 11,363            |
| <b>Income before income taxes</b>       | <b>\$ 91,813</b>             | <b>\$ 44,567</b>  |

(1) Corporate and other includes costs not directly attributable or allocated to our reporting segments such as overhead and other costs pertaining to corporate executive management and other administrative functions, and the results attributable to our noncontrolling interest. Additionally, the sales and expenses related to the Cross Supply and Product Transfer Agreement with Ecolab Inc. ("Ecolab") are included within Corporate and other.

### NOTE 3—REVENUE

Our revenue is generated primarily from product sales. Service revenue is generated from providing services to our customers. These services include installation, repair and maintenance, laboratory and logistics services, chemical management services, troubleshooting, reporting, water treatment services, technical advisory assistance, emissions detection and monitoring, and other field services. Lease revenue is derived from rental income of leased production equipment. As our costs are shared across the various revenue categories, cost of goods sold is not tracked separately and is not discretely identifiable.

In certain geographical areas, the Company utilizes joint ventures and independent third-party distributors and sales agents to sell and market products and services. Amounts payable to independent third-party distributors and sales agents may fluctuate based on sales and timing of distributor fee payments. For services rendered by such independent third-party distributors and sales agents, the Company records the consideration received on a net basis within product revenue in our condensed consolidated statements of income. Additionally, amounts owed to distributors and sales agents are reported within accrued distributor fees within our consolidated balance sheets.

Revenue disaggregated by geography was as follows:

| <b>Three Months Ended March 31, 2023</b> |   |   |                                  |  |   |                   |
|--|---|---|----------------------------------|--|---|-------------------|
| (in thousands)                           | <b>Production<br/>Chemical<br/>Technologies</b> | <b>Production &amp;<br/>Automation<br/>Technologies</b> | <b>Drilling<br/>Technologies</b> | <b>Reservoir<br/>Chemical<br/>Technologies</b> | <b>Corporate and<br/>other <sup>(1)</sup></b> | <b>Total</b>      |
| United States                            | \$ 241,761                                      | \$ 192,541  | \$ 42,960                        | \$ 12,573                                      | \$ 13,590                                     | \$ 503,425        |
| Latin America                            | 124,471   | 4,688   | —                                | 3,968  | 967   | 134,094           |
| Middle East & Africa                     | 76,987  | 15,421  | 2,481                            | 6,737  | (385)   | 101,241           |
| Canada                                   | 74,164  | 20,537  | 3,767                            | 418  | 11  | 98,897            |
| Europe                                   | 49,803  | 4,959   | 6,160                            | 368  | 2,631   | 63,921            |
| Asia-Pacific                             | 9,219   | 2,078   | 1,337                            | 1,179  | 5,788   | 19,601            |
| Australia                                | 5,949   | 11,324  | —                                | —  | —   | 17,273            |
| Other                                    | 9,330   | —   | 2                                | 563  | —   | 9,895             |
| Total revenue                            | <u>\$ 591,684</u>                               | <u>\$ 251,548</u>                                       | <u>\$ 56,707</u>                 | <u>\$ 25,806</u>                               | <u>\$ 22,602</u>                              | <u>\$ 948,347</u> |

| <b>Three Months Ended March 31, 2022</b> |   |   |                                  |  |   |                   |
|--|---|---|----------------------------------|--|---|-------------------|
| (in thousands)                           | <b>Production<br/>Chemical<br/>Technologies</b> | <b>Production &amp;<br/>Automation<br/>Technologies</b> | <b>Drilling<br/>Technologies</b> | <b>Reservoir<br/>Chemical<br/>Technologies</b> | <b>Corporate and<br/>other <sup>(1)</sup></b> | <b>Total</b>      |
| United States                            | \$ 190,906                                      | \$ 167,802  | \$ 46,819                        | \$ 25,221                                      | \$ 21,854                                     | \$ 452,602        |
| Latin America                            | 99,605  | 5,003   | —                                | 3,590  | 725   | 108,923           |
| Middle East & Africa                     | 74,044  | 16,711  | 1,689                            | 7,721  | 314   | 100,479           |
| Canada                                   | 75,799  | 19,452  | 2,941                            | 478  | 26  | 98,696            |
| Europe                                   | 49,021  | 2,345   | 3,710                            | 903  | 3,471   | 59,450            |
| Asia-Pacific                             | 8,483   | 1,671   | 1,675                            | 1,045  | 7,490   | 20,364            |
| Australia                                | 5,843   | 7,275   | —                                | 108  | —   | 13,226            |
| Other                                    | 11,271  | 90  | 25                               | 834  | —   | 12,220            |
| Total revenue                            | <u>\$ 514,972</u>                               | <u>\$ 220,349</u>                                       | <u>\$ 56,859</u>                 | <u>\$ 39,900</u>                               | <u>\$ 33,880</u>                              | <u>\$ 865,960</u> |

(1) Revenues associated with sales under the Cross Supply and Product Transfer Agreement with Ecolab are included within Corporate and other.

Revenue is attributed to regions based on the location of our direct customer, which in some instances is an intermediary and not necessarily the end user.

## Contract Balances

The beginning and ending contract asset and contract liability balances from contracts with customers were as follows:

| (in thousands)                 | March 31, 2023 |        | December 31, 2022 |        |
|--------------------------------|----------------|--------|-------------------|--------|
| Contract assets                | \$             | —      | \$                | —      |
| Contract liabilities - current | \$             | 16,953 | \$                | 14,113 |

## NOTE 4—INTANGIBLE ASSETS AND GOODWILL

### Intangible Assets

The components of our definite- and indefinite-lived intangible assets were as follows:

| (in thousands)                             | March 31, 2023        |                          |                     | December 31, 2022     |                          |                     |
|--|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
|  | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| <b>Definite-lived intangible assets:</b>   |                       |                          |                     |                       |                          |                     |
| Customer relationships                     | \$ 582,498            | \$ 414,737               | \$ 167,761          | \$ 582,466            | \$ 407,212               | \$ 175,254          |
| Unpatented technologies                    | 142,760               | 60,989                   | 81,771              | 142,760               | 56,264                   | 86,496              |
| Favorable supply agreements                | 57,000                | 53,822                   | 3,178               | 57,000                | 49,056                   | 7,944               |
| Trademarks                                 | 59,857                | 36,949                   | 22,908              | 59,856                | 36,048                   | 23,808              |
| Patents                                    | 38,190                | 31,726                   | 6,464               | 38,175                | 31,481                   | 6,694               |
| Other                                      | 1,894                 | 1,888                    | 6                   | 1,892                 | 1,878                    | 14                  |
|  | <u>882,199</u>        | <u>600,111</u>           | <u>282,088</u>      | <u>882,149</u>        | <u>581,939</u>           | <u>300,210</u>      |
| <b>Indefinite-lived intangible assets:</b> |                       |                          |                     |                       |                          |                     |
| Trademarks                                 | 3,600                 | —                        | 3,600               | 3,600                 | —                        | 3,600               |
| In-process research and development        | 1,200                 | —                        | 1,200               | 1,200                 | —                        | 1,200               |
|  | <u>4,800</u>          | <u>—</u>                 | <u>4,800</u>        | <u>4,800</u>          | <u>—</u>                 | <u>4,800</u>        |
| Total                                      | <u>\$ 886,999</u>     | <u>\$ 600,111</u>        | <u>\$ 286,888</u>   | <u>\$ 886,949</u>     | <u>\$ 581,939</u>        | <u>\$ 305,010</u>   |

### Goodwill

The carrying amount of goodwill, including changes therein, by reportable segment is below:

| (in thousands)               | Production Chemical Technologies | Production & Automation Technologies | Drilling Technologies | Reservoir Chemical Technologies | Total             |
|------------------------------|----------------------------------|--------------------------------------|-----------------------|---------------------------------|-------------------|
| <b>December 31, 2022</b>     | \$ 367,084                       | \$ 211,268                           | \$ 101,136            | \$ —                            | \$ 679,488        |
| Foreign currency translation | (12,802)                         | 3                                    | —                     | —                               | (12,799)          |
| <b>March 31, 2023</b>        | <u>\$ 354,282</u>                | <u>\$ 211,271</u>                    | <u>\$ 101,136</u>     | <u>\$ —</u>                     | <u>\$ 666,689</u> |

Goodwill is not subject to amortization but is tested for impairment on an annual basis or more frequently if impairment indicators arise.

## NOTE 5—DEBT

Long-term debt consisted of the following:

| (in thousands)                                   | March 31, 2023 | December 31, 2022 |
|--|----------------|-------------------|
| 2022 Revolving Credit Facility                   | \$ —           | \$ 25,000         |
| 2022 Term Loan Facility                          | 621,875        | 623,438           |
| Total  | 621,875        | 648,438           |
| Net unamortized discounts and issuance costs     | (19,687)       | (20,486)          |
| Total long-term debt                             | 602,188        | 627,952           |
| Current portion of long-term debt <sup>(1)</sup> | (6,250)        | (6,250)           |
| Long-term debt, less current portion             | \$ 595,938     | \$ 621,702        |

(1) Includes the mandatory amortization payments due within twelve months related to the 2022 Term Loan Facility as of March 31, 2023.

On June 7, 2022, we entered into a restated credit agreement, which provides for (i) a \$625.0 million seven-year senior secured term loan B facility (the “2022 Term Loan Facility”) and (ii) a five-year senior secured revolving credit facility in an aggregate principal amount of \$700.0 million, of which \$100.0 million is available for the issuance of letters of credit (the “2022 Revolving Credit Facility,” together with the 2022 Term Loan Facility, the “Senior Secured Credit Facility”). The full amount of the 2022 Term Loan Facility was funded, and \$135.0 million of the 2022 Revolving Credit Facility was drawn, on June 7, 2022. As of March 31, 2023, we had no outstanding balance on the 2022 Revolving Credit Facility.

The 2022 Term Loan Facility matures June 7, 2029 and the 2022 Revolving Credit Facility matures June 7, 2027. The 2022 Term Loan Facility is subject to mandatory amortization payments of 1% per annum of the initial commitment paid quarterly, which began on December 30, 2022. The Senior Secured Credit Facility contains customary representations and warranties, covenants, and events of default for loan facilities of this type. We were in compliance with all covenants as of March 31, 2023.

At the Company’s election, outstanding borrowings under the Senior Secured Credit Facility will accrue interest at a per annum rate of (i) an adjusted SOFR rate plus the applicable spread or (ii) a base rate plus the applicable spread. On June 29, 2022, the Company executed a five-year amortizing floating-to-fixed interest rate swap to hedge our exposure to increases in variable interest rates on the 2022 Term Loan Facility. This interest rate swap agreement is based on a \$300.0 million notional amount for the first three years, reducing to \$150.0 million for years four and five. See Note 12—Derivatives and Hedging Transactions for additional information on interest rate swaps.

## NOTE 6—COMMITMENTS AND CONTINGENCIES

The Company is subject to various claims and contingencies related to, among other things, workers’ compensation, general liability (including product liability), automobile claims, health care claims, environmental matters, and lawsuits. We record liabilities where a contingent loss is probable and can be reasonably estimated. If the reasonable estimate of a probable loss is a range, the Company records the most probable estimate of the loss or the minimum amount when no amount within the range is a better estimate than any other amount. In accordance with applicable GAAP, the Company discloses a contingent liability even if the liability is not probable or the amount is not estimable, or both, if there is a reasonable possibility that a material loss may have been incurred.

### Guarantees and Indemnifications

We have provided indemnities in connection with sales of certain businesses and assets, including indemnities for environmental health and safety, tax, and employment matters. We do not have any material liabilities recorded for these indemnifications and are not aware of any claims or other information that would give rise to material payments under such indemnities.

As of March 31, 2023 and December 31, 2022, we had \$71.4 million and \$82.4 million, respectively, of outstanding letters of credit, surety bonds and guarantees, which expire at various dates through 2039. These financial instruments are primarily maintained as security for insurance, warranty, and other performance obligations. Generally, we would only be liable for the amount of these letters of credit, surety bonds, and guarantees in the event of default in the performance of our obligations, the probability of which we believe is remote.

## **Litigation and Environmental Matters**

The Company is party to various proceedings and claims incidental to its business, including matters arising under provisions relating to the protection of the environment. We review the probable outcome of such proceedings, the costs and expenses reasonably expected to be incurred and accrued to date, and the availability and extent of insurance coverage. We accrue a liability for legal matters that are probable and can be reasonably estimated. If the reasonable estimate of a probable loss is a range, the Company records the most probable estimate of the loss or the minimum amount when no amount within the range is a better estimate than any other amount. While many of these matters involve inherent uncertainty, we believe that the amount of the liability, if any, ultimately incurred with respect to these proceedings and claims will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

### ***Environmental Matters***

The Company is currently participating in environmental assessments and remediation at approximately 11 locations, the majority of which are in the United States (“U.S.”), and environmental liabilities have been accrued reflecting our best estimate of future costs. Potential insurance reimbursements are not anticipated in the Company’s accruals for environmental liabilities. As of March 31, 2023 and December 31, 2022, environmental liability accruals related to these locations were \$6.0 million and \$5.9 million, respectively.

Prior to the commencement of our operations as an independent publicly traded company in 2018, groundwater contamination was discovered at the Norris Sucker Rods plant site located in Tulsa, Oklahoma (“Norris”). Initial remedial efforts were undertaken at the time of discovery of the contamination and Norris has since coordinated monitoring and remediation with the Oklahoma Department of Environmental Quality (“ODEQ”). As part of the ongoing long-term remediation process, Norris contracted an engineering and consulting firm to develop a range of possible additional remedial alternatives in order to accelerate the remediation process and associated cost estimates for the work. In October 2019, we received the firm’s preliminary remedial alternatives for consideration. We have submitted our long-term remediation plan and it was approved by ODEQ. We are now in discussion with ODEQ to finalize a consent order. Because we have not yet finalized the consent order for further remediation at the site and discussions with ODEQ remain ongoing, we cannot fully anticipate the timing, outcome or possible impact of such further remedial activities, financial or otherwise. As a result of the recommendations in the report, we accrued liabilities for these remediation efforts of approximately \$2.0 million as of December 31, 2019. Liabilities could increase in the future at such time as we ultimately reach agreement with ODEQ on our remediation plan and such liabilities become probable and can be reasonably estimated; however, there have been no changes to our estimated liability as of March 31, 2023.

### ***Matters Related to Deepwater Horizon Incident Response***

On April 22, 2010, the deepwater drilling platform, the Deepwater Horizon, operated by a subsidiary of BP plc, sank in the Gulf of Mexico after an explosion and fire, resulting in a massive oil spill. Certain entities that are now subsidiaries of ChampionX as a result of the acquisition of the Chemical Technologies business in 2020 (collectively the “COREXIT Defendants”) supplied COREXIT™ 9500, an oil dispersant product listed on the U.S. EPA National Contingency Plan Product Schedule, which was used in the response to the spill. In connection with the provision of COREXIT™ 9500, the COREXIT Defendants were named in several lawsuits. Cases arising out of the Deepwater Horizon accident were administratively transferred and consolidated for pre-trial purposes under In Re: Oil Spill by the Oil Rig “Deepwater Horizon” in the Gulf of Mexico, on April 20, 2010, Case No. 10-md-02179 in the United States District Court in the Eastern District of Louisiana (E.D. La.) (“MDL 2179”). Claims related to the response to the oil spill were consolidated in a master complaint captioned the “B3 Master Complaint.” In 2011, Transocean Deepwater Drilling, Inc. and its affiliates (the “Transocean Entities”) named the COREXIT Defendants and other unaffiliated companies as first party defendants (In re the Complaint and Petition of Triton Asset Leasing GmbH, et al, MDL No. 2179, Civil Action 10-2771). In April and May 2011, the Transocean Entities, Cameron International Corporation, Halliburton Energy Services, Inc., M-I L.L.C., Weatherford U.S., L.P. and Weatherford International, Inc. (collectively, the “Cross Claimants”) filed cross claims in MDL 2179 against the COREXIT Defendants and other unaffiliated cross defendants. In April and June 2011, in support of its defense of the claims against it, the COREXIT Defendants filed counterclaims against the Cross Claimants. On May 18, 2012, the COREXIT Defendants filed a motion for summary judgment as to the claims in the B3 Master Complaint. On November 28, 2012, the Court granted the COREXIT Defendants’ motion and dismissed with prejudice the claims in the B3 Master Complaint asserted against the COREXIT Defendants. There currently remains one “B3” case that asserted claims against the COREXIT Defendants and that remains pending against other defendants. Because the Court’s decision was not a “final judgment” for purposes of appeal with respect to those claims, under Federal Rule of Appellate Procedure 4(a), the plaintiff will have 30 days after entry of final judgment in the case to appeal the Court’s summary judgment decision.

The Company believes the claims asserted against the COREXIT Defendants are without merit and intends to defend these lawsuits vigorously. The Company also believes that it has rights to contribution and/or indemnification (including legal expenses) from third parties. However, we cannot predict the outcome of these lawsuits, the involvement it might have in these matters in the future, or the potential for future litigation.

#### NOTE 7—RESTRUCTURING AND OTHER RELATED CHARGES

We approved various restructuring plans related to the consolidation of product lines and associated facility closures and workforce reductions during prior periods, which we expect to be completed during 2023. We recognized charges of \$2.2 million during the three months ended March 31, 2023, consisting primarily of contract termination costs, inventory obsolescence, and employee severance and related benefits. During the three months ended March 31, 2022, we recorded restructuring and other charges of \$8.5 million.

The following table presents the restructuring and other related charges by segment as classified in our condensed consolidated statements of income.

| (in thousands)                                 | Three Months Ended<br>March 31, |                 |
|--|---------------------------------|-----------------|
|  | 2023                            | 2022            |
| <b>Segment restructuring charges (income):</b> |                                 |                 |
| Production Chemical Technologies               | \$ 1,144                        | \$ 11,636       |
| Production & Automation Technologies           | 785                             | (4,147)         |
| Drilling Technologies                          | —                               | —               |
| Reservoir Chemical Technologies                | 396                             | 743             |
| Corporate and other                            | (95)                            | 252             |
| Total  | <u>\$ 2,230</u>                 | <u>\$ 8,484</u> |
| <b>Statements of Income classification:</b>    |                                 |                 |
| Cost of goods and services                     | \$ 1,531                        | \$ (4,139)      |
| Selling, general and administrative expense    | 699                             | 12,623          |
| Total  | <u>\$ 2,230</u>                 | <u>\$ 8,484</u> |

Our liability balance for restructuring and other related charges at March 31, 2023 reflects contract termination costs, employee severance and related benefits initiated during the period. Additional programs may be initiated during the remainder of 2023 with related restructuring charges.

The following table details our restructuring accrual activities during the three months ended March 31, 2023:

| (in thousands)                                | Restructuring Accrual<br>Balance |
|---|----------------------------------|
| <b>December 31, 2022</b>                      | \$ 28,518                        |
| Restructuring charges                         | 2,230                            |
| Asset sales and write-offs                    | (669)                            |
| Payments                                      | (10,586)                         |
| Other, including foreign currency translation | (1)                              |
| <b>March 31, 2023</b>                         | <u>\$ 19,492</u>                 |

## NOTE 8—STOCKHOLDERS' EQUITY

### Dividends

On February 16, 2023, the Company announced that our Board of Directors (“Board”) approved an increase of our regular quarterly cash dividend to \$0.085 per share of the Company’s common stock. Our first quarter cash dividend of \$0.085 per share was declared on February 15, 2023 and is payable on April 28, 2023 to stockholders of record on April 7, 2023. As a result, we recorded a dividend payable of \$17.5 million on our condensed consolidated balance sheet as of March 31, 2023. Subsequent dividend declarations, if any, including the amounts and timing of future dividends, are subject to approval by the Board and will depend on future business conditions, financial conditions, results of operations and other factors.

### Repurchases

On March 7, 2022, the Company announced that our Board authorized the Company to repurchase up to \$250 million of its common stock. On October 24, 2022, our Board increased the authorization under this program to \$750 million. This program has no time limit and does not obligate the Company to acquire any particular amount of shares of its common stock. During the three months ended March 31, 2023, we repurchased and cancelled 1,302,499 shares of common stock at a volume-weighted average price of \$30.71 per share for a total of \$40.0 million, including commissions.

## NOTE 9—EARNINGS PER SHARE

A reconciliation of the number of shares used for the basic and diluted earnings per share calculation was as follows:

| (in thousands, except per share data)         | Three Months Ended March 31, |           |
|---|------------------------------|-----------|
|   | 2023                         | 2022      |
| Net income attributable to ChampionX          | \$ 63,532                    | \$ 36,702 |
| Weighted-average number of shares outstanding | 198,286                      | 203,079   |
| Dilutive effect of stock-based compensation   | 4,154                        | 5,771     |
| Total shares and dilutive securities          | 202,440                      | 208,850   |
| Earnings per share attributable to ChampionX: |                              |           |
| Basic   | \$ 0.32                      | \$ 0.18   |
| Diluted                                       | \$ 0.31                      | \$ 0.18   |

For all periods presented, the computation of diluted earnings per share excludes awards with an anti-dilutive impact. For the three months ended March 31, 2023 and March 31, 2022, the diluted shares include the dilutive impact of equity awards except for approximately 0.6 million and 0.4 million shares, respectively, that were excluded because their inclusion would be anti-dilutive.

## NOTE 10—ACQUISITIONS AND DIVESTITURES

### Acquisitions

On February 23, 2022, we acquired the assets of Leak Surveys, Inc., a leader in optical gas imaging technology that provides aerial and ground-based emissions leak detection to the oil and gas industry. These assets have been included in our Production & Automation Technologies segment. Under the terms of the agreement, we paid an initial amount of \$3.2 million, net of cash acquired, with an additional \$0.5 million which was paid on the first anniversary of the closing date. We may also be required to make future payments of up to an additional \$2.5 million, contingent on the future performance of the business. As part of our purchase price allocation, we recorded goodwill of \$6.3 million in the first quarter of 2022. The pro forma effect of this acquisition on revenue and net income has been determined to be immaterial to our financial statements.



## Divestitures

Due to the deteriorating business conditions in Russia following the Ukraine invasion and the resultant sanctions imposed by the United States, European Union, and United Kingdom, we initiated a plan to dispose of our operations in Russia (the “CT Russia Business”), which is included in our Production Chemical Technologies segment. As a result, the CT Russia Business met the criteria to be classified as held for sale during the second quarter of 2022 and we measured the carrying value of the disposal group to the lower of its carrying value or fair value less costs to sell.

We assess the fair value of the CT Russia Business (less any costs to sell) each reporting period that it remains classified as held for sale and report any subsequent changes as an adjustment to the carrying value of the asset or disposal group, as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale.

Due to the continued deterioration of the business environment, increasing trade regulations and sanctions and Russia’s imposition of an exit tax on divestments to facilitate exit from in-country operations, we assessed the fair value less cost to sell the business as of March 31, 2023 to be zero, resulting in a \$13.0 million pre-tax impairment expense recorded during the period.

## NOTE 11—FAIR VALUE MEASUREMENTS

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. A hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. The hierarchy is broken down into three levels:

*Level 1*- Inputs are quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

*Level 2*- Inputs include observable inputs other than quoted prices in active markets.

*Level 3*- Inputs are unobservable inputs for which there is little or no market data available.

The carrying amount and the estimated fair value for assets and liabilities measured on a recurring basis are as follows:

| (in thousands)                     | Measurement Level | Carrying Amount |                   |
|------------------------------------|-------------------|-----------------|-------------------|
|                                    |                   | March 31, 2023  | December 31, 2022 |
| <b>Assets</b>                      |                   |                 |                   |
| Foreign currency forward contracts | Level 2           | \$ 3,796        | \$ 7,066          |
| Interest rate swaps                | Level 2           | 4,974           | 8,476             |
| Total                              |                   | \$ 8,770        | \$ 15,542         |
| <b>Liabilities</b>                 |                   |                 |                   |
| Foreign currency forward contracts | Level 2           | \$ 3,161        | \$ 4,209          |
| Interest rate swaps                | Level 2           | —               | —                 |
| Total                              |                   | \$ 3,161        | \$ 4,209          |

The carrying value of foreign currency forward contracts is at fair value, which is determined based on foreign currency exchange rates as of the balance sheet date and is classified within Level 2. For purposes of fair value disclosure above, derivative values are presented gross. See Note 12—Derivatives and Hedging Transactions for further discussion of gross versus net presentation of the Company’s derivatives.

The carrying amounts of cash and cash equivalents, trade receivables, and accounts payable approximate their fair value due to their short-term nature.

The fair value of our term loan facility is based on Level 2 quoted market prices for the same or similar debt instruments. The fair value of our revolving line of credit approximates carrying value due to the variable interest rates charged on the

borrowings, which reprice frequently (Level 2). The carrying amount and the estimated fair value of long-term debt, including current maturities, held by the Company were:

| (in thousands)                 | March 31, 2023  |            | December 31, 2022 |            |
|--------------------------------|-----------------|------------|-------------------|------------|
|                                | Carrying Amount | Fair Value | Carrying Amount   | Fair Value |
| 2022 Revolving Credit Facility | \$ —            | \$ —       | \$ 25,000         | \$ 25,000  |
| 2022 Term Loan Facility        | \$ 621,875      | \$ 618,766 | \$ 623,438        | \$ 610,969 |

#### NOTE 12—DERIVATIVES AND HEDGING TRANSACTIONS

The Company uses foreign currency forward contracts to manage risks associated with foreign currency exchange rates. The Company also utilizes floating-to-fixed interest rate swap agreements as cash flow hedges on certain debt to mitigate interest rate risk. The Company does not hold derivative financial instruments of a speculative nature or for trading purposes. Derivative contracts are recorded as assets and liabilities on the balance sheet at fair value. We evaluated the interest rate swap hedge effectiveness and determined it to be perfectly effective. We evaluate foreign currency forward contracts hedge effectiveness at contract inception and thereafter on a quarterly basis. If a derivative is no longer expected to be effective, hedge accounting is discontinued. Changes in fair value are recognized immediately in earnings unless the derivative qualifies and is designated as a hedge. Changes in fair value attributable to changes in spot exchange rates for derivative contracts that have been designated as cash flow hedges are recognized in accumulated other comprehensive income (loss) (“AOCI”) and reclassified into earnings in the same period the hedged transaction affects earnings and are presented in the same income statement line as the earnings effect of the hedged item. The Company accounts for the interest rate swap agreements as a cash flow hedge, thus the effective portion of gains and losses resulting from changes in fair value are recognized in AOCI and are amortized to interest expense over the term of the respective debt. Cash flows from derivatives are classified in the statement of cash flows in the same category as the cash flows from the items subject to designated hedge or undesignated (economic) hedge relationships.

The Company is exposed to credit risk in the event of nonperformance of counterparties for foreign currency forward exchange contracts and interest rate swaps. We monitor our exposure to credit risk by using major banks and financial institutions as counterparties and monitoring their financial condition and credit profile. The Company does not anticipate nonperformance by any of these counterparties, and therefore, recording a valuation allowance against the Company’s derivative balance is not considered necessary.

#### Derivative Positions Summary

Certain of the Company’s derivative transactions are subject to master netting arrangements that allow the Company to settle with the same counterparties. These arrangements generally do not call for collateral and as of the applicable dates presented in the following table, no cash collateral had been received or pledged related to the underlying derivatives. We have elected to present our derivative balances on a gross basis on the condensed consolidated balance sheet.

The following table summarizes the gross fair value of the Company’s outstanding derivatives and the lines in which they are presented on the condensed consolidated balance sheet.

| (in thousands)                                 | Derivative Assets |                   | Derivative Liabilities |                   |
|--|-------------------|-------------------|------------------------|-------------------|
|  | March 31, 2023    | December 31, 2022 | March 31, 2023         | December 31, 2022 |
| Prepaid expenses and other current assets      | \$ 8,367          | \$ 11,911         | \$ —                   | \$ —              |
| Other non-current assets                       | 403               | 3,631             | —                      | —                 |
| Accrued expenses and other current liabilities | —                 | —                 | 3,161                  | 4,209             |
|  | <u>\$ 8,770</u>   | <u>\$ 15,542</u>  | <u>\$ 3,161</u>        | <u>\$ 4,209</u>   |

The following table summarizes the notional values of the Company’s outstanding derivatives:

| (in thousands)   | March 31, 2023 | December 31, 2022 |
|--|----------------|-------------------|
| Notional value of foreign currency forward contracts and interest rate swaps | \$ 875,633     | \$ 965,973        |

## Cash Flow Hedges

The Company utilizes foreign currency forward contracts to hedge the effect of foreign currency exchange rate fluctuations on forecasted foreign currency transactions, primarily related to inventory purchases. These forward contracts are designated as cash flow hedges. The changes in fair value of these contracts attributable to changes in spot exchange rates are recorded in AOCI until the hedged items affect earnings, at which time the gain or loss is reclassified into the same line item in the condensed consolidated statements of income (loss) as the underlying exposure being hedged. The forward points are marked-to-market monthly and recognized in the same line item in the condensed consolidated statements of income (loss) as the underlying exposure being hedged.

Under interest rate swaps, we agree with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount. Any unrealized gain or loss at the time of settlement will be reclassified to interest expense, where we record the interest expense on the associated debt.

## Derivatives Not Designated as Hedging Instruments

The Company also uses foreign currency forward contracts to offset its exposure to the change in value of certain foreign currency denominated assets and liabilities, primarily receivables and payables, which are remeasured at the end of each period. Although the contracts are effective economic hedges, they are not designated as accounting hedges. Therefore, changes in the value of these derivatives are recognized immediately in earnings, thereby offsetting the current earnings effect of the related foreign currency denominated assets and liabilities.

### Effect of Derivative Instruments on Income

The loss of all derivative instruments recognized is summarized below:

| (in thousands)  | Three Months Ended<br>March 31, |          |
|---|---------------------------------|----------|
|   | 2023                            | 2022     |
| Loss (gain) reclassified from AOCI to income on cash flow hedges: |                                 |          |
| Cost of goods and services  | \$ (957)                        | \$ 71    |
| Interest expense  | (937)                           | —        |
| Loss on derivatives not designated as hedging instruments:        |                                 |          |
| Other (income) expense, net                                       | 1,441                           | 4,160    |
| Total loss of derivative instruments                              | \$ (453)                        | \$ 4,231 |

## NOTE 13—INVENTORIES

Inventories consisted of the following:

| (in thousands)                  | March 31, 2023 | December 31, 2022 |
|---------------------------------|----------------|-------------------|
| Raw materials                   | \$ 157,717     | \$ 142,571        |
| Work in progress                | 20,615         | 19,582            |
| Finished goods                  | 501,699        | 467,628           |
|                                 | 680,031        | 629,781           |
| Inventory reserve               | (31,801)       | (24,702)          |
| LIFO adjustments <sup>(1)</sup> | (56,442)       | (62,536)          |
| Inventories, net                | \$ 591,788     | \$ 542,543        |

(1) Represents the amount by which the current cost of LIFO inventories exceeded their carrying value.

#### **NOTE 14—ACCOUNTS RECEIVABLE FACILITY**

On June 28, 2022, we entered into an uncommitted accounts receivable purchase agreement (the “Accounts Receivable Facility”) with JPMorgan Chase Bank, N.A. as the purchaser. Transfers under the Accounts Receivable Facility are accounted for as sales of receivables, resulting in the receivables being derecognized from our condensed consolidated balance sheet. The purchaser assumes the credit risk at the time of sale and has the right at any time to assign or transfer (including as a participation interest) any of its rights under the purchased receivables to another bank or financial institution.

The amount available for sale under the Accounts Receivable Facility fluctuates over time based on the total amount of eligible receivables generated during the normal course of business. A maximum of \$160.0 million in receivables may be sold and remain unpaid under the Accounts Receivable Facility at any time.

Accounts receivable sold were \$165.2 million for the three months ended March 31, 2023. The accounts receivable sold that remained outstanding as of March 31, 2023 was \$79.4 million. During this period, cash receipts from the purchaser at the time of the sale were classified as operating activities in our condensed consolidated statement of cash flows. The difference between the carrying amount of the accounts receivable sold and the sum of the cash received is recorded as a loss on sale of receivables in other income (expense), net in our condensed consolidated statements of income. The loss on sale of accounts receivable was \$1.5 million for the three months ended March 31, 2023.

#### **NOTE 15—SUPPLY CHAIN FINANCE**

We use a supply chain finance program in connection with the purchase of goods, which allows our suppliers to work directly with a third party to provide financing by purchasing their receivables earlier in the payment cycle. We maintain the same contractually agreed upon invoice terms prior to each supplier entering into the program. As of March 31, 2023, we had approximately \$47.0 million outstanding under the program, which is included in accounts payable on our condensed consolidated balance sheet.

#### **NOTE 16—CASH FLOW INFORMATION**

##### **Leased Asset Program**

Our electrical submersible pumping leased asset program is reported in our Production & Automation Technologies segment. At the time of purchase, assets are recorded to inventory and are transferred to property, plant, and equipment when a customer contracts for an asset under our leased asset program. During the three months ended March 31, 2023 and March 31, 2022, we transferred \$28.4 million and \$12.9 million, respectively, of inventory into property, plant, and equipment as a result of assets entering our leased asset program.

Expenditures for assets that are placed into our leased asset program expected to be recovered through sale are reported in leased assets in the operating section of our condensed consolidated statements of cash flows. All other capitalizable expenditures for assets that are placed into our leased asset program are classified as capital expenditures in the investing section of our condensed consolidated statements of cash flows.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Management's discussion and analysis is our analysis of our financial performance, financial condition and significant trends that may affect our future performance. It should be read in conjunction with the condensed consolidated financial statements, and notes thereto, included elsewhere in this report. It contains forward-looking statements including, without limitation, statements relating to ChampionX's plans, strategies, objectives, expectations and intentions that are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are often identified by the words "believe," "anticipate," "expect," "may," "intend," "foresee," "guidance," "estimate," "potential," "outlook," "plan," "should," "would," "could," "target," "forecast" and similar expressions, including the negative thereof. We undertake no obligation to publicly update, revise or correct any of our forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise, except to the extent required under the federal securities laws. Readers are cautioned that such forward-looking statements should be read in conjunction with the disclosures under the heading "CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS."*

### EXECUTIVE OVERVIEW AND BUSINESS OUTLOOK

We are a global leader in chemistry solutions, artificial lift systems, and highly engineered equipment and technologies that help companies drill for and produce oil and gas safely, efficiently, and sustainably around the world. Our expertise, innovative products, and digital technologies provide enhanced oil and gas production, transportation, and real-time emissions monitoring throughout the lifecycle of a well. Our business is organized into four reportable segments: Production Chemical Technologies, Production & Automation Technologies, Drilling Technologies, and Reservoir Chemical Technologies. We refer to the Production Chemical Technologies segment and Reservoir Chemical Technologies segment together as the Chemical Technologies business.

#### Recent Events

Russia's invasion of Ukraine and the related sanctions imposed present economic risk to companies that engage in business within, or have economic ties to, Russia. Our Russia operations (the "CT Russia Business") are fully contained within the country and include a manufacturing plant and related inventory, service operations, an established customer base and local employees, and has the ability to operate as a standalone business under the brand, Master Chemicals. The revenues, net income and total assets of the CT Russia Business represent less than 2% of our consolidated results of operations. During the second quarter of 2022, we initiated a plan to dispose of the CT Russia Business. As a result, the CT Russia Business met the criteria to be reported as held for sale and, therefore, was reflected in our condensed consolidated balance sheet at the lower of its carrying value or its fair value less costs to sell. Due to the continued economic pressure and sanctions imposed by the United States, European Union, and United Kingdom, increasing costs to sell and increased trade regulations and political instability in Russia, we assessed the fair value less cost to sell the business as of March 31, 2023 to be zero, resulting in a \$13.0 million pre-tax impairment expense recorded during the three months ended March 31, 2023.

#### Business Environment

We monitor macro-economic conditions and industry-specific drivers and key risk factors affecting our business segments as we formulate our strategic plans and make decisions related to allocating capital and human resources. Our business segments provide a broad range of technologies and products to support oil and gas production, exploration and development, and the midstream sector. As a result, we are substantially dependent upon global oil production levels, as well as new investment activity levels in the oil and gas and midstream sectors. Demand for our products, technologies and services is impacted by overall global demand for oil and gas, ongoing depletion rates of existing oil and gas wells, and our customers' willingness to invest in the exploration for and development of new oil and gas resources. Our customers determine their operating and capital budgets based on current and expected future crude oil and natural gas prices, United States ("U.S.") and worldwide rig count, U.S. well completions and expected industry cost levels, among other factors. Crude oil and natural gas prices are impacted by supply and demand, which are influenced by geopolitical, macroeconomic, and local events, and have historically been subject to substantial volatility and cyclicalities. Rig count, footage drilled, and exploration and production ("E&P") investment by oil and gas operators have often been used as leading indicators for the level of drilling and development activity and future production levels in the oil and gas sector.

## Market Conditions and Outlook

In recent years, oil prices have remained volatile due to various factors such as the impact of the COVID-19 pandemic, oil supply constraints, geopolitical instability and concerns of a global recession. During the first quarter of 2023, with the exception of a decline of oil prices in March in reaction to the U.S. regional bank instability, oil prices remained generally in line with those experienced in the later portion of 2022.

Oil and gas activity in the U.S., however, slowed during the first quarter of 2023, with U.S. rig counts experiencing the first quarterly decline since 2020. Supply continued to outpace demand, but this is expected to shift in the latter half of 2023, particularly after the recently announced OPEC+ supply actions. While crude oil production in the U.S. has continued its trend towards pre-COVID levels, its further growth is expected to be limited due to the reported quality of operators' resource inventory of new drilling locations and public oil and gas producers maintaining capital discipline and a focus on shareholder returns versus new drilling activity. A shift to tighter oil supply is a positive indicator for oil prices. Growth in international oil activity is accelerating in the context of medium-term oil supply outlook.

Inflation rates have begun to slow. Nonetheless, we continue to actively monitor market trends specifically as it relates to the sourcing of raw materials. We also continue to work diligently to ensure selling prices offset the impact of raw material, labor, and logistics-related inflation on our businesses. Our productivity and continuous improvement initiatives are focused on delivering expanding profit margins in all our businesses.

## CRITICAL ACCOUNTING ESTIMATES

Refer to our "Critical Accounting Estimates" included in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022 for a discussion of our critical accounting estimates.

## CONSOLIDATED RESULTS OF OPERATIONS

| (in thousands)  | Three Months Ended |                      | Variance<br>\$    |
|---|--------------------|----------------------|-------------------|
|   | March 31,<br>2023  | December 31,<br>2022 |                   |
| Revenue   | \$ 948,347         | \$ 985,855           | \$ (37,508)       |
| Cost of goods and services                                      | 664,992            | 703,232              | (38,240)          |
| <b>Gross profit</b>   | <b>283,355</b>     | <b>282,623</b>       | <b>732</b>        |
| Selling, general and administrative expense                     | 160,816            | 146,835              | 13,981            |
| Goodwill impairment   | —                  | 39,617               | (39,617)          |
| Long-lived asset impairments and (gain) loss on disposal groups | 12,965             | 1,978                | 10,987            |
| Interest expense, net   | 12,466             | 11,622               | 844               |
| Other (income) expense, net                                     | 5,295              | (4,706)              | 10,001            |
| <b>Income before income taxes</b>                               | <b>91,813</b>      | <b>87,277</b>        | <b>4,536</b>      |
| Provision for (benefit from) income taxes                       | 28,669             | 21,008               | 7,661             |
| <b>Net income</b>   | <b>63,144</b>      | <b>66,269</b>        | <b>(3,125)</b>    |
| Net income attributable to noncontrolling interest              | (388)              | (1,588)              | 1,200             |
| <b>Net income attributable to ChampionX</b>                     | <b>\$ 63,532</b>   | <b>\$ 67,857</b>     | <b>\$ (4,325)</b> |

**Revenue.** Revenue decreased \$37.5 million, or 4%, sequentially, primarily due to a decrease in our Production Chemical Technologies segment resulting from lower international activity, including as a result of typical seasonal declines. This was partially offset by increased revenues in our Production & Automation Technologies and Drilling Technologies segments resulting from incremental volumes and pricing.

**Gross profit.** Gross profit remained flat sequentially.

**Selling, general and administrative expense.** Selling, general and administrative expense increased \$14.0 million, or 10%, sequentially primarily due to increases in information technology infrastructure spending, research and development activities, and professional fees.

**Loss on disposal groups.** During the first quarter of 2023, we recognized a \$13.0 million pre-tax impairment expense to write down all of the assets within our CT Russia Business to its recoverable value of zero.

**Other (income) expense, net.** Other expense, net was \$5.3 million for the three months ended March 31, 2023, compared to other income of \$4.7 million in the prior quarter. This change was primarily due to foreign currency exchange losses in the current period compared to gains in the prior quarter.

**Provision for income taxes.** Our provision for income taxes reflected effective tax rates (“ETR”) of 31.2% and 24.1% for the three months ended March 31, 2023 and December 31, 2022, respectively. The increase to the ETR for the period ending March 31, 2023 was primarily driven by a discrete expense of \$4.8 million recorded in our CT Russia Business.

## SEGMENT RESULTS OF OPERATIONS

| (in thousands)                          | Three Months Ended |                   |                    |
|---|--------------------|-------------------|--------------------|
|   | March 31,          | December 31,      | Variance           |
|   | 2023               | 2022              | \$                 |
| <b>Segment revenue:</b>                 |                    |                   |                    |
| Production Chemical Technologies        | \$ 591,684         | \$ 636,539        | \$ (44,855)        |
| Production & Automation Technologies    | 251,548            | 244,181           | 7,367              |
| Drilling Technologies                   | 56,707             | 53,797            | 2,910              |
| Reservoir Chemical Technologies         | 25,806             | 25,698            | 108                |
| Corporate and other                     | 22,602             | 25,640            | (3,038)            |
| <b>Total revenue</b>                    | <b>\$ 948,347</b>  | <b>\$ 985,855</b> | <b>\$ (37,508)</b> |
| <b>Segment operating profit (loss):</b> |                    |                   |                    |
| Production Chemical Technologies        | \$ 66,314          | \$ 96,418         | \$ (30,104)        |
| Production & Automation Technologies    | 34,792             | 18,104            | 16,688             |
| Drilling Technologies                   | 11,887             | 9,426             | 2,461              |
| Reservoir Chemical Technologies         | 1,987              | (16,884)          | 18,871             |
| <b>Total segment operating profit</b>   | <b>114,980</b>     | <b>107,064</b>    | <b>7,916</b>       |
| Corporate expense and other             | 10,701             | 8,165             | 2,536              |
| Interest expense, net                   | 12,466             | 11,622            | 844                |
| <b>Income before income taxes</b>       | <b>\$ 91,813</b>   | <b>\$ 87,277</b>  | <b>\$ 4,536</b>    |

### Production Chemical Technologies

**Revenue.** Production Chemical Technologies revenue decreased \$44.9 million, or 7%, sequentially, mainly due to declines internationally, offset partially by higher volumes in the U.S., both of which are primarily due to typical seasonality.

**Operating profit.** Production Chemical Technologies operating profit decreased \$30.1 million, or 31%, in the first quarter of 2023 compared to the prior quarter primarily due to the decline in revenue noted above. Additionally, the sequential results were impacted by the \$13.0 million charge to write down the assets of the CT Russia Business recognized in the first quarter of 2023.

### Production & Automation Technologies

**Revenue.** Production & Automation Technologies revenue increased marginally by \$7.4 million, or 3%, as compared to the prior quarter due to incremental volumes and pricing.

**Operating profit.** Production & Automation Technologies operating profit increased \$16.7 million, or 92%, in the first quarter of 2023 compared to the prior quarter due to favorable cost variances and productivity improvements.

## **Drilling Technologies**

**Revenue.** Drilling Technologies revenue increased \$2.9 million, or 5%, in the first quarter of 2023 compared to the prior quarter primarily due to increased volume as the worldwide rig count increased.

**Operating profit.** Drilling Technologies operating profit increased \$2.5 million, or 26%, in the first quarter of 2023 compared to the prior quarter primarily due to the increased volumes noted above and lower costs associated with serving customers.

## **Reservoir Chemical Technologies**

**Revenue.** Reservoir Chemical Technologies revenue remained flat sequentially.

**Operating profit.** Reservoir Chemical Technologies operating profit increased \$18.9 million in the first quarter of 2023 compared to the prior quarter due to the fourth quarter of 2022 being negatively impacted by a goodwill impairment charge of \$39.6 million. Also impacting this segment were \$0.4 million of restructuring charges in the first quarter of 2023 compared to \$21.0 million of restructuring income in the fourth quarter of 2022.

## **CAPITAL RESOURCES AND LIQUIDITY**

### **Overview**

Our primary source of cash is from operating activities. We have historically generated, and expect to continue to generate, positive cash flow from operations. Cash generated from operations is generally allocated to working capital requirements, investments to support profitable revenue growth and maintain our facilities and systems, acquisitions that create value through add-on capabilities that broaden our existing businesses and support our growth strategy, as well as share repurchases, dividend payments to stockholders, and debt repayments to reduce our leverage.

On June 7, 2022, we entered into a restated credit agreement, which provides for (i) a \$625.0 million seven-year senior secured term loan B facility (the “2022 Term Loan Facility”) and (ii) a five-year senior secured revolving credit facility in an aggregate principal amount of \$700.0 million, of which \$100.0 million is available for the issuance of letters of credit (the “2022 Revolving Credit Facility”). The full amount of the 2022 Term Loan Facility was funded, and \$135.0 million of the 2022 Revolving Credit Facility was drawn, on June 7, 2022.

At March 31, 2023, we had cash and cash equivalents of \$248.0 million compared to \$250.2 million at December 31, 2022, primarily for working capital and operational purposes. At March 31, 2023, we had total liquidity of \$915.3 million, comprised of \$248.0 million of cash and \$667.3 million of available capacity on the 2022 Revolving Credit Facility, which expires in June 2027.

At March 31, 2023, we had a long-term debt balance of \$595.9 million, net of the current portion of long-term debt of \$6.3 million, primarily consisting of the 2022 Term Loan Facility with a principal amount of \$621.9 million.

### **Outlook**

We expect to generate cash from operations to support business requirements and, if necessary, through the use of the 2022 Revolving Credit Facility. Volatility in credit, equity and commodity markets can create uncertainty for our businesses. However, the Company believes, based on our current financial condition and current expectations of future market conditions, that we will meet our short- and long-term needs with a combination of cash on hand, cash generated from operations, the 2022 Revolving Credit Facility and access to capital markets.

On February 16, 2023, the Company announced that our Board of Directors (“Board”) approved an increase of our regular quarterly cash dividend to \$0.085 per share of the Company’s common stock. Our first quarter cash dividend of \$0.085 per share was declared on February 15, 2023 and is payable on April 28, 2023 to stockholders of record on April 7, 2023. Subsequent dividend declarations, if any, including the amounts and timing of future dividends, are subject to approval by our Board and will depend on future business conditions, financial conditions, results of operations and other factors.



On March 7, 2022, the Company announced that our Board approved a new \$250 million share repurchase program (“2022 Share Repurchase Program”). On October 24, 2022, our Board increased the authorization under this program to \$750 million. Under the 2022 Share Repurchase Program, shares of the Company’s common stock may be repurchased periodically, including in the open market or privately negotiated transactions. We expect to fund share repurchases from cash generated from operations. During the three months ended March 31, 2023, we repurchased and cancelled 1,302,499 shares of common stock at a volume-weighted average price of \$30.71 per share for a total of \$40.0 million, including commissions. The actual timing, manner, number, and value of shares repurchased under the program will depend on a number of factors, including the availability of excess free cash, the market price of the Company’s common stock, general market and economic conditions, applicable requirements, and other business considerations.

In 2023, we expect to fund our capital expenditures and reduce outstanding debt through earnings and working capital improvements. We project 2023 capital expenditures of 3.0% to 3.5% of revenue inclusive of capital investments for our electric submersible pump leased assets.

Information related to guarantees is incorporated herein by reference from Note 6—Commitments and Contingencies to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

## Cash Flows

| (in thousands)   | Three Months Ended March 31, |             |
|--|------------------------------|-------------|
|  | 2023                         | 2022        |
| Cash from operating activities   | \$ 92,378                    | \$ (43,125) |
| Cash used in investing activities  | (23,025)                     | (21,064)    |
| Cash used in financing activities  | (71,107)                     | (9,798)     |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | (437)                        | (582)       |
| Net increase (decrease) in cash and cash equivalents and restricted cash         | \$ (2,191)                   | \$ (74,569) |

### Operating Activities

Cash provided by operating activities during the three months ended March 31, 2023 was \$92.4 million as compared to cash used in operating activities of \$43.1 million for the three months ended March 31, 2022. The change was primarily driven by the use of cash for working capital items. Changes in working capital items used cash of \$49.2 million during the three months ended March 31, 2023 compared to cash used of \$136.3 million during 2022. The change in working capital items primarily related to strong cash collections during the 2023 period.

Expenditures for assets that are placed into our leased asset program expected to be recovered through sale are reported in leased assets in the operating section of our condensed consolidated statements of cash flows. All other capitalizable expenditures for assets that are placed into our leased asset program are classified as capital expenditures in the investing section of our condensed consolidated statements of cash flows.

### Investing Activities

Cash used in investing activities was \$23.0 million for the three months ended March 31, 2023, and was primarily comprised of capital expenditures of \$26.5 million, partially offset by \$3.5 million of cash proceeds from the sale of fixed assets.

Cash used in investing activities was \$21.1 million for the three months ended March 31, 2022, and was primarily comprised of capital expenditures of \$30.6 million and acquisitions, net of cash acquired, of \$3.2 million. This was partially offset by \$12.7 million of cash proceeds from the sale of fixed assets.

### Financing Activities

Cash used in financing activities of \$71.1 million for the three months ended March 31, 2023 was primarily the result of repurchases of our common stock of \$40.4 million, net repayments totaling \$26.6 million on long-term debt, dividends paid of \$15.0 million, payments related to taxes withheld on stock-based compensation of \$5.1 million, payments of finance lease obligations of \$2.0 million, and distributions to non-controlling interests of \$0.8 million. This was partially offset by \$15.8 million of proceeds expected to be remitted under the Accounts Receivable Facility and \$3.0 million in cash proceeds from the exercise of stock options.

Cash used in financing activities of \$9.8 million for the three months ended March 31, 2022 was primarily the result of repayments totaling \$6.7 million on long-term debt, payments related to taxes withheld on stock-based compensation of \$2.6 million, and payments totaling \$1.5 million for finance lease obligations. This was partially offset by \$1.1 million in cash proceeds from the exercise of stock options.

#### *Revolving Credit Facility*

A summary of the 2022 Revolving Credit Facility at March 31, 2023 was as follows:

| <b>(in millions)</b><br><b>Description</b> | <b>Amount</b> | <b>Debt<br/>Outstanding</b> | <b>Letters<br/>of<br/>Credit</b> | <b>Unused Capacity</b> | <b>Maturity</b> |
|--|---------------|-----------------------------|----------------------------------|------------------------|-----------------|
| Five-year revolving credit facility        | \$ 700.0      | \$ —                        | \$ 32.7                          | \$ 667.3               | June 2027       |

Additionally, we have letters of credit outside of the 2022 Revolving Credit Facility totaling approximately \$1.7 million. As of March 31, 2023, we were in compliance with all restrictive covenants under the 2022 Revolving Credit Facility.

#### *Accounts Receivable Facility*

On June 28, 2022, we entered into an uncommitted accounts receivable purchase agreement (the “Accounts Receivable Facility”) with JPMorgan Chase Bank, N.A. as the purchaser. Transfers under the Accounts Receivable Facility are accounted for as sales of receivables.

The amount available for sale under the Accounts Receivable Facility fluctuates over time based on the total amount of eligible receivables generated during the normal course of business. A maximum of \$160.0 million in receivables may be sold and remain unpaid under the Accounts Receivable Facility at any time. Accounts receivable sold that remained outstanding were \$79.4 million for the three months ended March 31, 2023.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We may be exposed to certain market risks arising from the use of financial instruments in the ordinary course of business. For quantitative and qualitative disclosures about market risk, see Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” in our Annual Report on Form 10-K for the year ended December 31, 2022. Our exposure to market risk has not materially changed since December 31, 2022.

### **ITEM 4. CONTROLS AND PROCEDURES**

Our management, with the participation of our principal executive officer and principal financial officer, carried out an evaluation, pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2023.

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We are involved in various pending or potential legal actions in the ordinary course of our business. Management is unable to predict the ultimate outcome of these actions because of the inherent uncertainty of litigation. However, management believes the most probable, ultimate resolution of these matters will not have a material adverse effect on our condensed consolidated financial position, results of operations or cash flows. See Note 6—Commitments and Contingencies to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

### ITEM 1A. RISK FACTORS

There have not been material changes from the risk factors previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table contains information about our purchases of our common stock during the three months ended March 31, 2023.

| Period              | Total Number of Shares Purchased | Average Price Paid Per Share <sup>(1)</sup> | Total Number of Shares Purchased as Part of a Publicly Announced Program <sup>(2)</sup> | Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program <sup>(2)</sup> |
|---------------------|----------------------------------|---|---|---|
| January 1-31, 2023  | —                                | \$ —  | —   | \$ 569,858,404  |
| February 1-28, 2023 | 1,302,499                        | \$ 30.71                                    | 1,302,499   | \$ 529,832,370  |
| March 1-31, 2023    | —                                | \$ —  | —   | \$ 529,832,370  |
| <b>Total</b>        | <b>1,302,499</b>                 | <b>\$ 30.71</b>                             | <b>1,302,499</b>  |   |

(1) Excluding fees, commissions, and expenses associated with the share repurchases.

(2) On March 7, 2022, the Company announced that our Board authorized the Company to repurchase up to \$250 million of its common stock. On October 24, 2022, our Board increased the authorization under this program to \$750 million. This program has no time limit and does not obligate the Company to acquire any particular amount of shares of its common stock.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

#### Iran Threat Reduction and Syria Human Rights Act of 2012

Under the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) of the Exchange Act, the Company is required to disclose in its periodic reports if it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with entities or individuals designated pursuant to certain Executive Orders. Disclosure is required even where the activities are conducted outside the U.S. by non-U.S. affiliates in compliance with applicable law, and even if the activities are not covered or prohibited by U.S. law.

As authorized by the U.S. Treasury's Office of Foreign Assets Control ("OFAC"), a non-U.S. subsidiary of the Company which is part of our Chemical Technologies business completed sales of products used for process and water treatment applications in upstream oil and gas production related to the operation of and production from the Rhum gas field off the Scottish coast ("Rhum") totaling \$296,630 during the period from January 1, 2023 to March 31, 2023. The net profit before taxes associated with these sales for each period were nominal. Rhum is jointly owned by Serica Energy plc and Iranian Oil Company (U.K.) Limited. Our non-U.S. subsidiary intends to continue the Rhum-related activities, consistent with a specific license obtained from OFAC by its customers, and such activities may require additional disclosure pursuant to the above mentioned statute.

**ITEM 6. EXHIBITS**

| Exhibit No. | Exhibit Description   | Incorporated by Reference |             |                   |
|-------------|---|---------------------------|-------------|-------------------|
|             |   | Form                      | Exhibit No. | Filing Date       |
| 3.1         | <a href="#">Amended and Restated Certificate of Incorporation of the Company.</a>   | 8-K                       | 3.1         | May 11, 2018      |
| 3.2         | <a href="#">Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company.</a>   | 8-K                       | 3.1         | June 4, 2020      |
| 3.3         | <a href="#">Amended and Restated By-Laws of the Company.</a>  | 8-K                       | 3.1         | November 14, 2022 |
| 10.1*       | <a href="#">Joinder Agreement to Master Receivable Purchase Agreement, dated as of March 28, 2023, among Apergy ESP Systems, LLC, ChampionX LLC and US Synthetic Corporation, as Sellers, Apergy USA, Inc., as Servicer, and JPMorgan Chase Bank, N.A., as Purchaser.</a> |                           |             |                   |
| 31.1*       | <a href="#">Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.</a>  |                           |             |                   |
| 31.2*       | <a href="#">Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.</a>  |                           |             |                   |
| 32.1**      | <a href="#">Certification of Chief Executive Officer Under Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350.</a>   |                           |             |                   |
| 32.2**      | <a href="#">Certification of Chief Financial Officer Under Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350.</a>   |                           |             |                   |
| 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)  |                           |             |                   |

\* 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.

### **CHAMPIONX CORPORATION**

(Registrant)

/s/ ANTOINE MARCOS

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Antoine Marcos

Vice President, Corporate Controller and Chief Accounting Officer

(Principal Accounting Officer and a Duly Authorized Officer)

Date: April 25, 2023

JOINDER AGREEMENT TO  
MASTER RECEIVABLE PURCHASE AGREEMENT

THIS JOINDER AGREEMENT, dated as of March 28, 2023, (this “Joinder Agreement”) among Apergy ESP Systems, LLC, the Person to be joined hereby as a Seller and Servicer under the Purchase Agreement (as defined below) (the “New Seller”), each Seller and Servicer party to the Purchase Agreement as of the date hereof (collectively, the “Existing Sellers”), and JPMorgan Chase Bank, N.A. (the “Purchaser”).

**BACKGROUND**

1. The Existing Sellers and the Purchaser have entered into that certain Master Receivables Purchase Agreement, dated as of June 28, 2022 (as it may be amended, restated, supplemented or otherwise modified from time to time, the “Purchase Agreement”).
2. The New Seller desires to become a party to the Purchase Agreement as a Seller and a Servicer pursuant to Section 1(g) thereof.
3. The parties would like to make certain amendments to Schedule 1 (Account Debtor Information of the RPA).

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Definitions. Capitalized terms used in this Joinder Agreement and not otherwise defined herein shall have the meanings assigned thereto in the Purchase Agreement.

SECTION 2. Purchase Agreement. The New Seller hereby joins the Purchase Agreement pursuant to Section 1(g) thereof for the purpose of becoming a Seller and a Servicer thereunder and agrees to be bound by all terms and conditions of the Purchase Agreement as and with respect to itself and the Receivables sold by it to the Purchaser. The New Seller hereby acknowledges that it has received a copy of the Purchase Agreement, each other Transaction Document and all related agreements.

SECTION 3. Amendment to Schedule I. Schedule I (Account Debtor Information) of the RPA is hereby deleted in its entirety and replaced with a new Schedule I in the form of Exhibit A attached to this Joinder Agreement.

SECTION 4. Miscellaneous.

(a) The New Seller’s chief executive office, principal place of business and the office where it keeps its records concerning the Purchased Receivables is 2445 Technology Forest Boulevard, Building 4, 12<sup>th</sup> Floor, The Woodlands, TX 77381. The New Seller’s jurisdiction of organization is Oklahoma. The Collection Account(s) and Seller’s Account(s) for the New Seller for purposes of Schedule II to the Purchase Agreement and its notice information for purposes of Schedule III to the Purchase Agreement are as follows:

**List Account(s):**

[on file with Purchaser]

**Notice Information:**

c/o ChampionX Corporation  
Attention: General Counsel  
2445 Technology Forest Boulevard  
Building 4, 12<sup>th</sup> Floor  
The Woodlands, TX 77381  
general.counsel@championx.com

(b) This Joinder Agreement shall be governed by the laws of the State of New York, without giving effect to conflict of law principles that would require the application of the law of any other jurisdiction.

(c) This Joinder Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

(d) This Joinder Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Any signature (including, without limitation, (x) any electronic symbol or process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record and (y) any facsimile or .pdf signature) hereto or to any other certificate, agreement or document related to this transaction, and any contract formation or record-keeping, in each case, through electronic means, shall have the same legal validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any similar state law based on the Uniform Electronic Transactions Act, and the parties hereto hereby waive any objection to the contrary.

(e) By signing in the space provided for it below, ChampionX Corporation, in its capacity as guarantor under the Performance Undertaking, hereby confirms, acknowledges and agrees that the New Seller shall be a "Guaranteed Entity" and covered by all of the terms and guarantees of the Performance Undertaking provided by ChampionX Corporation.

IN WITNESS WHEREOF, the undersigned has caused this Joinder Agreement to be executed by its duly authorized officer as of the date and year first above written.

**APERGY ESP SYSTEMS, LLC,**  
as a Seller and Servicer

By: /s/ Daniel T. Erdman\_\_\_\_\_

Name: Daniel T. Erdman

Title: Vice President, Chief Financial Officer and Treasurer



**JPMORGAN CHASE BANK, N.A.**, as Purchaser

By: /s/ Jason Benson

Name: Jason Benson

Title: Executive Director

CONFIRMED AND AGREED:

**CHAMPIONX LLC,**  
as an Existing Seller

By: /s/ Daniel T. Erdman

Name: Daniel T. Erdman

Title: Vice President and Treasurer

**US SYNTHETIC CORPORATION,**  
as an Existing Seller

By: /s/ Curtis Stucki

Name: Curtis Stucki

Title: Vice President, Chief Financial Officer and Treasurer

**CHAMPIONX CORPORATION,** as Guarantor

By: /s/ Daniel T. Erdman

Name: Daniel T. Erdman

Title: Vice President and Treasurer

**Exhibit A**

**Schedule I**

**Account Debtor Information**

[on file with Purchaser]

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)  
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Sivasankaran Somasundaram, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ChampionX Corporation (the “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.

Date: April 25, 2023

/s/ SIVASANKARAN SOMASUNDARAM

\_\_\_\_\_  
Sivasankaran Somasundaram  
President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)  
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Kenneth M. Fisher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ChampionX Corporation (the “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.

Date: April 25, 2023

/s/ KENNETH M. FISHER

\_\_\_\_\_  
Kenneth M. Fisher  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
UNDER SECTION 906 OF THE SARBANES-OXLEY  
ACT OF 2002, 18 U.S.C. SECTION 1350**

I, Sivasankaran Somasundaram, President and Chief Executive Officer of ChampionX Corporation (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(a) The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023, as filed with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: April 25, 2023

/s/ SIVASANKARAN SOMASUNDARAM

Sivasankaran Somasundaram  
President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
UNDER SECTION 906 OF THE SARBANES-OXLEY  
ACT OF 2002, 18 U.S.C. SECTION 1350**

I, Kenneth M. Fisher, Executive Vice President and Chief Financial Officer of ChampionX Corporation (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(a) The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023, as filed with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: April 25, 2023

/s/ KENNETH M. FISHER

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Kenneth M. Fisher  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)