

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from _____ to _____

Commission file number 001-08604



TEAM, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	74-1765729
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
13131 Dairy Ashford , Suite 600 , Sugar Land , Texas	77478
(Address of Principal Executive Offices)	(Zip Code)
(281) 331-6154	
(Registrant's Telephone Number, Including Area Code)	
None	

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.30 par value	TISI	New York Stock Exchange
Preferred Stock Purchase Rights	N/A	New York Stock Exchange

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See 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 type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" 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 4,485,242 shares of common stock, par value \$0.30, outstanding as of November 8, 2024.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TEAM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	September 30, 2024	December 31, 2023
ASSETS	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 19,087	\$ 35,427
Accounts receivable, net of allowance of \$ 3,647 and \$ 3,738 respectively	192,460	181,185
Inventory	40,314	38,853
Income tax receivable	677	644
Prepaid expenses and other current assets	62,353	65,992
Total current assets	314,891	322,101
Property, plant and equipment, net	116,490	127,057
Intangible assets, net	53,356	62,693
Operating lease right-of-use assets	41,959	40,498
Defined benefit pension asset	5,164	4,323
Other assets, net	12,085	7,847
Deferred tax asset	1,421	1,225
Total assets	\$ 545,366	\$ 565,744
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt and finance lease obligations	\$ 7,056	\$ 5,212
Current portion of operating lease obligations	15,006	14,232
Accounts payable	43,149	36,389
Other accrued liabilities	107,030	118,089
Income tax payable	2,564	1,016
Total current liabilities	174,805	174,938
Long-term debt and finance lease obligations	314,182	306,214
Operating lease obligations	30,127	29,962
Deferred tax liabilities	5,165	5,742
Other long-term liabilities	3,189	3,292
Total liabilities	527,468	520,148
Commitments and contingencies		
Equity:		
Preferred stock, 500,000 shares authorized, none issued	—	—
Common stock, par value \$ 0.30 per share, 12,000,000 shares authorized; 4,421,876 and 4,415,147 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	1,327	1,315
Additional paid-in capital	460,329	458,614
Accumulated deficit	(408,485)	(377,401)
Accumulated other comprehensive loss	(35,273)	(36,932)
Total equity	17,898	45,596
Total liabilities and equity	\$ 545,366	\$ 565,744

See accompanying notes to unaudited condensed financial statements.

TEAM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues	\$ 210,758	\$ 206,715	\$ 638,976	\$ 648,484
Operating expenses	157,234	153,928	473,167	487,779
Gross margin	53,524	52,787	165,809	160,705
Selling, general and administrative expenses	50,366	54,045	157,878	165,113
Operating income (loss)	3,158	(1,258)	7,931	(4,408)
Interest expense, net	(11,770)	(10,067)	(35,777)	(43,499)
Loss on debt extinguishment	—	(3)	—	(1,585)
Other (expense) income, net	(2,010)	266	(1,189)	914
Loss before income taxes	(10,622)	(11,062)	(29,035)	(48,578)
Provision for income taxes	(504)	(1,072)	(2,049)	(4,020)
Net loss	<u><u>\$ (11,126)</u></u>	<u><u>\$ (12,134)</u></u>	<u><u>\$ (31,084)</u></u>	<u><u>\$ (52,598)</u></u>
Loss per common share:				
Basic and Diluted	\$ (2.52)	\$ (2.78)	\$ (7.04)	\$ (12.07)
Weighted-average number of shares outstanding:				
Basic and Diluted	4,422	4,368	4,418	4,358

See accompanying notes to unaudited condensed consolidated financial statements.

TEAM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE LOSS
(in thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net loss	\$ (11,126)	\$ (12,134)	\$ (31,084)	\$ (52,598)
Other comprehensive income (loss) before tax:				
Foreign currency translation adjustment	4,509	(3,366)	1,317	(1,311)
Defined benefit pension plans:				
Amortization of prior service cost	8	—	24	—
Amortization of net actuarial loss	82	—	240	—
Other comprehensive income (loss), before tax	4,599	(3,366)	1,581	(1,311)
Tax benefit (provision) attributable to other comprehensive income (loss)	83	11	78	(35)
Other comprehensive income (loss), net of tax	4,682	(3,355)	1,659	(1,346)
Total comprehensive loss	<u><u>\$ (6,444)</u></u>	<u><u>\$ (15,489)</u></u>	<u><u>\$ (29,425)</u></u>	<u><u>\$ (53,944)</u></u>

See accompanying notes to unaudited condensed consolidated financial statements.

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TEAM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)
(Unaudited)

	Common Stock			Accumulated				Total Shareholders' Equity	
	Shares	Amount	Additional Capital	Retained Earnings (Deficit)	Other Comprehensive Loss				
Balance at December 31, 2023	4,415	\$ 1,315	\$ 458,614	\$ (377,401)	\$ (36,932)			\$ 45,596	
Net loss	—	—	—	(17,195)	—			(17,195)	
Net settlement of vested stock awards	—	10	(10)	—	—			—	
Foreign currency translation adjustment, net of tax	—	—	—	—	(2,862)			(2,862)	
Defined benefit pension plans, net of tax	—	—	—	—	87			87	
Non-cash compensation	—	—	665	—	—			665	
Balance at March 31, 2024	4,415	\$ 1,325	\$ 459,269	\$ (394,596)	\$ (39,707)			\$ 26,291	
Net loss	—	—	—	(2,763)	—			(2,763)	
Net settlement of vested stock awards	7	2	(19)	—	—			(17)	
Foreign currency translation adjustment, net of tax	—	—	—	—	(291)			(291)	
Defined benefit pension plans, net of tax	—	—	—	—	43			43	
Non-cash compensation	—	—	612	—	—			612	
Balance at June 30, 2024	4,422	\$ 1,327	\$ 459,862	\$ (397,359)	\$ (39,955)			\$ 23,875	
Net loss	—	—	—	(11,126)	—			(11,126)	
Foreign currency translation adjustment, net of tax	—	—	—	—	4,592			4,592	
Defined benefit pension plans, net of tax	—	—	—	—	90			90	
Non-cash compensation	—	—	467	—	—			467	
Balance at September 30, 2024	4,422	\$ 1,327	\$ 460,329	\$ (408,485)	\$ (35,273)			\$ 17,898	
Balance at December 31, 2022	4,343	\$ 1,303	\$ 457,133	\$ (301,679)	\$ (38,997)			\$ 117,760	
Net loss	—	—	—	(24,711)	—			(24,711)	
Net settlement of vested stock awards	14	4	(52)	—	—			(48)	
Foreign currency translation adjustment, net of tax	—	—	—	—	755			755	
Non-cash compensation	—	—	382	—	—			382	
Balance at March 31, 2023	4,357	\$ 1,307	\$ 457,463	\$ (326,390)	\$ (38,242)			\$ 94,138	
Net loss	—	—	—	(15,753)	—			(15,753)	
Net settlement of vested stock awards	11	4	(16)	—	—			(12)	
Foreign currency translation adjustment, net of tax	—	—	—	—	1,254			1,254	
Non-cash compensation	—	—	245	—	—			245	
Balance at June 30, 2023	4,368	\$ 1,311	\$ 457,692	\$ (342,143)	\$ (36,988)			\$ 79,872	
Net loss	—	—	—	(12,134)	—			(12,134)	
Foreign currency translation adjustment, net of tax	—	—	—	—	(3,355)			(3,355)	
Non-cash compensation	—	—	232	—	—			232	
Balance at September 30, 2023	4,368	\$ 1,311	\$ 457,924	\$ (354,277)	\$ (40,343)			\$ 64,615	

See accompanying notes to unaudited condensed consolidated financial statements.

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TEAM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (31,084)	\$ (52,598)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	27,934	28,481
Write-off of software cost	—	629
Loss on debt extinguishment	—	1,585
Amortization of debt issuance costs, debt discounts, and deferred financing costs	4,690	16,926
Paid-in-kind ("PIK") interest	11,020	10,906
Allowance for credit losses	832	687
Foreign currency loss (gain)	1,504	(776)
Deferred income taxes	(754)	986
Loss (gain) on asset disposal	24	(268)
Non-cash compensation costs	1,744	859
Other, net	(256)	(3,282)
Changes in operating assets and liabilities:		
Accounts receivable	(12,125)	140
Inventory	(1,357)	(2,513)
Prepaid expenses and other assets	(1,418)	(5,207)
Accounts payable	7,590	363
Other accrued liabilities	(8,718)	(18,763)
Income taxes	1,517	(224)
Net cash provided by (used in) operating activities	<u>1,143</u>	<u>(22,069)</u>
Cash flows from investing activities:		
Capital expenditures	(7,454)	(7,433)
Proceeds from disposal of assets	149	414
Net cash used in investing activities	<u>(7,305)</u>	<u>(7,019)</u>
Cash flows from financing activities:		
Borrowings under Revolving Credit Loans	20,500	27,292
Payments under Revolving Credit Loans	(21,009)	(16,293)
Repayment of Convertible Debt	—	(41,161)
Repayment of APSC Term Loan	—	(37,092)
Borrowings under ME/RE Loans	—	27,398
Payments under ME/RE Loans	(2,131)	(847)
Payments under Corre Incremental Term Loan	(1,069)	—
Borrowings under Corre Incremental Term Loan	—	42,500
Payments for debt issuance costs	(7,371)	(8,446)
Other	1,153	(746)
Net cash used in financing activities	<u>(9,927)</u>	<u>(7,395)</u>
Effect of exchange rate changes on cash	(251)	(109)
Net decrease in cash and cash equivalents	(16,340)	(36,592)
Cash and cash equivalents at beginning of period	35,427	58,075
Cash and cash equivalents at end of period	<u>\$ 19,087</u>	<u>\$ 21,483</u>

See accompanying notes to unaudited condensed consolidated financial statements.

TEAM, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business. Unless otherwise indicated, the terms "we," "our," "us," "Team," and "the Company" are used in this report to refer to either Team, Inc., to one or more of our consolidated subsidiaries, or to all of them taken as a whole. Our stock is traded on the New York Stock Exchange (the "NYSE") under the symbol "TISI".

We are a global, leading provider of specialty industrial services offering customers access to a full suite of conventional, specialized, and proprietary mechanical, heat-treating, and inspection services. We deploy conventional to highly specialized inspection, condition assessment, maintenance and repair services that result in greater safety, reliability, and operational efficiency for our customers' most critical assets. We conduct operations in two segments: Inspection and Heat Treating ("IHT") and Mechanical Services ("MS"). Through the capabilities and resources in these two segments, we believe that we are uniquely qualified to provide integrated solutions involving: inspection to assess condition; engineering assessment to determine fitness for purpose in the context of industry standards and regulatory codes; and mechanical services to repair, rerate or replace based upon the customer's election. In addition, we are capable of escalating with the customer's needs, as dictated by the severity of the damage found and the related operating conditions, from standard services to some of the most advanced services and integrated asset integrity and reliability management solutions available in the industry. We also believe that we are unique in our ability to provide these services in three distinct customer demand profiles: (i) turnaround or project services, (ii) call-out services, and (iii) nested or run-and-maintain services.

IHT provides conventional and advanced non-destructive testing services primarily for the process, pipeline and power sectors, pipeline integrity management services, and field heat treating services, as well as associated engineering and condition assessment services. These services can be offered while facilities are running (onstream), during facility turnarounds or during new construction or expansion activities. In addition, IHT provides comprehensive non-destructive testing services and metallurgical and chemical processing services to the aerospace industry, covering a range of components including finished machined and in-service components. IHT also provides advanced digital imaging including remote digital video imaging.

MS provides solutions designed to serve customers' unique needs during both the operational (onstream) and off-line states of their assets. Our onstream services include our range of standard to custom-engineered leak repair and composite solutions; emissions control and compliance; hot tapping and line stopping; and online valve insertion solutions, which are delivered while assets are in an operational condition, which maximizes customer production time. Asset shutdowns can be planned, such as a turnaround maintenance event, or unplanned, such as those due to component failure or equipment breakdowns. Our specialty maintenance, turnaround and outage services are designed to minimize customer downtime and are primarily delivered while assets are off-line and often through the use of cross-certified technicians, whose multi-craft capabilities deliver the production needed to achieve tight time schedules. These critical services include on-site field machining; bolted-joint integrity; vapor barrier plug testing; and valve management solutions.

We market our services to companies in a diverse array of heavy industries which include:

- Energy (refining, power, renewables, nuclear, offshore oil and gas, and liquefied natural gas);
- Manufacturing and Process (chemical, petrochemical, pulp and paper industries, automotive, and mining);
- Midstream (valves, terminals and storage, and pipeline);
- Public Infrastructure (construction and building, roads, dams, amusement parks, bridges, ports, and railways); and
- Aerospace and Defense.

Recent Financing Amendments. On September 30, 2024, we entered into certain amendments with our lenders. Refer to *Note 10 - Debt* to the unaudited condensed consolidated financial statements for additional details.

Basis of presentation. These condensed consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") and the rules and regulations of the Securities and Exchange Commission (the "SEC"). In the opinion of management, these unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of results for such periods. The results of operations for any interim period are not necessarily indicative of results for the full year. Certain disclosures have been condensed or omitted from the interim financial statements included in this report. These condensed consolidated financial

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statements should be read in conjunction with the consolidated financial statements and notes contained in our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC ("our Annual Report on Form 10-K").

Consolidation. The condensed consolidated financial statements include the accounts of our subsidiaries where we have control over operating and financial policies. All material intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications. Certain amounts in prior periods have been reclassified to conform to the current year presentation. Such reclassifications did not have any effect on our financial condition or results of operations as previously reported.

Significant Accounting Policies. Our significant accounting policies are disclosed in *Note 1 - Summary of Significant Accounting Policies and Practices* in our Annual Report on Form 10-K. On an ongoing basis, we evaluate the estimates and assumptions, including among other things, those related to long-lived assets. Since the date of our Annual Report on Form 10-K, there have been no material changes to our significant accounting policies.

2. REVENUE

Disaggregation of revenue. Essentially all of our revenues are associated with contracts with customers. A disaggregation of our revenue from customer contracts by geographic region, by reportable operating segment and by service type is presented below:

Geographic area (in thousands):

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	(unaudited)			(unaudited)		
	United States and Canada	Other Countries	Total	United States and Canada	Other Countries	Total
Revenue:						
IHT	\$ 104,478	\$ 3,126	\$ 107,604	\$ 100,800	\$ 3,057	\$ 103,857
MS	68,393	34,761	103,154	67,286	35,572	102,858
Total	\$ 172,871	\$ 37,887	\$ 210,758	\$ 168,086	\$ 38,629	\$ 206,715

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	(unaudited)			(unaudited)		
	United States and Canada	Other Countries	Total	United States and Canada	Other Countries	Total
Revenue:						
IHT	\$ 310,985	\$ 9,301	\$ 320,286	\$ 312,344	\$ 10,082	\$ 322,426
MS	216,490	102,200	318,690	221,943	104,115	326,058
Total	\$ 527,475	\$ 111,501	\$ 638,976	\$ 534,287	\$ 114,197	\$ 648,484

Revenue by Operating segment and service type (in thousands):

	Three Months Ended September 30, 2024					
	(unaudited)					
	Non-Destructive Evaluation and Testing Services	Repair and Maintenance Services	Heat Treating	Other	Total	
Revenue:						
IHT	\$ 83,461	\$ 2	\$ 18,036	\$ 6,105	\$ 107,604	
MS	—	100,780	363	2,011	103,154	
Total	\$ 83,461	\$ 100,782	\$ 18,399	\$ 8,116	\$ 210,758	

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Three Months Ended September 30, 2023

	(unaudited)					Total
	Non-Destructive Evaluation and Testing Services	Repair and Maintenance Services	Heat Treating	Other		
Revenue:						
IHT	\$ 83,207	\$ 39	\$ 12,946	\$ 7,665	\$ 103,857	
MS	—	101,624	55	1,179	102,858	
Total	\$ 83,207	\$ 101,663	\$ 13,001	\$ 8,844	\$ 206,715	

Nine Months Ended September 30, 2024

	(unaudited)					Total
	Non-Destructive Evaluation and Testing Services	Repair and Maintenance Services	Heat Treating	Other		
Revenue:						
IHT	\$ 254,584	\$ 149	\$ 48,979	\$ 16,574	\$ 320,286	
MS	—	312,516	718	5,456	318,690	
Total	\$ 254,584	\$ 312,665	\$ 49,697	\$ 22,030	\$ 638,976	

Nine Months Ended September 30, 2023

	(unaudited)					Total
	Non-Destructive Evaluation and Testing Services	Repair and Maintenance Services	Heat Treating	Other		
Revenue:						
IHT	\$ 259,118	\$ 261	\$ 42,391	\$ 20,656	\$ 322,426	
MS	—	323,484	544	2,030	326,058	
Total	\$ 259,118	\$ 323,745	\$ 42,935	\$ 22,686	\$ 648,484	

For additional information on our reportable operating segments, refer to *Note 14 - Segment Disclosures*.

As of September 30, 2024, we received \$ 2.3 million of advance payments from a customer for equipment sales. This amount is recorded as a contract liability and included in Other accrued liabilities. See *Note 8 - Other Accrued Liabilities* for additional information. There was no contract liability as of December 31, 2023.

Remaining performance obligations. As permitted by ASC 606, *Revenue from Contracts with Customers*, we have elected not to disclose information about remaining performance obligations where (i) the performance obligation is part of a contract that has an original expected duration of one year or less or (ii) when we recognize revenue from the satisfaction of the performance obligation in accordance with the right-to-invoice practical expedient, which permits us to recognize revenue in the amount to which we have a right to invoice the customer if that amount corresponds directly with the value to the customer of our performance completed to date. As most of our contracts with customers are short-term in nature and billed on a time and material basis, there were no material amounts of remaining performance obligations as of September 30, 2024 and December 31, 2023.

3. ACCOUNTS RECEIVABLE

A summary of accounts receivable as of September 30, 2024 and December 31, 2023 is as follows (in thousands):

	September 30, 2024		December 31, 2023
	(unaudited)		
Trade accounts receivable	\$ 145,991	\$ 151,316	
Unbilled revenues	50,116	33,607	
Allowance for credit losses	(3,647)	(3,738)	
Total	\$ 192,460	\$ 181,185	

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The following table shows a rollforward of the allowance for credit losses (in thousands):

	September 30, 2024	December 31, 2023
	(unaudited)	
Balance at beginning of period	\$ 3,738	\$ 5,262
Provision for expected credit losses	1,310	1,680
Recoveries collected	(416)	(1,638)
Write-offs	(1,130)	(1,560)
Foreign exchange effects	145	(6)
Balance at end of period	<u><u>\$ 3,647</u></u>	<u><u>\$ 3,738</u></u>

4. INVENTORY

A summary of inventory as of September 30, 2024 and December 31, 2023 is as follows (in thousands):

	September 30, 2024	December 31, 2023
	(unaudited)	
Raw materials	\$ 10,183	\$ 9,958
Work in progress	2,680	2,326
Finished goods	27,451	26,569
Total	<u><u>\$ 40,314</u></u>	<u><u>\$ 38,853</u></u>

5. PREPAID AND OTHER CURRENT ASSETS

A summary of prepaid expenses and other current assets as of September 30, 2024 and December 31, 2023 is as follows (in thousands):

	September 30, 2024	December 31, 2023
	(unaudited)	
Insurance receivable	\$ 39,000	\$ 39,000
Prepaid expenses	18,252	18,398
Other current assets	5,101	8,594
Total	<u><u>\$ 62,353</u></u>	<u><u>\$ 65,992</u></u>

The insurance receivable relates to the receivables from our third-party insurance providers for a legal claim that is recorded in other accrued liabilities, refer to *Note 8 - Other Accrued Liabilities*. These receivables will be collected from our third-party insurance providers for litigation matters that have been settled, or are pending settlement, and where the deductibles have been satisfied. The prepaid expenses primarily relate to prepaid insurance and other expenses that have been paid in advance of the coverage period. Other current assets include other receivables, software implementation costs, and deferred financing charges.

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6. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment as of September 30, 2024 and December 31, 2023 is as follows (in thousands):

	September 30, 2024	December 31, 2023
	(unaudited)	
Land	\$ 4,006	\$ 4,006
Buildings and leasehold improvements	61,183	60,827
Machinery and equipment	293,302	286,376
Furniture and fixtures	10,862	10,804
Capitalized ERP system development costs	45,903	45,903
Computers and computer software	19,510	20,067
Automobiles	2,865	3,215
Construction in progress	630	6,634
Total	438,261	437,832
Accumulated depreciation	(321,771)	(310,775)
Property, plant and equipment, net	\$ 116,490	\$ 127,057

Included in the table above are assets under finance leases of \$ 8.5 million as of September 30, 2024 and December 31, 2023, and related accumulated amortization of \$ 3.8 million and \$ 3.3 million as of September 30, 2024 and December 31, 2023, respectively.

Depreciation expense for the three months ended September 30, 2024 and 2023 was \$ 5.1 million and \$ 5.4 million, respectively, of which \$ 3.4 million and \$ 3.6 million, respectively, was included in "Operating expenses" and \$ 1.7 million and \$ 1.8 million, respectively, was included in "Selling, general and administrative expenses" on our Condensed Consolidated Statements of Operations. Depreciation expense for the nine months ended September 30, 2024 and 2023 was \$ 15.7 million and \$ 16.5 million, respectively, of which \$ 10.5 million and \$ 11.0 million, respectively, was included in "Operating expenses" and \$ 5.2 million and \$ 5.5 million, respectively, was included in "Selling, general and administrative expenses" on our Condensed Consolidated Statements of Operations.

7. INTANGIBLE ASSETS

A summary of intangible assets as of September 30, 2024 and December 31, 2023 is as follows (in thousands):

	September 30, 2024		
	(unaudited)		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 164,352	\$ (111,738)	\$ 52,614
Trade names	20,267	(19,851)	416
Technology	2,300	(1,974)	326
Licenses	683	(683)	—
Intangible assets	\$ 187,602	\$ (134,246)	\$ 53,356

	December 31, 2023		
	(unaudited)		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 164,305	\$ (102,630)	\$ 61,675
Trade names	20,262	(19,742)	520
Technology	2,300	(1,802)	498
Licenses	683	(683)	—
Intangible assets	\$ 187,550	\$ (124,857)	\$ 62,693

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Amortization expense of intangible assets for the three months ended September 30, 2024 and 2023 was \$ 3.1 million and \$ 3.2 million, respectively. Amortization expense of intangible assets for the nine months ended September 30, 2024 and 2023 was \$ 9.3 million and \$ 9.6 million, respectively. Amortization expense of intangible assets are included in "Selling, general and administrative expenses" on our Condensed Consolidated Statements of Operations.

The weighted-average amortization period for intangible assets was 13.8 years as of September 30, 2024 and December 31, 2023.

8. OTHER ACCRUED LIABILITIES

A summary of other accrued liabilities as of September 30, 2024 and December 31, 2023 is as follows (in thousands):

	September 30, 2024 (unaudited)	December 31, 2023
Legal and professional accruals	\$ 46,446	\$ 53,972
Payroll and other compensation expenses	37,817	39,943
Insurance accruals	3,820	7,170
Property, sales and other non-income related taxes	5,250	7,248
Accrued interest	5,318	4,487
Volume discount	2,397	2,479
Contract liabilities	2,267	—
Other accruals	3,715	2,790
Total	\$ 107,030	\$ 118,089

Legal and professional accruals include accruals for legal and professional fees as well as accrued legal claims. See *Note 13 - Commitments and Contingencies* for additional information. Certain legal claims are covered by our third-party insurance providers and the related insurance receivable for these claims is recorded in prepaid expenses and other current assets. See *Note 5 - Prepaid and Other Current Assets* for additional information. Payroll and other compensation expenses include all payroll related accruals including, among others, accrued vacation, severance, and bonuses. Insurance accruals primarily relate to accrued medical and workers compensation costs. Property, sales and other non-income related taxes include accruals for items such as sales and use tax, property tax, and other related tax accruals. Accrued interest relates to the interest accrued on our long-term debt. Contract liabilities represent advance payments received from a customer. Other accruals include various business expense accruals.

9. INCOME TAXES

We recorded an income tax provision of \$ 0.5 million and \$ 2.0 million, respectively, for the three and nine months ended September 30, 2024, compared to a provision of \$ 1.1 million and \$ 4.0 million, respectively, for the three and nine months ended September 30, 2023. The effective tax rate, inclusive of discrete items, was a provision of 4.7 % for the three months ended September 30, 2024, compared to a provision of 9.7 % for the three months ended September 30, 2023. For the nine months ended September 30, 2024, our effective tax rate, inclusive of discrete items, was a provision of 7.1 %, compared to a provision of 8.3 % for the nine months ended September 30, 2023. The decrease in effective tax rate for the three months ended September 30, 2024 compared to the three months ended September 30, 2023 is due to the mix of pretax income in non-valuation allowance jurisdictions and pretax losses in valuation allowance jurisdictions, along with changes in valuation allowance in 2023. The impact is a larger decrease in income tax expense as compared to pretax income resulting in a decrease of effective tax rate.

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10. DEBT

As of September 30, 2024 and December 31, 2023, our total long-term debt and finance lease obligations are summarized as follows (in thousands):

	September 30, 2024	December 31, 2023
	(unaudited)	
2022 ABL Credit Facility ¹	\$ 112,643	\$ 113,415
ME/RE Loans ¹	22,699	24,061
Uptiered Loan ¹	139,206	129,436
Incremental Term Loan ¹	39,516	38,758
Equipment Finance Loan	1,882	—
Total	315,946	305,670
Finance lease obligations	5,292	5,756
Total long-term debt and finance lease obligations	321,238	311,426
Current portion of long-term debt and finance lease obligations	(7,056)	(5,212)
Total long-term debt and finance lease obligations, less current portion	\$ 314,182	\$ 306,214

¹ Comprised of principal amount outstanding, less unamortized debt issuance costs. See below for additional information.

2022 ABL Credit Facility

On February 11, 2022, we entered into a credit agreement, with the lender parties thereto, and Eclipse Business Capital, LLC, a Delaware limited liability company, as agent (the "ABL Agent") (such agreement, as amended by Amendment No.1 dated as of May 6, 2022, Amendment No.2 dated as of November 1, 2022, Amendment No.3 dated as of June 16, 2023, Amendment No.4 dated as of March 6, 2024 and ABL Amendment No.5 (described below), the "2022 ABL Credit Agreement").

Available funding commitments under the 2022 ABL Credit Agreement, subject to certain conditions, include a revolving credit line in an amount of up to \$ 130.0 million to be provided by certain affiliates of the ABL Agent, with a \$ 35.0 million sublimit for swingline borrowings, a \$ 26.0 million sublimit for issuances of letters of credit (the "Revolving Credit Loans"), and an incremental delayed draw term loan of up to \$ 35.0 million (the "Delayed Draw Term Loan") provided by Corre Partners Management, LLC ("Corre") and certain of its affiliates (collectively, the "2022 ABL Credit Facility").

On September 30, 2024, the Company entered into Amendment No.5 ("ABL Amendment No.5") to the 2022 ABL Credit Agreement. ABL Amendment No. 5 amended the 2022 ABL Credit Agreement to, among other things, to:

(i) extend the scheduled maturity date from August 11, 2025 to September 30, 2027;

(ii) amend the applicable margin for Delayed Draw Term Loans from a flat rate of 10.00 % for SOFR Loans (as defined in the 2022 ABL Credit Agreement) and 9.00 % for Base Rate Loans (as defined in the 2022 ABL Credit Agreement) to a rate based on EBITDA ranging from 8.50 % to 10.00 % for SOFR Loans and 7.50 % to 9.00 % for Base Rate Loans;

(iii) amend the applicable margin for Revolving Credit Loans from a rate based on EBITDA ranging from 4.15 % to 4.65 % for SOFR Loans and 3.15 % to 3.65 % for Base Rate Loans to a rate based on both EBITDA and Average Historical Excess Availability (as defined in the 2022 ABL Credit Agreement) ranging from 3.50 % to 4.25 % for SOFR Loans and 2.50 % to 3.25 % for Base Rate Loans;

(iv) amend the applicable margin for ME/RE Loans (defined below) from a flat rate of 5.75 % for SOFR Loans to a flat rate of 5.00 % for SOFR Loans;

(v) amend the definitions of "Borrowing Base" and "Consolidated Fixed Charge Coverage Ratio" as well as related definitions in order to expand availability under the Revolving Credit Facility (as defined in the 2022 ABL Credit Agreement); and

(vi) add a springing financial covenant requiring Excess Availability (as defined in the 2022 ABL Credit Agreement) to be above \$ 7,500,000 only if the Consolidated Fixed Charge Coverage Ratio falls below 0.85 x for twelve month periods ending on or prior to December 31, 2024 and 1.00 x for twelve month periods ending after December 31, 2024.

ABL Amendment No.5 was accounted for in accordance with ASC 470-60, *Troubled Debt Restructuring*, and no gain or loss was recognized. Amendment fees of \$ 0.9 million related to the Revolving Credit Loans were deferred on September 30, 2024. The amendment fees will be amortized to interest expense over the term of the 2022 ABL Credit Agreement.

The terms of the 2022 ABL Credit Facility are described in the table below (dollar amounts are presented in thousands):

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	Revolving Credit Loans	Delayed Draw Term Loan
Scheduled maturity date ¹	9/30/2027	9/30/2027
Stated interest rate	SOFR + applicable margin (base + applicable margin)	SOFR + applicable margin (base + applicable margin)
Actual interest rate:		
9/30/2024	9.57 %	15.32 %
9/30/2023	10.09 %	15.44 %
Interest payments	monthly	monthly
Cash paid for interest		
YTD 9/30/2024	\$ 5,964	\$ 4,130
YTD 9/30/2023	\$ 4,932	\$ 3,951
Balances at 9/30/2024		
Principal balance	\$ 77,905	\$ 35,000
Unamortized balance of debt issuance cost	N/A	\$(262)
Net carrying balance	\$ 77,905	\$ 34,738
Balances at 12/31/2023		
Principal balance	\$ 78,415	\$ 35,000
Unamortized balance of debt issuance cost	N/A	\$ —
Net carrying balance	\$ 78,415	\$ 35,000
Unamortized balance of deferred financing cost		
9/30/2024	\$ 1,102	N/A
12/31/2023	\$ 267	N/A
Available amount at 9/30/2024 ²	\$ 18,022	\$ —

¹ Amended maturity date is the earlier of (i) the Scheduled Maturity Date and (ii) the Springing Maturity Date (91 days prior to Scheduled Maturity Date of the A&R Term Loan Credit Agreement (defined below), or October 1, 2026).

² Available amount following the execution of ABL Amendment No.5.

The 2022 ABL Credit Agreement contains customary conditions to borrowings and covenants, as described in the 2022 ABL Credit Agreement. As of September 30, 2024, we are in compliance with the covenants.

As of September 30, 2024, \$ 9.5 million in letters of credit were issued under the 2022 ABL Credit Agreement. Such amounts remain undrawn and are off-balance sheet.

ME/RE Loans

On June 16, 2023, we entered into ABL Amendment No.3 which, in addition to making certain other changes to the 2022 ABL Credit Facility, provided us with \$ 27.4 million of new term loans (the "ME/RE Loans").

On September 30, 2024, the Company entered into ABL Amendment No.5. ABL Amendment No.5 amended the 2022 ABL Credit Agreement to, among other things, provide for the following changes to the ME/RE Loans:

(i) extended the scheduled maturity date from August 11, 2025 to September 30, 2027; and

(ii) amended the applicable margin for ME/RE Loans from a flat rate of 5.75 % for SOFR Loans (as defined in the 2022 ABL Credit Agreement) to a flat rate of 5.00 % for SOFR Loans.

The terms of ME/RE Loans are described in the table below (dollar amounts are presented in thousands):

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Scheduled maturity date ¹	9/30/2027
Stated interest rate	SOFR + 5.0 % + 0.11 % credit spread adjustment
Principal payments	\$ 237 monthly
Effective interest rate ²	
9/30/2024	13.11 %
9/30/2023	16.75 %
Actual cash interest rate	
9/30/2024	10.32 %
9/30/2023	11.19 %
Interest payments	monthly
Cash paid for interest	
YTD 9/30/2024	\$ 2,128
YTD 9/30/2023	\$ 640
Balances at 9/30/2024	
Principal balance	\$ 23,692
Unamortized balance of debt issuance cost	\$(993)
Net carrying balance	\$ 22,699
Balances at 12/31/2023	
Principal balance	\$ 25,823
Unamortized balance of debt issuance cost	\$(1,762)
Net carrying balance	\$ 24,061

¹ Amended maturity date is the earlier of (i) the Scheduled Maturity Date and (ii) the Springing Maturity Date (91 days prior to Scheduled Maturity Date of the A&R Term Loan Credit Agreement, or October 1, 2026).

² The effective interest rate as of September 30, 2024 consisted of 10.32 % variable interest rate paid in cash and an additional 2.79 % due to non-cash amortization of the related debt issuance costs. The effective interest rate as of September 30, 2023, consisted of 11.19 % variable interest rate paid in cash and an additional 5.56 % due to non-cash amortization of the related debt issuance costs.

The ME/RE Loans are governed by the 2022 ABL Credit Agreement and are subject to the same restrictive covenants as described under the 2022 ABL Credit Facility.

Amended and Restated Term Loan Credit Agreement - Uptiered Loan and Incremental Term Loan

On June 16, 2023, we entered into an amendment and restatement of that certain subordinated term loan credit agreement dated as of November 9, 2021 (such agreement, as amended and restated, and as further amended by Amendment No.1 dated March 6, 2024, the "A&R Term Loan Credit Agreement") among the Company, as borrower, the guarantors party thereto, the lenders from time-to-time party thereto and Cantor Fitzgerald Securities, as agent (the "A&R Term Loan Agent"). The A&R Term Loan Credit Agreement included a term loan credit agreement entered into on November 9, 2021, as amended through March 29, 2023 (the "Uptiered Loan"), and an additional funding commitment, subject to certain conditions, consisting of a \$ 57.5 million senior secured first lien term loan (the "Incremental Term Loan") provided by Corre and certain of its affiliates and comprised of a \$ 37.5 million term loan tranche and a \$ 20.0 million delayed draw tranche.

The A&R Term Loan Credit Agreement contains certain customary conditions to borrowings, events of default and affirmative, negative, and financial covenants (as described in the A&R Term Loan Credit Agreement and further amended by Amendment No.1 dated March 6, 2024). As of September 30, 2024, we are in compliance with the A&R Term Loan Credit Agreement covenants.

On September 30, 2024 we entered into Amendment No.2 (" Term Loan Amendment No.2") to the A&R Term Loan Credit Agreement. Term Loan Amendment No.2 amended the A&R Term Loan Credit Agreement to, among other things, make conforming changes to the A&R Term Loan Credit Agreement, consistent with the changes being made to the 2022 ABL Credit Agreement by ABL Amendment No.5.

The terms of Uptiered Loan and Incremental Term Loan are described in the table below (dollar amounts are presented in thousands):

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	Uptiered Loan	Incremental Term Loan
Maturity date	12/31/2027 (12/31/2026 if outstanding balance is greater than \$ 50 million)	12/31/2026
Stated interest rate		
9/30/2024	9.5 % PIK and 4.0 % cash ²	12 % paid in cash
9/30/2023	12 % PIK	12 % paid in cash
Principal payments	at maturity	\$ 356 quarterly
Effective interest rate		
9/30/2024	14.56 % ³	22.96 % ⁴
9/30/2023	12.86 % ³	23.69 % ⁴
Interest payments	cash quarterly/PIK monthly	quarterly
Cash paid for interest		
YTD 9/30/2024	\$ 2,775	\$ 4,267
YTD 9/30/2023	\$ —	\$ —
PIK interest added to principal		
YTD 9/30/2024	\$ 9,661	N/A
YTD 9/30/2023	\$ 10,829	N/A
Balances at 9/30/2024		
Principal balance ¹	\$ 139,748	\$ 46,983
Unamortized balance of debt issuance cost	\$(542)	\$(7,467)
Net carrying balance	\$ 139,206	\$ 39,516
Balances at 12/31/2023		
Principal balance ¹	\$ 130,087	\$ 48,052
Unamortized balance of debt issuance cost	\$(651)	\$(9,294)
Net carrying balance	\$ 129,436	\$ 38,758
Available amount at 9/30/2024	\$ —	\$ 10,000

1 The principal balance of the Uptiered Loan is made up of \$ 22.5 million drawn on November 9, 2021, \$ 27.5 million drawn on December 8, 2021, and \$ 57.0 million added as part of the exchange agreement on October 4, 2022. In addition, the principal balance also includes paid-in-kind ("PIK") interest recorded of \$ 31.8 million and \$ 22.2 million as of September 30, 2024 and December 31, 2023, respectively, and PIK fees of \$ 0.9 million incurred as of December 31, 2022.

2 Cash and PIK split is determined based on the Net Leverage Ratio as defined in the A&R Term Loan Credit Agreement.

3 The effective interest rate on the Uptiered Loan as of September 30, 2024 consisted of 13.50 % stated interest rate paid in PIK and cash, and an additional 1.06 % due to the non-cash amortization of the related debt issuance costs. The effective interest rate on the Uptiered Loan as of September 30, 2023 consisted of 12.00 % stated interest rate paid in PIK and an additional 0.86 % due to the non-cash amortization of the related debt issuance costs.

4 The effective interest rate on the Incremental Term Loan as of September 30, 2024 consisted of 12.00 % stated interest rate paid in cash and an additional 10.96 % due to the non-cash amortization of the related debt issuance costs. The effective interest rate on the Incremental Term Loan as of September 30, 2023 consisted of 12.00 % stated interest rate paid in cash and an additional 11.69 % due to the non-cash amortization of the related debt issuance costs.

Warrants

As of September 30, 2024 and December 31, 2023, APSC Holdco II, L.P. held 500,000 warrants and certain affiliates of Corre collectively held 500,000 warrants, in each case providing for the purchase of one share of the Company's common stock per warrant at an exercise price of \$ 15.00. The warrants will expire on December 8, 2028.

The exercise price and the number of shares of our common stock issuable on exercise of the warrants are subject to certain antidilution adjustments, including for stock dividends, stock splits, reclassifications, noncash distributions, cash dividends, certain equity issuances and business combination transactions. The warrants can be exercised by rendering cash or by means of a cashless option as set forth in the agreement.

Equipment Finance Loan

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On March 6, 2024, we entered into agreements to sell various equipment to an equipment finance lender for \$ 2.9 million and lease the equipment for monthly payments of \$ 181 thousand over eighteen months. The lease agreement provides for a bargain purchase option at the end of the lease term which we intend to exercise. The Company determined that the transaction did not meet the criteria for sale-leaseback in accordance with ASC 842, *Leases* and accounted for this arrangement as an equipment financing. The assets subject to the transaction remain on our balance sheet and continue to depreciate in accordance with our depreciation policy.

Fair Value of Debt

The fair value of our debt obligations is representative of the carrying value based upon the respective interest rate terms and management's opinion that the current rates available to us with the same maturity and security structure are equivalent to that of the debt obligations.

1970 Group Substitute Insurance Reimbursement Facility

On September 16, 2024, we entered into an amended and restated substitute insurance reimbursement facility agreement with 1970 Group Inc. ("1970 Group") (such agreement, the "Substitute Insurance Reimbursement Facility Agreement"). Under the Substitute Insurance Reimbursement Facility Agreement, the 1970 Group extended credit to us in the form of a substitute reimbursement facility (the "Substitute Reimbursement Facility") to provide up to approximately \$ 19.0 million of letters of credit on our behalf in support of our workers' compensation, commercial automotive and general liability insurance policies. As of September 30, 2024, we have \$ 19.0 million of letters of credit outstanding under the Substitute Reimbursement Facility.

According to the provisions of ASC 470, *Debt*, the arrangement is a "Substitute Insurance Reimbursement Facility" limited to the amounts drawn under the letters of credit. Therefore, until we use or there is a draw on such Substitute Insurance Reimbursement Facility, the letters of credit are treated as an off-balance sheet credit arrangement. The fees paid by us periodically under this arrangement are deferred and amortized to interest expense over the term of the arrangement. As of September 30, 2024, we had approximately \$ 2.2 million of unamortized deferred fees.

Liquidity

As of September 30, 2024, we had \$ 14.9 million of unrestricted cash and cash equivalents and \$ 4.2 million of restricted cash, including \$ 2.9 million of restricted cash held as collateral for letters of credit and commercial card programs. International cash balances as of September 30, 2024 were \$ 6.2 million, and approximately \$ 0.6 million of such cash is located in countries where currency or regulatory restrictions exist. As of September 30, 2024, we had approximately \$ 28.0 million of available borrowing capacity under our various credit agreements, consisting of \$ 18.0 million available, following the execution of ABL Amendment No.5, under the Revolving Credit Loans and \$ 10.0 million available under the Incremental Term Loan. As of September 30, 2024, we had \$ 30.8 million in letters of credit and \$ 2.5 million in surety bonds outstanding and \$ 1.3 million in miscellaneous cash deposits securing other required obligations.

As of December 31, 2023, our cash and cash equivalents consisted of \$ 30.4 million of unrestricted cash and cash equivalents and \$ 5.0 million of restricted cash, including \$ 3.4 million of restricted cash held as collateral for letters of credit and commercial card programs. International cash balances as of December 31, 2023 were \$ 12.0 million, including \$ 0.6 million of cash located in countries where currency or regulatory restrictions existed.

11. EMPLOYEE BENEFIT PLANS

We have a defined benefit pension plan covering certain United Kingdom employees (the "U.K. Plan"). Net periodic pension credit includes the following components (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024		2023	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest cost	\$ 678	\$ 678	\$ 1,981	\$ 2,054
Expected return on plan assets	(879)	(913)	(2,571)	(2,765)
Amortization of prior service cost	8	8	24	23
Unrecognized net actuarial loss	82	70	240	212
Net periodic pension credit	\$ (111)	\$ (157)	\$ (326)	\$ (476)

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Net pension credit is included in "Other (expense) income, net" on our Condensed Consolidated Statements of Operations. The expected long-term rate of return on invested assets is determined based on the weighted average of expected returns on asset investment categories for the U.K. Plan as follows: 5.5 % overall, 8.5 % for equities and 5.0 % for debt securities.

12. SHAREHOLDERS' EQUITY

Shareholders' Equity and Preferred Stock

As of September 30, 2024 there were 4,421,876 shares of our common stock outstanding and 12,000,000 shares authorized at \$ 0.30 par value per share.

As of September 30, 2024 we had 500,000 authorized shares of preferred stock, none of which had been issued.

Accumulated Other Comprehensive Income (loss)

A summary of changes in accumulated other comprehensive loss included within shareholders' equity is as follows (in thousands):

	Nine Months Ended September 30, 2024				Nine Months Ended September 30, 2023			
	(unaudited)				(unaudited)			
	Foreign Currency Translation Adjustments	Defined Benefit Pension Plans	Tax Provision	Total	Foreign Currency Translation Adjustments	Defined Benefit Pension Plans	Tax Provision	Total
Balance, beginning of period	\$ (25,853)	\$ (11,041)	\$ (38)	\$ (36,932)	\$ (28,859)	\$ (10,474)	\$ 336	\$ (38,997)
Other comprehensive income (loss)	1,317	264	78	1,659	(1,311)	—	(35)	(1,346)
Balance, end of period	\$ (24,536)	\$ (10,777)	\$ 40	\$ (35,273)	\$ (30,170)	\$ (10,474)	\$ 301	\$ (40,343)

13. COMMITMENTS AND CONTINGENCIES

Certain conditions may exist as of the date the financial statements are issued which may result in a loss to the Company and which will only be resolved when one or more future events occur or fail to occur. Team's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims that may result in such proceedings, Team's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in our financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

We accrue for contingencies where the occurrence of a material loss is probable and can be reasonably estimated, based on our best estimate of the expected liability. We may increase or decrease our legal accruals in the future, on a matter-by-matter basis, to account for developments in such matter. Because such matters are inherently unpredictable and unfavorable developments or outcomes can occur, assessing contingencies is highly subjective and requires judgments about future events. Notwithstanding the uncertainty as to the outcome and while our insurance coverage might not be available or adequate to cover these claims, based upon the information currently available, we do not believe that any uninsured losses that might arise from these lawsuits and proceedings will have a materially adverse effect on our condensed consolidated financial statements.

Kelli Most Litigation - On November 13, 2018, Kelli Most filed a lawsuit against Team Industrial Services, Inc., individually and as a personal representative of the estate of Jesse Henson, in the 268th District Court of Fort Bend County, Texas (the "Most litigation"). The complaint asserted claims against Team for negligence resulting in the wrongful death of Jesse Henson. A jury trial commenced on this matter on May 4, 2021. On June 1, 2021, the jury rendered a verdict against Team for \$ 222.0 million in compensatory damages.

On January 25, 2022, the trial court signed a final judgment in favor of the plaintiff and against Team Industrial Services, Inc. Post-judgment motions challenging the judgment were filed on February 24, 2022 and were denied by the trial court on

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April 22, 2022. We appealed the trial court's judgment to the Texas First Court of Appeals by timely filing a notice of appeal on April 25, 2022 and filed our initial appellate brief on December 23, 2022.

On May 16, 2024, the Texas First Court of Appeals issued a decision which vacated the trial court's judgment and dismissed the case, holding that the trial court erred in refusing to dismiss the case on *forum non conveniens* grounds. The plaintiff filed a motion with the Texas First Court of Appeals for rehearing and a motion for en banc reconsideration, which was denied by the Court of Appeals on October 3, 2024. The plaintiff has 45 days to seek review with the Texas Supreme Court. After any further appellate review is exhausted, the plaintiff will be permitted to re-file the lawsuit in Kansas. We currently have accrued a liability of \$ 39.0 million as of September 30, 2024 in other accrued liabilities, and have recorded a related receivable from our third-party insurance providers in other current assets in the same amount. Such amounts are treated as non-cash operating activities. The Most litigation is covered by our general liability and excess insurance policies which are occurrence based and subject to an aggregate \$ 3.0 million self-insured retention and deductible. All retentions and deductibles have been met, and accordingly, we believe pending the final settlement, all further claims will be fully funded by our insurance policies. We will continue to evaluate the possible outcomes of this case in light of future developments and their potential impact on factors relevant to our assessment of any possible loss.

Notice of repayment of pandemic related government subsidies - In response to widespread health crises, epidemics and pandemics, certain of our entities based in foreign jurisdictions received governmental funding assistance to compensate for a portion of employee wages between March 2020 and March 2022. Following ongoing compliance reviews of these funding assistance programs, we received notices stating noncompliance with the requirements of one of these funding assistance programs. Accordingly, based on the assessments completed by the government appointed administrative authority, previously we had accrued \$ 5.5 million to be repaid over an extended period related to this noncompliance. However, during the quarter ended September 30, 2024, we successfully appealed against \$ 2.0 million of the assessment, which resulted in the reduction of the accrued liability from \$ 5.5 million to \$ 3.5 million as of September 30, 2024.

Accordingly, for all matters discussed within this *Note 13 - Commitments and Contingencies*, we have accrued in the aggregate approximately \$ 42.5 million as of September 30, 2024, of which approximately \$ 3.5 million is not covered by our various insurance policies.

In addition to legal matters discussed above, we are subject to various lawsuits, claims and proceedings encountered in the normal conduct of business ("Other Proceedings"). Management believes that based on its current knowledge and after consultation with legal counsel that the Other Proceedings, individually or in the aggregate, will not have a material effect on our condensed consolidated financial statements.

14. SEGMENT DISCLOSURES

ASC 280, *Segment Reporting*, requires us to disclose certain information about our operating segments. Operating segments are defined as "components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance." We conduct operations in two segments: IHT and MS.

Segment data for our two operating segments are as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Revenues:				
IHT	\$ 107,604	\$ 103,857	\$ 320,286	\$ 322,426
MS	103,154	102,858	318,690	326,058
Total revenues	\$ 210,758	\$ 206,715	\$ 638,976	\$ 648,484

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	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating income (loss):								
IHT	\$ 9,860	\$ 6,412	\$ 27,504	\$ 17,683				
MS	4,460	6,482	19,188	22,395				
Corporate and shared support services	(11,162)	(14,152)	(38,761)	(44,486)				
Total operating income (loss)	\$ 3,158	\$ (1,258)	\$ 7,931	\$ (4,408)				

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Capital expenditures ¹ :								
IHT	\$ 234	\$ 835	\$ 3,029	\$ 3,857				
MS	932	988	2,577	2,263				
Corporate and shared support services	52	10	103	10				
Total capital expenditures	\$ 1,218	\$ 1,833	\$ 5,709	\$ 6,130				

¹ Excludes finance leases. Capital expenditures presented in the table above are on accrual basis and differ from the amounts presented in the Condensed Consolidated Statements of Cash Flows.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation and amortization:								
IHT	\$ 2,928	\$ 3,148	\$ 8,935	\$ 9,390				
MS	4,504	4,656	13,718	14,113				
Corporate and shared support services	1,602	1,592	5,281	4,978				
Total depreciation and amortization¹	\$ 9,034	\$ 9,396	\$ 27,934	\$ 28,481				

¹ Breakdown of depreciation and amortization included in the unaudited Condensed Consolidated Statements of Operations .

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation and amortization:								
Amount included in operating expenses		3,429		3,613		10,520		11,026
Amount included in SG&A expenses		5,605		5,783		17,414		17,455
Total depreciation and amortization	\$ 9,034	\$ 9,396	\$ 27,934	\$ 28,481				

15. RELATED PARTY TRANSACTIONS

In connection with the Company's debt transactions, the Company engaged in transactions with Corre to provide funding as described in Note 10 - *Debt* .

16. SUBSEQUENT EVENTS

As of November 12, 2024, the filing date of this Quarterly Report on Form 10-Q, management evaluated the existence of events occurring subsequent to the quarter ended September 30, 2024 and determined that there were no events or transactions that would have a material impact on the Company's results of operations or financial position .

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

Overview

Unless otherwise indicated, the terms "Team, Inc.," "Team," "the Company," "we," "our" and "us" are used in this report to refer to Team, Inc., to one or more of our consolidated subsidiaries, or to all of them taken as a whole. Our stock is traded on the New York Stock Exchange (the "NYSE") under the symbol "TISI".

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in this report, and in conjunction with our Annual Report on Form 10-K and other documents previously filed with the SEC. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those described in more detail under the heading "Risk Factors" included in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K. See also "Cautionary Note Regarding Forward-Looking Statements" below.

Cautionary Note Regarding Forward-Looking Statements.

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, other written or oral statements that constitute forward-looking statements may be made by us or on our behalf in other materials we release to the public including all statements, other than statements of historical facts, included or incorporated by reference in this Quarterly Report on Form 10-Q, that address activities, events or developments which we expect or anticipate will or may occur in the future. You can generally identify our forward-looking statements by the words "anticipate," "believe," "expect," "plan," "intend," "estimate," "project," "projection," "predict," "budget," "forecast," "goal," "guidance," "target," "will," "could," "should," "may" and similar expressions.

We based our forward-looking statements on our reasonable beliefs and assumptions, and our current expectations, estimates and projections about ourselves and our industry. We caution that these statements are not guarantees of future performance and involve risks, uncertainties and assumptions about events and circumstances that we cannot predict. In addition, we based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. New risk factors emerge from time to time, and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Accordingly, forward-looking statements cannot be relied upon as a guarantee of future results and involve a number of risks and uncertainties that could cause actual results to differ materially from those projected in the statements, including, but not limited to the statements under "Risk Factors" included in Part I, Item 1A of our Annual Report on Form 10-K and in Part II, Item 1A of this Quarterly Report on Form 10-Q. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this report. Such risks, uncertainties and other important factors include, among others, risks related to:

- our ability to generate sufficient cash from operations, access our 2022 ABL Credit Facility to support our operations, or maintain our compliance with covenants under our debt arrangements including our 2022 ABL Credit Agreement and A&R Term Loan Credit Agreement;
- our ability to manage inflationary pressures in our operating costs;
- negative market conditions, including domestic and global inflationary pressures, future economic uncertainties, and impacts from epidemics and pandemics, particularly in industries in which we are heavily dependent;
- delays in the commencement of major projects;
- seasonal and other variations, such as severe weather conditions (including conditions influenced by climate change) and the nature of our customers' industry;
- our ability to expand into new markets (including low carbon energy transition) and attract customers in new industries may be limited due to our competition's breadth of service offerings and intellectual property;
- our significant debt and high leverage which could have a negative impact on our financing options, liquidity position and ability to manage increases in interest rates;
- our ability to access capital and liquidity provided by the financial and capital markets;

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- the timing of new customer contracts and termination of existing contracts may result in unpredictable fluctuations in our cash flows and financial results;
- risk of non-payment and/or delays in payment of receivables from our customers;
- our ability to regain compliance with the NYSE's continued listing requirements and rules, and the risk that the NYSE may delist our common stock, which could negatively affect our company, the price of our common stock and our shareholders' ability to sell our common stock in the event we are unable to list our common stock on another exchange;
- our financial forecasts being based upon estimates and assumptions that may materially differ from actual results;
- our incurrence of liabilities and suffering of negative financial or reputational impacts relating to occupational health and safety matters;
- our ability to continue as a going concern;
- changes in laws or regulations in the local jurisdictions that we conduct our business;
- the inherently uncertain outcome of current and future litigation; and
- acts of terrorism, war or political or civil unrest in the United States or elsewhere, changes in laws and regulations, or the imposition of economic or trade sanctions affecting international commercial transactions.

GENERAL OVERVIEW

Business. We are a global, leading provider of specialty industrial services offering customers access to a full suite of conventional, specialized, and proprietary mechanical, heat-treating, and inspection services. We deploy conventional to highly specialized inspection, condition assessment, maintenance and repair services that result in greater safety, reliability, and operational efficiency for our customers' most critical assets. We conduct operations in two segments: IHT and MS. Through the capabilities and resources in these two segments, we believe that we are uniquely qualified to provide integrated solutions involving: inspection to assess condition; engineering assessment to determine fitness for purpose in the context of industry standards and regulatory codes; and mechanical services to repair, rerate or replace based upon the customers' election. In addition, we are capable of escalating with the customer's needs, as dictated by the severity of the damage found and the related operating conditions, from standard services to some of the most advanced services and integrated asset integrity and reliability management solutions available in the industry. We also believe that we are unique in our ability to provide these services in three distinct customer demand profiles: (i) turnaround or project services, (ii) call-out services, and (iii) nested or run-and-maintain services.

IHT provides conventional and advanced non-destructive testing services primarily for the process, pipeline and power sectors, pipeline integrity management services, and field heat treating services, as well as associated engineering and condition assessment services. These services can be offered while facilities are running (onstream), during facility turnarounds or during new construction or expansion activities. In addition, IHT provides comprehensive non-destructive testing services and metallurgical and chemical processing services to the aerospace industry, covering a range of components including finished machined and in-service components. IHT also provides advanced digital imaging including remote digital video imaging.

MS provides solutions designed to serve customers' unique needs during both the operational (onstream) and off-line states of their assets. Our onstream services include our range of standard to custom-engineered leak repair and composite solutions; emissions control and compliance; hot tapping and line stopping; and online valve insertion solutions, which are delivered while assets are in an operational condition, which maximizes customer production time. Asset shutdowns can be planned, such as a turnaround maintenance event, or unplanned, such as those due to component failure or equipment breakdowns. Our specialty maintenance, turnaround and outage services are designed to minimize customer downtime and are primarily delivered while assets are off-line and often through the use of cross-certified technicians, whose multi-craft capabilities deliver the production needed to achieve tight time schedules. These critical services include on-site field machining; bolted-joint integrity; vapor barrier plug testing; and valve management solutions.

We market our services to companies in a diverse array of heavy industries which include:

- Energy (refining, power, renewables, nuclear, offshore oil and gas, and liquefied natural gas);
- Manufacturing and Process (chemical, petrochemical, pulp and paper industries, automotive, and mining);
- Midstream (valves, terminals and storage, and pipeline);
- Public Infrastructure (construction and building, roads, dams, amusement parks, bridges, ports, and railways); and
- Aerospace and Defense.

Listing Notice from NYSE. On March 14, 2024, we were notified by the NYSE of our non-compliance with their continued listing standards, as our total market capitalization and shareholders' equity had fallen below the NYSE listing

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requirements. As required by the NYSE, we notified the NYSE of our intent to cure the market capitalization and/or shareholders' equity deficiency and restore our compliance with NYSE continued listing standards.

In accordance with applicable NYSE procedures, on April 29, 2024, we submitted a plan advising the NYSE of the definitive actions we have taken and are taking that would bring us into compliance with NYSE continued listing standards within 12 months of receipt of the written notice. The NYSE accepted the plan, and our common stock will continue to be listed and traded on the NYSE during the 12-month period beginning March 14, 2024, subject to our compliance with other NYSE continued listing standards and continued periodic review by the NYSE of our progress with respect to our plan. We intend to regain compliance with the NYSE listing standards by pursuing measures that are in our best interest and the best interest of our shareholders. We can provide no assurances that we will be able to satisfy any of the steps outlined in the plan approved by the NYSE and maintain the listing of our shares on the NYSE. In the event we are unable to maintain the listing of our shares on the NYSE, we may look to list our shares on alternative exchanges.

Recent Financing Amendments. On September 30, 2024, we entered into certain amendments with our lenders. Refer to *Note 10 - Debt* to the unaudited condensed consolidated financial statements for additional details.

Results of Operations

The following is a comparison of our results of operations for the three and nine months ended September 30, 2024 to the three and nine months ended September 30, 2023.

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

The following table sets forth the components of revenue and operating income (loss) from our operations for the three month period ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Favorable (Unfavorable)	
	2024		2023	
	(unaudited)	(unaudited)	\$	%
Revenues by business segment:				
IHT	\$ 107,604	\$ 103,857	\$ 3,747	3.6 %
MS	103,154	102,858	296	0.3 %
Total revenues	\$ 210,758	\$ 206,715	\$ 4,043	2.0 %
Operating income (loss):				
IHT	\$ 9,860	\$ 6,412	\$ 3,448	53.8 %
MS	4,460	6,482	(2,022)	(31.2)%
Corporate and shared support services	(11,162)	(14,152)	2,990	21.1 %
Total operating income (loss)	\$ 3,158	\$ (1,258)	\$ 4,416	351.0 %
Interest expense, net	\$ (11,770)	\$ (10,067)	\$ (1,703)	(16.9)%
Loss on debt extinguishment	—	(3)	3	100.0 %
Other (expense) income, net	(2,010)	266	(2,276)	(855.6)%
Loss before income taxes	\$ (10,622)	\$ (11,062)	\$ 440	4.0 %
Provision for income taxes	(504)	(1,072)	568	53.0 %
Net loss	\$ (11,126)	\$ (12,134)	\$ 1,008	8.3 %

Revenues. Total revenues increased \$4.0 million or 2.0% from the prior year quarter. IHT revenues increased by \$3.7 million or 3.6% primarily due to an increase in U.S. revenue of \$6.7 million driven by higher activity in nested and turnaround services, partially offset by lower Canada operations revenue of \$3.0 million due to lower activity in nested and turnaround services. MS revenue increased by \$0.3 million or 0.3%, comprised of a \$2.3 million increase in U.S. operations due to higher turnaround activity and valve services, partially offset by a \$1.2 million decrease in Canada operations due to less project work and a \$0.8 million decrease in other international regions revenue caused by lower overall activity.

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Operating income (loss). Overall operating income was \$3.2 million in the current year quarter, a \$4.4 million improvement compared to the prior year quarter. IHT operating income increased by \$3.4 million or 53.8%, with the U.S. increasing by \$4.7 million primarily due to higher gross margin and lower costs, partially offset by a decrease in operating income from Canada of \$1.2 million driven mainly by lower revenue for the period. MS operating income decreased by \$2.0 million or 31.2% as compared to the prior year quarter primarily due to a \$2.2 million decrease in operating income from international regions and a \$0.4 million decrease from Canada operations, driven mainly by lower revenue and project mix, partially offset by an increase in U.S. operating income of \$0.6 million. Corporate operating loss decreased by \$3.0 million due to lower professional fees and the reversal of a legal reserve in the current period as further described in *Note 13 - Commitments and Contingencies*.

For the three months ended September 30, 2024 and 2023, operating income (loss) includes net expenses (credits) totaling \$1.3 million and \$2.8 million, respectively, that we do not believe are indicative of our core operating activities, as detailed in the table below (in thousands):

	Three Months Ended September 30,	
	2024	2023
Operating income (loss)	\$ 3,158	(1,258)
Professional fees and other	318	1,452
Legal costs (credits)	(1,975)	650
Severance charges, net	309	655
Total non-core items	(1,348)	2,757
Operating income, excluding non-core items	\$ 1,810	1,499

Excluding the impact of these identified non-core items in both periods, operating income increased by \$0.3 million from \$1.5 million in the three months ended September 30, 2023 to \$1.8 million in the three months ended September 30, 2024. See our non-GAAP reconciliation for additional details of our non-core expenses.

Interest expense, net. Interest expense increased by \$1.7 million compared to the prior year quarter. This was primarily attributable to increased interest rates on our various debt arrangements and higher debt balances.

Cash interest paid during the quarter ended September 30, 2024 and 2023 was \$7.1 million and \$5.0 million, respectively.

Other (expense) income, net. Overall change in other (expense) income is primarily due to the negative impact of a loss on foreign currency fluctuation of \$2.9 million.

Taxes. The provision for income tax was \$0.5 million on the pre-tax loss of \$10.6 million in the current year quarter, compared to a \$1.1 million income tax provision on a pre-tax loss of \$11.1 million in the prior year quarter. The effective tax rate, inclusive of discrete items, was a provision of 4.7% for the three months ended September 30, 2024, compared to a provision of 9.7% for the three months ended September 30, 2023. The decrease in effective tax rate for the three months ended September 30, 2024 compared to the three months ended September 30, 2023 is due to the mix of pretax income in non-valuation allowance jurisdictions and pretax losses in valuation allowance jurisdictions, along with changes in valuation allowances in 2023. The impact is a larger decrease in income tax expense as compared to pretax income, resulting in a decrease of effective tax rate.

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Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

The following is a comparison of our results of operations for the nine months ended September 30, 2024 to the nine months ended September 30, 2023 (in thousands).

	Nine Months Ended September 30,		Favorable (Unfavorable)			
	2024		2023		\$	%
	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
Revenues by business segment:						
IHT	\$ 320,286	\$ 322,426	\$ (2,140)			(0.7)%
MS	\$ 318,690	\$ 326,058	\$ (7,368)			(2.3)%
Total revenues	\$ 638,976	\$ 648,484	\$ (9,508)			(1.5)%
Operating income (loss):						
IHT	\$ 27,504	\$ 17,683	\$ 9,821			55.5 %
MS	\$ 19,188	\$ 22,395	\$ (3,207)			(14.3)%
Corporate and shared support services	\$ (38,761)	\$ (44,486)	\$ 5,725			12.9 %
Total operating income (loss)	\$ 7,931	\$ (4,408)	\$ 12,339			279.9 %
Interest expense, net	\$ (35,777)	\$ (43,499)	\$ 7,722			17.8 %
Loss on debt extinguishment	—	\$ (1,585)	\$ 1,585			100.0 %
Other (expense) income, net	\$ (1,189)	\$ 914	\$ (2,103)			(230.1)%
Loss before income taxes	\$ (29,035)	\$ (48,578)	\$ 19,543			40.2 %
Provision for income taxes	\$ (2,049)	\$ (4,020)	\$ 1,971			49.0 %
Net loss	\$ (31,084)	\$ (52,598)	\$ 21,514			40.9 %

Revenues. Total revenues decreased \$9.5 million or 1.5% from the prior year period. IHT segment year-to-date revenue decreased by \$2.1 million or 0.7% compared to the prior year period, primarily driven by decreased call out and turnaround activities in Canada and other international regions of \$10.5 million, partially offset by an increase in U.S. operations revenue of \$8.4 million. MS segment revenue decreased by \$7.4 million or 2.3% compared to the prior year period, mainly due to a \$7.6 million decrease in Canada attributable to projects from the 2023 period that did not repeat in the 2024 period.

Operating income (loss). Overall operating income was \$7.9 million in the 2024 period, a \$12.3 million or 279.9% improvement as compared to an operating loss of \$4.4 million in the prior year period. IHT operating income increased by \$9.8 million or 55.5%, primarily driven by improved gross margins and lower costs. MS operating income decreased by \$3.2 million or 14.3% as compared to the prior year period. MS operating income from other international operations and Canada decreased by \$3.5 million and \$2.5 million, respectively, primarily driven by lower year over year revenue due to projects from the prior year period that did not repeat in 2024. This decrease in operating income was partially offset by an increase in operating income from U.S. operations of \$2.8 million driven by higher activity and improved margins. Corporate operating loss decreased by \$5.7 million compared to the prior year period primarily due to lower professional fees and the reversal of a legal reserve in the current period as further described in Note 13 - *Commitments and Contingencies*.

For the nine months ended September 30, 2024 and 2023, operating income (loss) includes net expenses totaling \$2.0 million and \$7.8 million, respectively, that we do not believe are indicative of our core operating activities, as detailed in the table below (in thousands):

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	Nine Months Ended September 30,	
	2024	2023
Operating income (loss)	\$ 7,931	\$ (4,408)
Professional fees and other	2,915	5,820
Legal costs (credits)	(1,852)	850
Severance charges, net	959	1,177
Total non-core expenses	2,022	7,847
Operating income, excluding non-core expenses	\$ 9,953	\$ 3,439

Excluding the impact of these identified non-core items in both periods, operating income increased by \$6.5 million, from \$3.4 million to \$9.9 million. See our non-GAAP reconciliation for additional details of our non-core expenses.

Interest expense, net. Interest expense, net decreased by \$7.7 million from the prior year period. The decrease was primarily attributable to the accelerated amortization of debt related deferred cost until June 16, 2023 which was not applicable during the current year period. This decrease was partially offset by higher interest expense on our various debt arrangements due to increased interest rates and higher debt balances.

Cash interest paid for the nine months ended September 30, 2024 and 2023 was \$19.5 million and \$14.5 million, respectively.

Other (expense) income, net. Overall change in other (expense) income, net is primarily due to the negative impact of loss on foreign currency fluctuations of \$2.3 million.

Taxes. The provision for income tax was \$2.0 million on the pre-tax loss of \$29.0 million in the current year-to-date period compared to income tax expense of \$4.0 million on the pre-tax loss of \$48.6 million in the prior year-to-date period. The effective tax rate was a provision of 7.1% for the nine months ended September 30, 2024, compared to a provision of 8.3% for the nine months ended September 30, 2023. The effective tax rate differs from the prior year period due to changes in the valuation allowance.

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Non-GAAP Financial Measures and Reconciliations

We use supplemental non-GAAP financial measures which are derived from the consolidated financial information including adjusted net income (loss); adjusted net income (loss) per share; earnings before interest and taxes ("EBIT"); adjusted EBIT; adjusted earnings before interest, taxes, depreciation, and amortization ("adjusted EBITDA") and free cash flow to supplement financial information presented on a GAAP basis.

We define adjusted net income (loss) and adjusted net income (loss) per share to exclude the following items: non-routine legal costs and settlements, non-routine professional fees, (gain) loss on debt extinguishment, severance charges, non-routine write-off of assets and certain other items that we believe are not indicative of core operating activities. Consolidated adjusted EBIT, as defined by us, excludes the costs excluded from adjusted net income (loss) as well as income tax expense (benefit), interest charges, foreign currency (gain) loss, pension credit, and items of other (income) expense. Consolidated adjusted EBITDA further excludes depreciation, amortization, and non-cash share-based compensation costs from consolidated adjusted EBIT. Segment adjusted EBIT is equal to segment operating income (loss) excluding costs associated with non-routine legal costs and settlements, non-routine professional fees, severance charges, and certain other items as determined by us. Segment adjusted EBITDA further excludes depreciation, amortization, and non-cash share-based compensation costs from segment adjusted EBIT. Free cash flow is defined as net cash provided by (used in) operating activities minus capital expenditures.

We believe these non-GAAP financial measures are useful to both management and investors in their analysis of our financial position and results of operations. In particular, adjusted net income (loss), adjusted net income (loss) per share, consolidated adjusted EBIT, and consolidated adjusted EBITDA are meaningful measures of performance which are commonly used by industry analysts, investors, lenders, and rating agencies to analyze operating performance in our industry, perform analytical comparisons, benchmark performance between periods, and measure our performance against externally communicated targets. Our segment adjusted EBIT and segment adjusted EBITDA are also used as a basis for the Chief Operating Decision Maker (Chief Executive Officer) to evaluate the performance of our reportable segments. Free cash flow is used by our management and investors to analyze our ability to service and repay debt and return value directly to stakeholders.

Non-GAAP measures have important limitations as analytical tools because they exclude some, but not all, items that affect net earnings and operating income. These measures should not be considered substitutes for their most directly comparable U.S. GAAP financial measures and should be read only in conjunction with financial information presented on a GAAP basis. Further, our non-GAAP financial measures may not be comparable to similarly titled measures of other companies who may calculate non-GAAP financial measures differently, limiting the usefulness of those measures for comparative purposes. The liquidity measure of free cash flow does not represent a precise calculation of residual cash flow available for discretionary expenditures. Reconciliations of each non-GAAP financial measure to its most directly comparable GAAP financial measure are presented below.

The following tables set forth the reconciliation of Adjusted Net Income (Loss), EBIT and EBITDA to their most comparable GAAP financial measurements on a consolidated and segmented basis:

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TEAM, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (Continued)
(unaudited, in thousands except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<u>Adjusted Net Loss:</u>				
Net loss	\$ (11,126)	\$ (12,134)	\$ (31,084)	\$ (52,598)
Professional fees and other ¹	318	1,452	2,915	5,820
Write-off of software cost	—	629	—	629
Legal costs (credits) ²	(1,975)	650	(1,852)	850
Severance charges, net ³	309	655	959	1,177
Loss on debt extinguishment	—	3	—	1,585
Tax impact of adjustments and other net tax items ⁴	(64)	(37)	(202)	(122)
Adjusted Net Loss	\$ (12,538)	\$ (8,782)	\$ (29,264)	\$ (42,659)
Adjusted Net Loss per common share:				
Basic and Diluted	\$ (2.84)	\$ (2.01)	\$ (6.62)	\$ (9.79)
<u>Consolidated Adjusted EBIT and Adjusted EBITDA:</u>				
Net loss	\$ (11,126)	\$ (12,134)	\$ (31,084)	\$ (52,598)
Provision for income taxes	504	1,072	2,049	4,020
Loss (gain) on equipment sale	(7)	10	11	(286)
Interest expense, net	11,770	10,067	35,777	43,499
Professional fees and other ¹	318	1,452	2,915	5,820
Write-off of software cost	—	629	—	629
Legal costs (credits) ²	(1,975)	650	(1,852)	850
Severance charges, net ³	309	655	959	1,177
Foreign currency loss (gain)	2,128	(742)	1,504	(776)
Pension credit ⁵	(111)	(163)	(326)	(481)
Loss on debt extinguishment	—	3	—	1,585
Consolidated Adjusted EBIT	1,810	1,499	9,953	3,439
Depreciation and amortization				
Amount included in operating expenses	3,429	3,613	10,520	11,026
Amount included in SG&A expenses	5,605	5,783	17,414	17,455
Total depreciation and amortization	9,034	9,396	27,934	28,481
Non-cash share-based compensation costs	467	232	1,744	859
Consolidated Adjusted EBITDA	\$ 11,311	\$ 11,127	\$ 39,631	\$ 32,779
<u>Free Cash Flow:</u>				
Cash provided by (used in) operating activities	\$ 5,609	\$ 1,548	\$ 1,143	\$ (22,069)
Capital expenditures	(1,695)	(2,360)	(7,454)	(7,433)
Free Cash Flow	\$ 3,914	\$ (812)	\$ (6,311)	\$ (29,502)

¹ For the three and nine months ended September 30, 2024, includes \$0.3 million and \$2.7 million, respectively, related to debt financing, and for the nine months ended September 30, 2024, includes \$0.2 million related to support costs. For the three and nine months ended September 30, 2023, includes \$1.5 million and \$4.7 million, respectively, related to debt financing, and for the nine months ended September 30, 2023, \$1.1 million related to lease extinguishment charges and other project costs.

² Primarily relates to accrued legal matters and legal fees. Legal credits during the three and nine months ended September 30, 2024 relate to a \$2.0 million reduction in the legal accrual. See [Note 13 - Commitments and contingencies](#) for additional information.

³ Represents customary severance costs associated with staff reductions.

⁴ Represents the tax effect of the adjustments.

⁵ Represents pension credits for the U.K. pension plan based on the difference between the expected return on plan assets and the cost of the discounted pension liability. The pension plan was frozen in 1994 and no new participants have been added since that date.

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TEAM, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (Continued)
(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<u>Segment Adjusted EBIT and Adjusted EBITDA:</u>				
IHT				
Operating income	\$ 9,860	\$ 6,412	\$ 27,504	\$ 17,683
Severance charges, net ¹	210	195	457	400
Professional fees and other ²	—	—	40	828
Adjusted EBIT	10,070	6,607	28,001	18,911
Depreciation and amortization	2,928	3,148	8,935	9,390
Adjusted EBITDA	\$ 12,998	\$ 9,755	\$ 36,936	\$ 28,301
MS				
Operating income	\$ 4,460	\$ 6,482	\$ 19,188	\$ 22,395
Severance charges, net ¹	92	287	466	595
Professional fees and other ²	—	—	140	67
Legal costs	—	—	41	—
Adjusted EBIT	4,552	6,769	19,835	23,057
Depreciation and amortization	4,504	4,656	13,718	14,113
Adjusted EBITDA	\$ 9,056	\$ 11,425	\$ 33,553	\$ 37,170
Corporate and shared support services				
Net loss	\$ (25,446)	\$ (25,028)	\$ (77,776)	\$ (92,676)
Provision for income taxes	504	1,072	2,049	4,020
Loss (gain) on equipment sale	(7)	10	11	(286)
Interest expense, net	11,770	10,067	35,777	43,499
Foreign currency loss (gain)	2,128	(742)	1,504	(776)
Pension credit ⁴	(111)	(163)	(326)	(481)
Professional fees and other ²	318	1,452	2,735	4,925
Write-off of software cost	—	629	—	629
Legal costs (credits) ³	(1,975)	650	(1,893)	850
Severance charges, net ¹	7	173	36	182
Loss on debt extinguishment	—	3	—	1,585
Adjusted EBIT	(12,812)	(11,877)	(37,883)	(38,529)
Depreciation and amortization	1,602	1,592	5,281	4,978
Non-cash share-based compensation costs	467	232	1,744	859
Adjusted EBITDA	\$ (10,743)	\$ (10,053)	\$ (30,858)	\$ (32,692)

¹ Represents customary severance costs associated with staff reductions.

² For the three and nine months ended September 30, 2024, includes \$0.3 million and \$2.7 million, respectively, related to debt financing, and for the nine months ended September 30, 2024, includes \$0.2 million related to support costs. For the three and nine months ended September 30, 2023, includes \$1.5 million and \$4.7 million, respectively, related to debt financing, and for the nine months ended September 30, 2023, \$1.1 million related to lease extinguishment charges and other project costs.

³ Primarily relates to accrued legal matters and legal fees. Legal credits during the three and nine months ended September 30, 2024 relate to a \$2.0 million reduction in the legal accrual. See [Note 13 - Commitments and contingencies](#) for additional information.

⁴ Represents pension credits for the U.K. pension plan based on the difference between the expected return on plan assets and the cost of the discounted pension liability. The pension plan was frozen in 1994 and no new participants have been added since that date.

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Liquidity and Capital Resources

Financing for operations consists primarily of our 2022 ABL Credit Agreement (which includes the Revolving Credit Loans, the Delayed Draw Term Loan and the ME/RE Loans), the A&R Term Loan Credit Agreement (which includes the Uptiered Loan and the Incremental Term Loan), and cash flows from our operations.

We have evaluated our liquidity within one year after the date of issuance of the accompanying condensed consolidated financial statements to assess the Company's ability to fund its operations. Based upon such liquidity assessment, we believe that the Company's current working capital, forecasted cash flows from operations, expected availability under our existing debt arrangements and capital expenditure financing is sufficient to fund our operations, service our indebtedness, and maintain compliance with our debt covenants. In preparation of this liquidity assessment, we applied judgment to estimate the projected cash flows of the Company, including the following: (i) projected cash outflows, (ii) projected cash inflows, and (iii) projected availability under the Company's existing debt arrangements. The cash flow projections were based on known or planned cash requirements for operating and financing costs and include management's best estimate regarding future customer activity levels, pricing for its services and for its supplies and other factors. Actual results could vary significantly from those projections. We based this assessment on assumptions that may prove to be inaccurate, and we could exhaust our available capital resources sooner than we expect in the event that we fail to meet our current projections. See Note 10 - *Debt* in this Quarterly Report on Form 10-Q and Note 11 - *Debt* in our Annual Report on Form 10-K for additional details of our debt obligations.

We closely monitor the amounts and timing of our sources and uses of funds. Our ability to maintain a sufficient level of liquidity to fund our operations and meet our financial obligations will be dependent upon our future performance, which is subject to general economic conditions, industry cycles and financial, business and other factors affecting our operations, many of which are beyond our control. For example, the threat of recession and related economic repercussions could have a significant adverse effect on our financial position and business condition, as well as that of our customers and suppliers. Additionally, these events may, among other factors, impact our ability to generate cash flows from operations, access the capital markets on acceptable terms or at all, service our indebtedness, maintain compliance with the financial covenants contained in our various credit agreements and affect our future need or ability to borrow under our 2022 ABL Credit Facility and our A&R Term Loan Credit Agreement. Our ability to access the capital markets will depend on financial, economic and market conditions, many of which are outside of our control, and we may be unable to raise financing when needed, or on terms favorable to us, or at all. In addition, we may seek to engage in one or more of the following, such as refinancing and/or extending the maturities of all or part of our existing indebtedness, amend existing debt to gain additional flexibility, entering into a strategic partnership with one or more parties, or the sale or divestiture of assets, but there can be no assurance that we would be able to enter into such a transaction or transactions on a timely basis or on terms favorable to us, or at all. Our failure to raise capital through our operations, refinancing or strategic alternatives as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy. In addition to impacting our current sources of funding, the effects of such events may also impact our liquidity or require us to revise our allocation or sources of capital, reduce capital expenditures, implement further cost reduction measures and/or change our business strategy. Political economic repercussions could also have a broad range of effects on our liquidity sources and will depend on future developments that cannot be predicted at this time.

Our ability to generate operating cash flow, sell assets, access capital markets or take any other action to improve our liquidity and manage our debt is subject to the risks described or referenced herein and other risks and uncertainties that exist in our industry, some of which we may not be able to anticipate at this time or control. Such risks include the following:

- loss of customers or other unforeseen deterioration in demand for our services;
- seasonal fluctuations, such as severe weather and other variations in our customers' industries that may impede or delay the timing of customer orders and the delivery of our services;
- rapid increases in raw materials and labor costs that may hinder our ability to meet our forecasted operating expenses;
- persisting or increasing levels of inflation domestically and internationally and the impact of such inflation on our ability to meet our current forecast;
- changes in regulations governing our operations and unplanned costs to comply with such regulatory changes;
- counterparty credit risk related to our ability to collect our receivables; and
- unexpected or prolonged fluctuations in interest rates and their impact on our forecasted costs of raising additional capital.

See Item 1A "Risk Factors" in our Annual Report on Form 10-K for additional information.

On September 30, 2024, we entered into Amendment No.5 to the 2022 ABL Credit Agreement. ABL Amendment No.5 amended the 2022 ABL Credit Agreement to, among other things, to:

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- (i) extend the scheduled maturity date from August 11, 2025 to September 30, 2027;
- (ii) amend the applicable margin for Delayed Draw Term Loans from a flat rate of 10.00% for SOFR Loans (as defined in the 2022 ABL Credit Agreement) and 9.00% for Base Rate Loans (as defined in the 2022 ABL Credit Agreement) to a rate based on EBITDA ranging from 8.50% to 10.00% for SOFR Loans and 7.50% to 9.00% for Base Rate Loans;
- (iii) amend the applicable margin for Revolving Credit Loans from a rate based on EBITDA ranging from 4.15% to 4.65% for SOFR Loans and 3.15% to 3.65% for Base Rate Loans to a rate based on both EBITDA and Average Historical Excess Availability (as defined in the 2022 ABL Credit Agreement) ranging from 3.50% to 4.25% for SOFR Loans and 2.50% to 3.25% for Base Rate Loans;
- (iv) amend the applicable margin for ME/RE Loans from a flat rate of 5.75% for SOFR Loans to a flat rate of 5.00% for SOFR Loans;
- (v) amend the definitions of "Borrowing Base" and "Consolidated Fixed Charge Coverage Ratio" as well as related definitions in order to expand availability under the Revolving Credit Facility (as defined in the 2022 ABL Credit Agreement); and
- (vi) add a springing financial covenant requiring Excess Availability (as defined in the 2022 ABL Credit Agreement) to be above \$7,500,000 only if the Consolidated Fixed Charge Coverage Ratio falls below 0.85x for twelve-month periods ending on or prior to December 31, 2024 and 1.00x for twelve month periods ending after December 31, 2024.

ABL Amendment No.5 significantly improved availability under our Revolving Credit Loans and as of September 30, 2024, we had approximately \$28.0 million of borrowing capacity consisting of \$18.0 million available under the Revolving Credit Loans, and \$10.0 million available under the Incremental Term Loan. Our principal uses of cash are for working capital, capital expenditures, and operations.

As of September 30, 2024, we were in compliance with our debt covenants. Our ability to maintain compliance with the financial covenants contained in the 2022 ABL Credit Agreement and the A&R Term Loan Credit Agreement is dependent upon our future operating performance and future financial condition, both of which are subject to various risks and uncertainties.

As of November 8, 2024, we had consolidated cash and cash equivalents of \$9.9 million, excluding \$4.1 million of restricted cash used mainly as collateral for letters of credit and commercial card programs, and approximately \$30.5 million of undrawn availability under our various credit facilities, resulting in total liquidity of \$40.4 million.

Refer to *Note 10 - Debt* in this Quarterly Report on Form 10-Q and *Note 11 - Debt* in our Annual Report on Form 10-K for additional information on our debt instruments.

Cash and cash equivalents. Our cash and cash equivalents as of September 30, 2024 totaled \$19.1 million, consisting of \$14.9 million of unrestricted cash on hand, and \$4.2 million of restricted cash. International cash balances as of September 30, 2024 were \$6.2 million, and approximately \$0.6 million of such cash is located in countries where currency or regulatory restrictions exist.

As of December 31, 2023, our cash and cash equivalents were \$35.4 million, including \$30.4 million of unrestricted cash on hand, and \$5.0 million of restricted cash. International cash balances as of December 31, 2023 were \$12.0 million, including \$0.6 million of cash located in countries where currency or regulatory restrictions existed.

Our total debt and finance obligations were \$321.2 million, of which \$7.1 million was classified as current at September 30, 2024, compared to total debt of \$311.4 million at December 31, 2023.

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Cash Flows

The following table summarizes cash flows from Operating, Investing and Financing activities (in thousands):

	Nine Months Ended September 30,			Favorable (Unfavorable)	%
	2024	2023			
Cash flows provided by (used in):					
Operating activities	\$ 1,143	\$ (22,069)		105	%
Investing activities	(7,305)	(7,019)		(4)	%
Financing activities	(9,927)	(7,395)		(34)	%
Effect of exchange rate changes on cash	(251)	(109)		(130)	%
Net change in cash and cash equivalents	\$ (16,340)	\$ (36,592)		55	%

Cash flows attributable to our operating activities. For the nine months ended September 30, 2024, net cash provided by operating activities was \$1.1 million, an improvement of \$23.2 million as compared to net cash used in operating activities of \$22.1 million in the 2023 period. Our improvement in net cash provided by operating activities was driven by reduced net loss due to improved operating income, and lower negative working capital impacts of \$14.5 million primarily attributable to an increase in accounts receivable and lower accrued liabilities, partially offset by an increase in accounts payable. Our net cash provided by operating activities were further impacted by amortization of debt issuance costs of \$4.7 million, depreciation and amortization of \$27.9 million, and PIK interest of \$11.0 million.

For the nine months ended September 30, 2023, net cash used in operating activities was \$22.1 million. Our net cash used in operating activities was driven by our net loss for the period, which totaled \$52.6 million, and negative working capital impacts of \$26.2 million, partially offset by amortization of debt issuance costs of \$16.9 million, depreciation and amortization of \$28.5 million, and PIK interest of \$10.9 million.

Cash flows attributable to our investing activities. For the nine months ended September 30, 2024, net cash used in investing activities was \$7.3 million, consisting of capital expenditures of \$7.4 million, partially offset by cash proceeds from asset sales of \$0.1 million.

For the nine months ended September 30, 2023, net cash used in investing activities was \$7.0 million, consisting primarily of capital expenditures of \$7.4 million, partially offset by \$0.4 million of cash proceeds from asset sales.

Cash flows attributable to our financing activities. For the nine months ended September 30, 2024, net cash used in financing activities was \$9.9 million, consisting primarily of payment of debt issuance costs of \$7.4 million, principal payments under the ME/RE loans of \$2.1 million, and principal payments under the Incremental Term Loan of \$1.1 million, partially offset by net borrowings under equipment finance loan of \$1.9 million.

For the nine months ended September 30, 2023, net cash used in financing activities was \$7.4 million, consisting primarily of net borrowings under our 2022 ABL Credit Facility of \$11.0 million, borrowings under ME/RE loans of \$27.4 million and borrowings under the Incremental Term Loan of \$42.5 million, offset by the payoff of the APSC Term Loan of \$37.1 million, payoff of the 5.00% Convertible Senior Notes of \$41.2 million and payment of debt issuance cost of \$8.4 million.

Effect of exchange rate changes on cash and cash equivalents. For the nine months ended September 30, 2024 and 2023, the effect of foreign exchange rate changes on cash was negative \$0.3 million and negative \$0.1 million, respectively. The impact of exchange rates on cash and cash equivalents is primarily attributable to fluctuations in U.S. Dollar exchange rate against the Canadian Dollar, the Euro, the British Pound, the Australian Dollar and Mexican Peso.

Off-Balance Sheet Arrangements

From time-to-time, we enter into off-balance sheet arrangements and transactions that can give rise to material off-balance sheet obligations. See *Note 10 - Debt* in this Quarterly Report on Form 10-Q and *Note 11 - Debt* in our Annual Report on Form 10-K for additional details of our off-balance sheet arrangements.

Critical Accounting Policies and Estimates

A discussion of our critical accounting policies and estimates is included in our Annual Report on Form 10-K. There were no material changes to our critical accounting policies during the nine months ended September 30, 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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As a smaller reporting company, we are not required to provide the information required by this item 3.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. Under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as of the end of the period covered by this report. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation, the CEO and CFO have concluded as of September 30, 2024, that our disclosure controls and procedures were effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the requisite time periods.

Changes in Internal Control Over Financial Reporting. There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the quarter ended September 30, 2024.

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PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information on legal proceedings, see *Note 13 - Commitments and Contingencies* to the condensed consolidated financial statements included in this report.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties. Other than as noted below, there have been no material changes in our risk factors as previously disclosed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K.

We may not be able to regain compliance with the NYSE's continued listing requirements and rules, the NYSE may delist our common stock, which could negatively affect the Company, the price of our common stock and our shareholders' ability to sell our common stock. The NYSE has several listing requirements set forth in the NYSE Listed Company Manual. For example, Section 802.01C of the NYSE Listed Company Manual requires that our common stock trade at a minimum average closing price of \$1.00 per share over a consecutive 30 trading day period. Section 802.01B of the NYSE Listed Company Manual requires that either our average global market capitalization (inclusive of common and preferred equity) or our total shareholders' equity exceed \$50.0 million.

On March 14, 2024, the Company received a written notice (the "Written Notice") from the NYSE that the Company was not in compliance with the continued listing standards set forth in Rule 802.01B of the NYSE Listed Company Manual because its average global market capitalization over a consecutive 30 trading-day period was less than \$50.0 million and, at the same time, its last reported shareholders' equity was less than \$50.0 million. As required by the NYSE, the Company timely notified the NYSE of its intent to cure the deficiency and restore its compliance with the NYSE continued listing standards. On April 29, 2024, in accordance with applicable NYSE procedures, the Company submitted a plan (the "Plan") advising the NYSE of the definitive actions the Company has taken, and is taking, that would bring it into compliance with the minimum global market capitalization listing standard within 12 months of receipt of the Written Notice. The NYSE accepted the Plan, and the Company's common stock will continue to be listed and traded on the NYSE during the 12-month period beginning March 14, 2024, subject to the Company's compliance with other NYSE continued listing standards and continued periodic review by the NYSE of the Company's progress with respect to the Plan. The Written Notice has no immediate impact on the listing of the Company's common stock, which will continue to trade on the NYSE during the applicable cure period and does not result in a default under the Company's material debt or other agreements.

We intend to regain compliance with the NYSE listing standards by pursuing measures that are in our best interest and the best interest of our shareholders. There is no assurance that our efforts will be successful, nor is there any assurance that we will regain compliance with Section 802.01B of the NYSE Listed Company Manual or remain in compliance with such section or other NYSE continued listing standards in the future. A delisting of our common stock from the NYSE could negatively impact us by, among other things, reducing the liquidity and market price of our common stock; reducing the number of investors willing to hold or acquire our common stock, which could negatively impact our ability to raise equity financing; limiting our ability to issue additional securities or obtain additional financing in the future; decreasing the amount of news and analyst coverage of us; and causing us reputational harm with investors, our employees, and parties conducting business with us.

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

NONE

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

NONE

ITEM 4. MINE SAFETY DISCLOSURES

NOT APPLICABLE

ITEM 5. OTHER INFORMATION

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Insider Trading Arrangements. During the quarter ended September 30, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," (each as defined in Item 408(a) of Regulation S-K under the Exchange Act).

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ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
3.1	Amended and Restated Certificate of Incorporation of Team, Inc. (filed as Exhibit 3.1 to Team, Inc.'s Current Report on Form 8-K (File No. 001-08604) filed on December 2, 2011, incorporated herein by reference).
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Team, Inc., dated October 24, 2013 (filed as Exhibit 3.2 to Team, Inc.'s Annual Report on Form 10-K (File No. 001-08604) filed on March 7, 2024, incorporated herein by reference).
3.3	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Team, Inc., dated November 28, 2022 (filed as Exhibit 3.3 to Team, Inc.'s Quarterly Report on Form 10-Q/A (File No. 001-08604) filed on November 8, 2023, incorporated herein by reference).
3.4	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Team, Inc. (filed as Exhibit 3.1 to Team, Inc.'s Current Report on Form 8-K (File No. 001-08604) filed on December 22, 2022, incorporated by reference herein).
3.5	Amended and Restated Bylaws of Team, Inc. (filed as Exhibit 3.3 to Team, Inc.'s Annual Report on Form 10-K for year ended December 31, 2017 (File No. 001-08604), incorporated herein by reference).
3.6	Certificate of Designations of Series A Preferred Stock of Team, Inc., as filed with the Secretary of State of the State of Delaware on February 2, 2022 (filed as Exhibit 3.1 to Team, Inc.'s Current Report on Form 8-K (File No. 001-08604) filed on February 2, 2022, incorporated by reference herein).
10.1*	Amendment No. 2 to Amended and Restated Term Loan Credit Agreement, dated as of September 30, 2024, by and among Team, Inc., as Borrower, the lenders party thereto, the guarantors party thereto and Cantor Fitzgerald Securities, as Agent (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K (File No. 001-08604) filed on October 1, 2024, incorporated by reference herein).
10.2*	Amendment No. 5 to Credit Agreement, dated as of September 30, 2024, among Team, Inc., as Borrower, the lenders from time to time party thereto, the guarantors party thereto and Eclipse Business Capital LLC, as Agent (filed as Exhibit 10.2 to Team, Inc.'s Current Report on Form 8-K (File No. 001-08604) filed on October 1, 2024, incorporated by reference herein).
10.3*	Amended and Restated Substitute Insurance Reimbursement Facility Agreement, dated as of September 16, 2024, by and between 1970 Group, Inc. and Team, Inc.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certification of Chief Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3	Certification of Chief Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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*Certain schedules and similar attachments have been omitted in reliance on Item 601(a)(5) of Regulation S-K. The Company will provide, on a supplemental basis, a copy of any omitted schedule or attachment to the SEC or its staff upon request.

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 thereto duly authorized.

TEAM, INC.
(Registrant)

Date: November 12, 2024

/s/ Keith D. Tucker

Keith D. Tucker
Chief Executive Officer
(Principal Executive Officer)

/s/ Nelson M. Haight

Nelson M. Haight
Chief Financial Officer
(Principal Financial Officer)

/s/ Matthew E. Acosta

Matthew E. Acosta
Vice President, Chief Accounting Officer
(Principal Accounting Officer)

**AMENDED AND RESTATED SUBSTITUTE
INSURANCE REIMBURSEMENT FACILITY AGREEMENT**

This Amended and Restated Substitute Insurance Reimbursement Facility Agreement (the “Agreement”) is entered into and effective as of September 16, 2024 (the “Effective Date”) by and between 1970 Group, Inc. (the “Company”), a Delaware corporation, and TEAM, INC. (the “Customer”), a Delaware corporation, (Company and Customer are individually referred to herein as a “Party” and collectively, as the “Parties”). Additional definitions used in this Agreement are set forth in Schedule B.

RECITALS

I. Customer and Company entered into that certain Substitute Insurance Reimbursement Facility Agreement effective as of September 29, 2022 (as amended prior to the date hereof, (the “Original Agreement”), pursuant to which the Company provided a substitute insurance reimbursement facility to Customer on the terms set forth therein and obtained letters of credit (the “Original Letter of Credit”) for Customer from an NAIC approved financial institution as collateral for Customer’s workers’ compensation, commercial automotive and/or general liability insurance policies;

II. As a condition to the Company renewing the Original Letter of Credit for Customer, Customer and the Company desire to amend and restate the Original Agreement in its entirety as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby amend and restate the Original Agreement in its entirety as follows:

ARTICLE 1

THE SUBSTITUTE INSURANCE REIMBURSEMENT FACILITY

Section 1.1 Extension of The Substitute Insurance Reimbursement Facility

(a) Upon the execution of this Agreement, and subject to the terms and conditions hereof, Company shall provide to Customer and any domestic Subsidiaries or Affiliates of Customer a substitute insurance reimbursement facility pursuant to which the Company will arrange for the issuance of letters of credit from an NAIC-approved financial institution designated by the Company (each a “Letter of Credit”) as set forth in Schedule A (the “Substitute Insurance Reimbursement Facility”) to enable Customer to provide credit support under Customer’s (or its Subsidiaries’) workers’ compensation, commercial automotive and general liability insurance policies identified in Schedule A (the “Policies”). In the event that (i) the Company receives notice that a Letter of Credit beneficiary intends to make a draw under such Letter of Credit (a “Draw”) due to nonpayment of any obligation under the Policies that

continues to be unpaid, (ii) any such Draw is actually made under such Letter of Credit, or (iii) the Company makes any payment under the Policy on Customer's behalf as contemplated by Section 1.1(b) hereof (each event described in the foregoing (i), (ii) and (iii), a "Funding Event"), it is understood and agreed that such Funding Event shall constitute an advance by Company to Customer in a principal amount equal to the amount of such Draw and Customer shall promptly (but not later than three (3) Business Days after the Company notifies Customer of such Funding Event (the "Repayment Deadline") pay to the Company an amount equal to the entire face value of the Letter of Credit *minus* the amount of any Reserve Remittance (as hereinafter defined) then remaining in the Escrow Account (as defined below) by wire transfer of immediately available funds to an account designated by the Company. Commencing on the first day after the Repayment Deadline, the unpaid amount thereof shall bear interest at a *per annum* rate equal to the Default Rate until paid in full.

(b) In the event that Customer is delinquent in making payments required to be made under any Policy as and when due thereunder, Customer hereby authorizes the Company to make such payments on Customer's behalf to the relevant party under such Policy.

Section 1.2 Fees and Payment Thereof. As consideration for Company's extension of the Substitute Insurance Reimbursement Facility and any advances thereunder made to Customer by Company for the period commencing on the date of this Agreement through and including the latest expiration date of all Letters of Credit issued pursuant to the terms of this Agreement (the "Term"), Customer shall pay to Company the fee set forth in Schedule A (the "Effective Date Fee"). The Effective Date Fee shall be deemed approved and earned in full upon the issuance of the Letters of Credit on the Effective Date, and Customer agrees to pay the Effective Date Fee as provided in Schedule A on the Effective Date in lawful money of the United States of America by wire transfer in immediately available funds to Company as directed by Company and as set forth in Schedule A. Notwithstanding the foregoing, the parties hereto agree that if a Letter of Credit is reduced or terminated prior to the stated expiration of such Letter of Credit, the parties will negotiate, in good faith, a credit and/or reimbursement for any fully paid Effective Date Fee applicable to such Letter of Credit.

Section 1.3 Reserved.

Section 1.4 Term and Termination. In the event that a Letter of Credit issued hereunder is renewed upon its expiration, this Agreement, the Term, the Substitute Insurance Collateral Facility, and any and all loans or other financial accommodations made in association therewith shall automatically extend for the duration of such renewed Letter of Credit. Such renewals shall occur on an annual basis provided there has not been an Event of Default and only upon Company's receipt from Customer of (a) payment of the fee (and any related increase in the Reserve Remittance amount determined by the Company) as communicated in writing from Company to Customer (collectively, the "Extension Fee"), (b) confirmation that there have been no changes to the existing Letter of Credit or Policies associated therewith, and (c) confirmation that Customer's Policies associated with the Letter of Credit continue to be in full force and effect. No such renewal shall occur or be required unless the Company sends Customer a written invoice confirming the renewal and the amount of the Extension Fee. Should Customer not wish to automatically extend in accordance with the terms and conditions hereof, Customer shall provide Company with written notice of Customer's intention to allow the Substitute Collateral

Security Facility to terminate at least seventy-five (75) days prior to the expiration of the Term. Company may terminate this Agreement and the Substitute Insurance Collateral Facility and any and all loans or other financial accommodations made in association therewith immediately upon the occurrence of an Event of Default (defined below).

Section 1.5 Reserve/Escrow Remittance. On the Effective Date, Customer

shall remit a total of \$1,173,667 (the "Reserve Remittance") to be funded in three payments in the amount of \$391,222 each, with the first payment to be made on the Effective Date, the second payment to be made on a date thirty (30) days following the Effective Date and the final payment to be made on a date sixty (60) days from the Effective Date, all in immediately available funds to the account designated by Company (the "Escrow Account") in order to provide security to Company in the event of an Event of Default or a Funding Event (including, for the avoidance of doubt, as a result of Customer's failure to pay any amount required to be paid to Company herein when and as due, in each case in accordance with the terms and conditions set forth in the escrow agreement, dated as of the date hereof, among Company, Customer and Wilmington Trust, as the escrow agent (as in effect from time to time, the "Escrow Agreement"). Failure to remit the total amount of the Reserve Remittance, or any portion thereof, in accordance with this Section 1.5 shall constitute an Event of Default hereunder. The amount of the Reserve Remittance shall be subject to increase at the time of renewal, or at such time of any requested incremental increase of any Letter of Credit, in an amount determined by the Company in a manner consistent with the underwriting standards utilized by the Company in determining the initial amount of the Reserve Remittance (such standards, the "Underwriting Standards").

ARTICLE 2

CUSTOMER'S AFFIRMATIVE COVENANTS

Section 2.1 Affirmative Covenants. During the Term of this Agreement, Customer shall:

(a) Insurance. Except as any Policy may be terminated or cancelled as accompanied by the return of any associated Letter of Credit undrawn to the applicable issuer, Customer (or its Subsidiary, as applicable) shall keep the Policies in full force and effect and in such amounts, with such deductibles, under such Policies and in such forms and with such amounts and deductibles and covering risks as are customarily carried by companies engaged in similar businesses in similar locations as the Customer (or its Subsidiary, as applicable) and shall remit full payment to its insurance carrier for all sums due to maintain the Policies in full force and effect, together with all self-insured deductible/premium costs, brokerage fees, and any other costs or charges related to the Policies. Additionally, Customer (or its Subsidiary, as applicable) shall maintain, at its expense, such insurance sufficient for the compliance in all material respects by Customer (or its Subsidiary, as applicable) with all governmental or contractual workers' compensation requirements in such amounts, with such deductibles, under such policies and in such forms as is customary for Persons engaged in businesses similar to that of Customer (or its

Subsidiary, as applicable) in similar locations. It is agreed that the Policies maintained by the Customer (or its Subsidiary, as applicable) as of the date hereof satisfies this Section 2.1(a).

(b) Corporate Existence and Maintenance of Properties. Customer shall maintain and preserve (i) its existence and good standing in the jurisdiction of its organization and (ii) its qualification to do business and good standing in each jurisdiction where the nature of its business makes such qualification necessary (other than such jurisdictions in which the failure to be so qualified or in good standing could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect). Customer and each Subsidiary for which a Letter of Credit is issued shall maintain or cause to be maintained in good repair, working order and condition, ordinary wear and tear, casualty and condemnation excepted, all material properties necessary in the business of Customer (or such Subsidiary) and from time to time will make or cause to be made all appropriate repairs, renewals and replacements deemed necessary in Customer's reasonable business judgment, thereof, in each case except to the extent failure to so maintain could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(c) Non-Circumvention. Customer hereby covenants and agrees that Customer will not, by amendment of its articles or certificate of incorporation, bylaws, or other governing documents, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, except as specifically permitted herein or in any other Transaction Document, avoid or seek to avoid the observance or performance of any of the terms of this Agreement or the other Transaction Documents, and will at all times in good faith carry out all of the provisions of this Agreement and the other Transaction Documents and take all action as may be reasonably required hereunder to protect the rights of Company.

(d) [Reserved].

(e) [Reserved].

(f) Conduct of Business; Compliance With Laws. Customer and each Subsidiary for which a Letter of Credit is issued shall not engage in any material line of business other than the businesses engaged in on the Effective Date and businesses incidental thereto or similar, corollary, related, ancillary, incidental or complementary thereto. Customer shall, and shall cause its Subsidiaries to, (i) comply with all federal, state, foreign and other applicable securities laws, and (ii) comply in with all requirements of all other applicable laws, rules, regulations, and orders of any Governmental Authority except, in each case, where such violations could not reasonably be expected to result in a Material Adverse Effect.

(g) Books and Records. Customer shall, upon reasonable notice (except during the continuance of an Event of Default when notice shall not be required), subject to reasonable safety and security procedures, permit Company (or any of its respective designated representatives) to examine the books of account of Customer (and to make copies thereof and extracts therefrom) in connection with any insurance claims in respect of the Policies and to obtain a financial status update.

(h) Further Assurances. Customer will, at its expense, promptly execute, acknowledge, and deliver such further documents and do such other acts and things as Company may reasonably request and as are necessary in order to effect fully the purposes of the Transaction Documents.

Section 2.2 Deliveries. Customer shall deliver the following to Company:

(a) Quarterly Financial Statements. Within forty-five (45) days after the end of each fiscal quarter, the consolidated unaudited balance sheets of Customer and its Subsidiaries as of the end of such month and the related unaudited consolidated statements of operations, members' equity and cash flows of Customer and its Subsidiaries for such month and for the period from the beginning of the then-current fiscal quarter to the end of such month, all in reasonable detail, and certified by an officer of Customer as being true and correct in all material respects and fairly presenting in accordance with GAAP in all material respects, the financial position and results of operations of Customer and its Subsidiaries, subject to normal year-end adjustments and absence of footnote disclosure.

(b) Annual Financial Statements. Within one-hundred and twenty (120) days after the end of each fiscal year, commencing with the fiscal year ending 2024, (i) the audited consolidated balance sheets of Customer and its Subsidiaries as of the end of such fiscal year and the related audited consolidated of operations, members' equity and cash flows of Customer and its Subsidiaries for such fiscal year, in reasonable detail and certified by an executive officer of Customer as being true and correct and fairly presenting in all material respects in accordance with GAAP in all material respects, the financial position and results of operations of Customer and its Subsidiaries, and with respect to such audited financial statements, certified without qualification as to scope by an independent accounting firm reasonably acceptable to Company (it being agreed any nationally or regionally recognized independent accounting firm is acceptable) and (ii) a comparative of such figures to the corresponding figures for the previous fiscal year.

(c) Insurance Report. Within 30 days of Customer's (or its applicable Subsidiaries') receipt of any claims/losses report from the insurance company for the Policies. Without limiting the foregoing, Customer shall provide, or instruct the third party administrator or similar service provider (as the case may be, the "Claims Administrator") acting under the Policies to provide, to the Company a quarterly claims/loss report no later than 15 days after the end of each quarter together with a notification of any shortfall in Customer's escrow funds related to such Policies. Customer shall notify, or direct the Claims Administrator to notify, the Company in writing promptly (but no later than five days) after the balance of any such escrow funds is less than 60% of the amount required to be held in reserve under the Policies (any such event, a "Reserve Shortfall").

(d) Compliance Certificate. On the dates that the financial statements under the previous sections of this Section are delivered, a duly completed certificate, with appropriate insertions, dated the date of the applicable financial statements, and signed on behalf of Customer by an executive officer of Customer, to the effect that such officer has not become

aware of any Event of Default or Default that has occurred and is continuing or, if there is any such Event of Default or Default, describing it and the steps, if any, being taken to cure it.

Documents required to be delivered pursuant to Section 2.2(a) and Section 2.2(b) (to the extent any such documents are included in materials otherwise filed with the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions or available on the Customer's website) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Customer posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address: <https://www.teaminc.com>; or (ii) on which such documents are posted on the Customer's behalf on an Internet or intranet website, if any, to which the Company has access (whether a commercial, third-party website or whether sponsored by the Company); provided that the Customer shall notify (by fax or e-mail transmission) the Company of the posting of any such documents and provide to the Company by e-mail electronic versions (i.e., soft copies) of such documents. The Company shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Customer with any such request for delivery, and the Company shall be solely responsible for requesting delivery to it or maintaining its copies of such documents. The Company shall agree as to procedures governing the distribution of the documents and information delivered to the Company pursuant to this Section 2.2.

Section 2.3 Notices. Customer agrees to deliver the following to Company:

(a) **[Reserved].**

(b) **Notice of Default.** Promptly upon any officer of Customer obtaining Knowledge (i) of any condition or event that constitutes a an Event of Default (or event or circumstance that, with the passage of time, the giving of notice, or both, would become an Event of Default); or (ii) the occurrence of any event or change that has caused or evidences, either in any case or in the aggregate, a Material Adverse Effect, a certificate of an officer specifying the nature and period of existence of such condition, event or change, or specifying the notice given and action taken by any such Person and the nature of such claimed Event of Default (or event or circumstance that, with the passage of time, the giving of notice, or both, would become an Event of Default), event or condition, and the action(s) Customer has taken, is taking and proposes to take with respect thereto.

(c) **Notice of Litigation.** Promptly upon any officer of Customer obtaining Knowledge of the institution of, or non-frivolous threat of, any adverse Proceeding (as defined below) not previously disclosed in writing by Customer to Company that has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) **[Reserved].**

(e) **Event of Loss; Material Adverse Effect.** Promptly (and in any event within five (5) Business Days) notice of (i) any claim with respect to any Policy against Customer that could reasonably be expected to have a Material Adverse Effect or (ii) any event

which, with or without the passage of time, could reasonably be expected to constitute Material Adverse Effect.

ARTICLE 3

EVENTS OF DEFAULT AND RIGHTS UPON EVENT OF DEFAULT

Section 3.1 Event of Default. Each of the following events shall constitute an Event of Default:

(a) Customer's failure to (i) pay any amount required to be paid to Company hereunder (including any amount required to be funded to the Escrow Account) when and as due, or (ii) maintain (or cause to be maintained) the Policies and make payments thereon in accordance with Section 2.1(a);

(b) Except as set forth in Section 3.1(a), Customer's breach of or noncompliance with any of the other terms and conditions of this Agreement, or any other Transaction Document, if such breach shall remain unremedied for ten (10) Business Days after written notice by the Company to the Customer;

(c) the occurrence of any Reserve Shortfall that is not remedied within thirty (30) days after its occurrence by the Customer funding all amounts necessary to eliminate such shortfall under the terms of the relevant Policy or Policies;

(d) **[Reserved];**

(e) **[Reserved];**

(f) If (i) Customer, pursuant to or within the meaning of Title 11, U.S. Code, or any similar federal, foreign or state law for the relief of debtors (collectively, "Bankruptcy Law"), (A) commences a voluntary case, (B) consents to the entry of an order for relief against it in an involuntary case, or to the conversion of an involuntary case to a voluntary case, (C) consents to the appointment of or taking of possession by a receiver, trustee, assignee, liquidator or similar official (a "Custodian") for all or a substantial part of its property or (D) makes a general assignment for the benefit of its creditors; or (ii) the board of directors (or similar governing body) of Customer (or any committee thereof) adopts any resolution or otherwise authorizes any action to approve any of the actions referred to herein;

(g) A court of competent jurisdiction (i) enters an order or decree under any Bankruptcy Law, which order or decree (A) (1) is not stayed or (2) is not rescinded, vacated, overturned, or otherwise withdrawn within thirty (30) days after the entry thereof, and (B) is for relief against Customer in an involuntary case, or (ii) appoints a Custodian over all or a

substantially all of the property of Customer and such appointment continues for thirty (30) days, (iii) orders the liquidation of Customer, which order or decree (A) (1) is not stayed or (2) is not rescinded, vacated, overturned, or otherwise withdrawn within sixty (60) days after the entry thereof;

(h) any representation or warranty made by Customer herein or in any other Transaction Document shall prove to have been incorrect in any material respect when made or deemed made (unless any such representation or warranty is qualified as to materiality or Material Adverse Effect, in which case such representation and warranty shall prove to have been incorrect in any respect);

(i) [Reserved]; or

(j) the validity or enforceability of any Transaction Document shall be contested by Customer, or a proceeding shall be commenced by Customer, seeking to establish the invalidity or unenforceability thereof, or Customer shall deny that it has any liability or obligation purported to be created under any Transaction Document.

Section 3.2 Remedies In The Event of A Default

(a) At any time during the existence of an Event of Default which has not been cured or waived by the Company, Company may

(i) require Customer to provide cash collateral to a deposit account designated by the Company in the undrawn amount of any outstanding Letter of Credit(s), which deposit account shall be in the name of and under control of the Company, which may be a "securities account" (as defined in Section 8-501 of the Uniform Commercial Code as in effect in New York (the "NY UCC")), in the name and under the sole dominion and control of the Company (and, in the case of a securities account, in respect of which the Company is the "entitlement holder" (as defined in Section 8-102(a)(7) of the NY UCC)). Customer hereby pledges any such account and all amounts credited thereto from time to time to the Company as collateral security for the prompt payment in full of all amounts due hereunder, including the amount of any Draw (such obligations being herein collectively called the "Secured Obligations"). The balances from time to time in any such account shall not constitute payment of any Secured Obligations until applied by the Company to reimburse it for amounts owed hereunder. Amounts on deposit in the Collateral Account shall be invested and reinvested by the Company in such short-term investments as the Company shall determine in its sole discretion. All such investments and reinvestments shall be held in the name and be under the sole dominion and control of the Company. The Company may liquidate any such investments and reinvestments and credit the proceeds thereof to such account and apply or cause to be applied such proceeds and any other balances in the account to the payment of any of the Secured Obligations due and payable. When all of the Secured Obligations shall have been paid in full and all Letters of Credit have expired or been terminated, the Company shall deliver to Customer, against receipt but without any recourse, warranty or representation whatsoever, the balances remaining in such account; or

(ii) declare all other outstanding obligations (including the outstanding Draws on the Substitute Insurance Reimbursement Facility, plus accrued and unpaid interest thereon at the Default Rate) immediately due and payable by delivering written notice thereof to Customer in which case Customer shall deliver and pay any and all amounts specified in such notice to Company within five (5) Business Days after receipt of such notice.

Section 3.3 Other Remedies. Without limiting other remedies available to Company by law and this Agreement, during the continuance of an Event of Default which has not been cured or waived by the Company in writing, (a) Company is and shall be hereby fully and irrevocably, without the requirement for any other written agreement from any person or party and without recourse, representation, warranty or other assurance of any kind, subrogated to all the rights and remedies of Customer under the Policies, as against the insurer and as against any collateral securing the policy obligations and (b) Company may, and is hereby authorized to, act in its own name, in the name of Customer in any and all matters pertaining to the Policies, including, without limitation, to sue, compromise, or settle in Customer's name, or otherwise endorse or execute all such claims in the name of Customer, with the same force and effect as if Customer executed or endorsed them. Customer confirms its obligations under the Policies to execute and deliver all instruments and papers and do whatever else is necessary to secure such rights for the Company and, without limiting the foregoing, agrees that it will promptly, following its receipt of a written request by Company, and at Customer's sole cost and expense, from time to time execute and deliver all such agreements and other documents and take all such other actions provide such information as shall be necessary or reasonably requested in order for Company to exercise the rights, powers and remedies to which it is subrogated hereunder.

The remedies provided herein shall be cumulative and in addition to all other remedies available under any of the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief). Amounts set forth or provided for herein with respect to payments and the like (and the computation thereof) shall be the amounts to be received by Company and shall not, except as expressly provided herein, be subject to any other obligation of Customer (or the performance thereof).

ARTICLE 4

CONDITIONS TO COMPANY'S OBLIGATIONS

Section 4.1 Conditions to Closing. The occurrence of the Effective Date is subject to the satisfaction of the following:

(a) Customer shall have executed and delivered to Company:

(i) this Agreement;

(ii) a certificate evidencing Customer's formation and good standing in its jurisdiction of formation issued by the Secretary of State (or comparable office) of such jurisdiction, dated no earlier than thirty days prior to the Effective Date;

(iii) a certified copy of Customer's certificate or articles of incorporation or formation, as certified by the Secretary of State of its jurisdiction of formation (or comparable office), dated no earlier than thirty days prior to the Effective Date;

(iv) all governmental and regulatory consents and approvals, if any, necessary for the making of the Substitute Insurance Reimbursement Facility and the incurrence by Customer of the related debt, and the execution, delivery, and performance by Customer of the transaction documents related thereto;

(v) a certificate from an executive officer of Customer in form and substance reasonably satisfactory to Company, supporting the conclusions that, after giving effect to the transactions contemplated herein, Customer is Solvent;

(vi) certificates from Customer's insurance broker or other evidence reasonably satisfactory to Company that all insurance required to be maintained pursuant to this Agreement is in full force and effect; and

(vii) audited consolidated financial statements of Customer and its Subsidiaries as of, and for the twelve months ended December 31, 2023, which financial statements shall be certified by an officer of Customer as being true and correct and fairly presenting in all material respects in accordance with GAAP in all material respects the financial position and results of operations of Customer; provided that this condition shall be deemed to be satisfied by delivery of the Customer's 10-K filing dated as of March 16, 2024.

(b) The representations and warranties of Customer herein shall be true and correct in all material respects as of the date when made and as of the Closing Date (which shall be the Effective Date) as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date), and Customer shall have performed, satisfied and complied in all respects with the covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by Customer at or prior to the Closing Date. Company shall have received certificates, executed by an executive officer of Customer, dated the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by Company.

(c) No Default or Event of Default shall have occurred and be continuing or would result from the making of the Substitute Insurance Reimbursement Facility on the Closing Date.

ARTICLE 5

CUSTOMER'S REPRESENTATIONS AND WARRANTIES

Section 5.1 Customer's Representations and Warranties. As an inducement to Company to enter into this Agreement and to provide the Substitute Insurance Reimbursement Facility and to consummate the transactions contemplated hereby, Customer represents and

warrants to Company that each and all of the following representations and warranties are true and correct as of the date of the Effective Date.

(a) Organization and Qualification. Customer is duly incorporated or organized and validly existing in good standing under the laws of the jurisdiction in which it is formed or incorporated and has the requisite organizational power and authorization to own its properties, carry on its business as now being conducted, enter into the Transaction Documents to which it is a party and carry out the transactions contemplated thereby. Customer is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing could not reasonably be expected to have a Material Adverse Effect.

(b) Authorization; Enforcement; Validity. Customer has the requisite power and authority to enter into and perform its obligations under this Agreement, and each of the other agreements, documents and certificates entered into by the Customer in connection with the transactions contemplated by this Agreement (collectively, the "Transaction Documents"). The execution and delivery of the Transaction Documents by Customer has been duly authorized by Customer's board of directors (or other governing body) and the consummation by Customer of the transactions contemplated hereby and thereby have been duly authorized by Customer's board of directors (or other governing body), and no further filing, consent, or authorization is required by Customer, its board of directors (or other governing body) or its members. This Agreement and the other Transaction Documents have been duly executed and delivered by Customer, and constitute the legal, valid and binding obligation of Customer, enforceable against Customer in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(c) No Conflicts. Except to the extent such violation could not reasonably be expected to result in a Material Adverse Effect (in the cases of clauses (ii) and (iii)), the execution, delivery and performance of the Transaction Documents by Customer and the consummation by Customer of the transactions contemplated hereby and thereby will not (i) result in a violation of Customer's certificate or articles of incorporation or bylaws (or other governing document), or the terms of any capital stock or other equity interests of Customer; (ii) conflict with, or constitute a breach or default (or an event which, with notice or lapse of time or both, would become a breach or default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any Policy or other material contract of Customer; or (iii) result in a violation of any law, rule, regulation, order, judgment or decree applicable to Customer or by which any property or asset of Customer is bound.

(d) Consents. Customer is not required to obtain any consent, authorization, approval, order, license, franchise, permit, certificate, or accreditation of, or make any filing or registration with, any Governmental Authority in order for Customer to execute, deliver or perform any of its obligations under or contemplated by the Transaction Documents, in each case in accordance with the terms hereof or thereof other in respect of any consent, authorization, approval, order, license, franchise, permit, certificate, or accreditation of the failure to obtain

could not reasonably be expected to result in a Material Adverse Effect. Other than in respect of any consent, authorization, approval, order, license, franchise, permit, certificate, or accreditation of the failure to obtain could not reasonably be expected to result in a Material Adverse Effect, all such consents, authorizations, approvals, orders, licenses, franchises, permits, certificates or accreditations of, or filings and registrations with, any Governmental Authority which Customer is required to make or obtain pursuant to the preceding sentence has been obtained or effected on or prior to the Closing Date, and Customer is unaware of any facts or circumstances which might result in the revocation of any of the registrations, applications or filings pursuant to the preceding sentence.

(e) Off-Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between Customer and an unconsolidated or other off-balance sheet entity that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(f) Solvency. Customer is Solvent and will not be rendered otherwise as a result of the transaction contemplated in this Agreement.

(g) Absence of Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency (including, without limitation, the SEC, self-regulatory organization or other governmental body) (in each case, a "Proceeding") pending or, to the Knowledge of Customer, threatened in writing against Customer, or Customer's Subsidiaries or any officers or directors which (a) could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, or (b) questions the validity of this Agreement or any of the other Transaction Documents or any of the transactions contemplated hereby or thereby or any action taken or to be taken pursuant hereto or thereto.

(h) No Undisclosed Events, Liabilities, Developments or Circumstances. Since December 31, 2021, no event, liability, development, or circumstance has occurred with respect to Customer or its business, properties, results of operations, or financial condition, that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(i) Placement Agent's Fees. Customer has not engaged any placement agent, broker, or other agent in connection with the transactions contemplated by this Agreement. Company shall not be responsible for the payment of the fees of any placement agent, broker, or other agent in connection with the transactions contemplated by this Agreement.

(j) Tax Status. Customer (a) has made or filed all United States federal and other material income tax returns required by it, except prior to the Closing Date where any failure to do so did not result in any material penalties to Customer, and (b) has paid all United States federal and other material taxes shown or determined to be due on such returns, reports and declarations, except (i) taxes not exceeding \$100,000 in the aggregate at any time delinquent for a period of more than thirty (30) days and (ii) those being contested in good faith and for which adequate reserves in accordance with GAAP for the payment shall have been set aside on its books.

(k) Conduct of Business; Compliance with Laws; Regulatory Permits. Customer is not in material violation of any judgment, decree or order or any statute, ordinance, rule, or regulation applicable to Customer, except as could not reasonably be expected to result in a Material Adverse Effect. Customer possesses all material consents, authorizations, approvals, orders, licenses, franchises, permits, certificates, accreditations and permits and all other appropriate regulatory authorizations (collectively, "Permits") necessary to conduct its business, except as could not reasonably be expected to result in a Material Adverse Effect. Customer has not received any notice of proceedings relating to the revocation or modification of any material Permit.

(l) Foreign Corrupt Practices. Customer has not received any communication (including any oral communication) from any Governmental Authority alleging that it is not in compliance with, or may be subject to liability under, any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended.

(m) Financial Statements. The consolidated financial statements of Customer and its Subsidiaries as of and for the fiscal year ended in 2023 have been prepared in accordance with GAAP, consistently applied, during the periods involved (except (a) as may be otherwise indicated in such financial statements or the notes thereto, or (b) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the consolidated financial position of Customer and its Subsidiaries as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to year-end audit adjustments).

(n) Acknowledgment Regarding Company's Activity. Customer acknowledges and agrees that Company is acting solely at arm's length with Customer with respect to the Transaction Documents and the transactions contemplated hereby and thereby and that Company is not (a) an officer or director of Customer, (b) an Affiliate of Customer or (c) to the Knowledge of Customer, a "beneficial owner" (as defined for purposes of Rule 13d-3 of the Securities Exchange Act of 1934) of any capital stock of Customer. Customer further acknowledges that Company is not acting as a financial, tax or legal advisor or fiduciary of Customer (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby, and any advice given by Company or any of its representatives or agents in connection with the Transaction Documents and the transactions contemplated hereby and thereby is merely incidental to Company's making of the Substitute Insurance Reimbursement Facility. Customer further represents to Company that Customer's decision to enter into the Transaction Documents to which it is a party has been based solely on the independent evaluation by Customer and its representatives.

- (o) [Reserved].**
- (p) [Reserved].**

(q) Disclosure. Notwithstanding any other provision of this Agreement, all written disclosures (other than projected financial information, estimates, forward-looking information, budgets, *pro formas*, and general industry and economic information) provided to Company by Customer or its Subsidiaries regarding them, their businesses and properties, and the transactions contemplated hereby, including the Schedules to this Agreement, furnished by or on behalf of Customer to Company, are (taken as a whole and as supplemented) true and correct in all material respects and do not (taken as a whole and as supplemented) contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, taken as a whole (and as modified or supplemented by other information so furnished) and in the light of the circumstances under which they were made, not materially misleading. Notwithstanding the foregoing, with respect to *pro formas*, projections, budgets and other projected financial information, Customer represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time such information was prepared and Company acknowledges that the projections, budgets, and other projected financial information delivered by Customer hereunder are not factual representations and that the actual financial results of Customer and its Subsidiaries may differ materially from the projections, budgets and other projected financial information submitted from time to time and such projections, budgets or other projected financial information are not a guarantee of performance.

(r) Patriot Act. To the extent applicable, Customer is in compliance, in all material respects, with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

(s) Material Contracts. Schedule 5.1(s) contains a true, correct, and complete list of all the material contracts of Customer as of the Effective Date, to the extent such material contracts are not publicly available. As of the Effective Date, except as disclosed on Schedule 5.1(s), where applicable, Customer is not in material default under any material contract, and to the Knowledge of Customer, no other party to any material contract is in material default with respect thereto.

ARTICLE 6

MISCELLANEOUS

Section 6.1 Payment of Expenses. Customer and Company shall be responsible for all legal fees incurred by them relating to and during the course of this Agreement. Notwithstanding the foregoing, Customer shall reimburse Company, within 30 days of receiving a reasonably detailed written invoice from Company therefor, for all reasonable, documented out-of-pocket costs and expenses incurred by Company in connection with the (i) collection, protection or enforcement of any rights in this Agreement; (ii) collection of any Obligations; (iii) administration and enforcement of Company's rights under this Agreement or any other Transaction Document; (iv) any refinancing or restructuring of the Substitute Insurance Reimbursement Facility, whether in the nature of a "work-out," in any insolvency or bankruptcy proceeding or otherwise, and whether or not consummated; if (a) the Agreement is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal

proceeding or Company otherwise takes action to collect amounts due under the Agreement or to enforce the provisions of the Agreement or (b) there occurs any bankruptcy, reorganization, receivership of any Customer or other proceedings affecting creditors' rights and involving a claim under the Agreement, then Customer shall pay the reasonable and documented out-of-pocket costs incurred by Company for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, but not limited to, reasonable external attorneys' fees and disbursements (including such fees and disbursements related to seeking relief from any stay, automatic or otherwise, in effect under any Bankruptcy Law); provided that it is agreed that all such reimbursable costs and expenses in respect of advisors shall be limited to the reasonable fees and expenses of one outside counsel.

Section 6.2 Governing Law; Jurisdiction; Jury Trial. All questions concerning the construction, validity, enforcement, and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the New York State or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in New York, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and to the extent permitted by applicable law, hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not Personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. To the extent permitted by applicable law, each party hereby irrevocably waives Personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTIONS CONTEMPLATED HEREBY.

Section 6.3 Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party provided, however, that a facsimile signature or a signature delivered in portable document format (.pdf) shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original, not a facsimile or electronic signature.

The words "execution," "execute", "signed," "signature," and words of like import in or related to this Agreement or any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the

Company, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 6.4 Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

Section 6.5 Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

Section 6.6 Entire Agreement; Amendments. This Agreement and the other Transaction Documents supersede all other prior oral or written agreements (including the Original Agreement) between Company, Customer, their Affiliates and Persons acting on their behalf with respect to the matters discussed herein and therein, and this Agreement, the other Transaction Documents and the instruments referenced herein and therein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither Customer nor Company makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement or any of the other Transaction Documents may be amended or waived other than by an instrument in writing signed by Customer and the Company. Without limiting the foregoing, Customer confirms that, except as set forth in this Agreement, Company has not made any commitment or promise or has any other obligation to provide any financing to Customer or otherwise.

Section 6.7 Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered Personally; (ii) upon receipt, when sent by facsimile (provided, confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or e-mail; or (iii) one Business Day after deposit with an overnight courier service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be as follows:

If to Customer: TEAM, INC.
13131 Dairy Ashford Road, Suite 600
Sugar Land, Texas 77478
Attention: André C. Bouchard, Chief Legal Officer
Telephone: 281-388-5561
Email: butch.bouchard@teaminc.com

With a copy, which shall not constitute notice, to:

Kirkland & Ellis LLP
609 Main St.
Houston, Texas 77002
Attention: Rachael L. Lichman
Telephone: +1 713 836 3381
Email: rachael.lichman@kirkland.com

If to Company: 1970 Group, Inc.
400 Madison Avenue, 18th Floor
New York, NY 10017
Attn: Stephen Roseman, C.E.O
E-mail: SR@1970Group.com

With a copy to: 1970 Group, Inc.
400 Madison Avenue, 18th Floor
New York, NY 10017
Attn: Angela Buhrk
Email: abuhrk@1970Group.com

or to such other address, facsimile number and/or e-mail address and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by an overnight courier service shall be rebuttable evidence of Personal service, receipt by facsimile or receipt from an overnight courier service in accordance with clauses (i), (ii) or (iii) above, respectively.

Section 6.8 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns. No Party shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other Party.

Section 6.9 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person. For the avoidance of doubt, nothing in this Agreement nor any other Transaction Document shall cause the Customer or any of its Subsidiaries or Affiliates to be responsible to any issuer of any Letter of Credit or its Affiliates for any payment (including any reimbursement for Draws) or fees (including fronting fees, fees for customary issuance, presentation, amendment or other processing fees and other costs and charges) or any other amount.

Section 6.10 Survival. The representations, warranties, agreements, and covenants of the Customer contained in the Transaction Documents shall survive the transactions contemplated hereby on the Closing Date.

Section 6.11 Reserved.

Section 6.12 Indemnification; Limit on Damages (a) In consideration of Company's execution and delivery of the Transaction Documents and in addition to all of Customer's other Obligations under the Transaction Documents, Customer shall defend, protect, indemnify and hold harmless Company and all of its stockholders, partners, members, officers, directors, employees and direct or indirect companies and any of the foregoing Persons' agents or other representatives (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "Indemnitees") from and against any and all actions, causes of action, suits, claims, actual losses, costs, penalties, fees, liabilities and damages, and reasonable expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable external attorneys' fees and disbursements of one counsel (the "Indemnified Liabilities"), incurred by any Indemnitee as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by Customer in this Agreement or any other Transaction Document or any other certificate, instrument or document contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of Customer contained in this Agreement or any other Transaction Document or any other certificate, instrument or document contemplated hereby or thereby, or (c) any cause of action, suit or claim brought or made against such Indemnitee by a third party (including for these purposes a derivative action brought on behalf of Customer) and arising out of or resulting from (i) the execution, delivery, performance or enforcement of this Agreement or any other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, or (ii) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the Substitute Insurance Reimbursement Facility. The foregoing indemnities shall not apply to Indemnified Liabilities incurred by any Indemnitee to the extent arising out of (i) its own (or that of its Affiliates, officers, directors, employees, or agents (including legal counsel)) bad faith, gross negligence, or willful misconduct, (ii) the breach of an obligation owing to Customer by such Indemnitee (or its Affiliates, officers, directors, employees, or agents (including legal counsel)) or (iii) a dispute among Indemnitees. Absent a conflict of interest, all Indemnitees shall use a single counsel to represent the group with respect to any particular claim. To the extent that the foregoing undertakings by Customer may be unenforceable for any reason, Customer shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

(b) Notwithstanding anything herein to the contrary, except for claims of third parties with respect to which indemnification may be sought under Section 6.12(a), neither the Customer nor the Company shall assert, and waives, to the extent permitted by applicable law, any claim against the Indemnitees or any other party hereto, and no Indemnitee shall assert, and each waives, to the extent permitted by applicable law, any claim against Customer or any other party hereto, on any theory of liability for special, indirect, consequential or punitive damages arising out of, in connection with or as a result of, this Agreement or any of the other Transaction Documents or the transactions contemplated hereby or thereby. The agreements in this Section shall survive the payment of the Substitute Insurance Reimbursement Facility and all other amounts payable hereunder and the termination of this Agreement and the other Transaction Documents.

Section 6.13 No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

Section 6.14 Waiver. No failure or delay on the part of Company in the exercise of any power, right or privilege hereunder or any of the other Transaction Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power, or privilege.

Section 6.15 Payment Set Aside; Reinstatement. To the extent that Customer makes a payment or payments to Company hereunder or pursuant to any of the other Transaction Documents or Company enforces or exercises its rights hereunder or thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to Customer, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, foreign, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

Section 6.16 Confidentiality. Company agrees to maintain as confidential all information provided to it by Customer, except that Company may disclose such information: (a) to Persons employed or engaged by Company in evaluating, approving, structuring or administering the Substitute Insurance Reimbursement Facility (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential); (b) as required or requested by any Governmental Authority or advised by counsel reasonably required with a public filing requirement, or any insurance industry association, or as compelled by any court decree, subpoena or legal or administrative order or process (*provided*, that in each case, to the extent permitted by applicable law, Company will give Customer prompt notice thereof); (c) as is required by law or by any subpoena or similar legal process; (*provided*, that in each case, to the extent permitted by applicable law, Company will give Customer prompt notice thereof); (d) to any nationally recognized rating agency that requires access to information about Company's Substitute Insurance Reimbursement Facility portfolio in connection with ratings issued with respect to Company; (e) that ceases to be confidential through no fault of Company or any other Person described in clause (a) above; (f) to any other party to this Agreement; (g) to the extent reasonably necessary in connection with the exercise of any remedies under any Transaction Document or any suit, action or proceeding relating to this Agreement or the enforcement of rights under any Transaction Document; (h) subject to a written agreement of confidentiality, to any permitted assignee or prospective assignee of a Company; or (i) with the prior written consent of Customer. The terms of this Section shall survive termination of this Agreement and repayment of the Substitute Insurance Reimbursement Facility for a period of three years.

Section 6.17 Publication; Advertisement

(a) Customer will take all normal and reasonable precautions so as not to directly or indirectly publish, disclose or otherwise use in any public disclosure, advertising material, promotional material, press release or interview, any reference to the name, logo or any trademark of Company or any of its Affiliates or any reference to this Agreement or the financing evidenced hereby, in any case except (i) as required by law or the rules or policies of any securities exchange, subpoena or judicial or similar compulsory legal order; provided, that (x) in the event of any such subpoena or order, any disclosing Person shall give prompt written notice thereof and cooperate with the applicable Person which is the subject of the disclosure and (y) any disclosure made pursuant to any public filing shall, to the extent practicable and to the extent reasonably possible in order to comply with applicable law or the rules and policies of any security exchange, be made only after prior written notice, and an opportunity to comment on such disclosure, is given to Company, or (ii) with Company's prior written consent.

IN WITNESS WHEREOF, each party has caused its signature page to this Amended and Restated Substitute Insurance Reimbursement Facility Agreement to be duly executed as of the date first written above.

CUSTOMER:

TEAM, INC.

By: /s/ Nelson Haight
Name: Nelson Haight
Title: EVP & CFO

COMPANY:

1970 GROUP, INC.

By: /s/ Stephen Roseman
Name: Stephen Roseman
Title: Chief Executive Officer

SCHEDULE B

Definitions and Terms

Definitions. As used in this Agreement, the following terms have the respective meanings indicated below, such meanings to be applicable equally to both the singular and plural forms of such terms:

"Affiliate" means, with respect to a specified person, another person that directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the person specified.

"Business Day" means any day that is not a Saturday, Sunday, or other day on which commercial banks in New York City are authorized or required by law to remain closed.

"Closing Date" means the Effective Date.

"Default Rate" means a rate equal to (i) the Effective Date Fee rate reflected in Schedule A hereto plus (ii) five (5%) percent.

"Governmental Authority" means the government of the United States of America, any other nation, or any political subdivision of any of the foregoing, whether state or local, and any agency, authority, commission, instrumentality, regulatory body, court, central bank, or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Knowledge" of the Company means the actual knowledge of the Company or its senior officers.

"Material Adverse Effect" means any material adverse effect on the business, assets, results of operations, or financial condition of Customer or on the ability of Customer to fully and timely perform its material payment obligations under the Transaction Documents to which it is a party or the rights or remedies of Company thereunder.

"Obligations" means any and all obligations and liabilities with respect to the Substitute Insurance Reimbursement Facility, including without limitation all sums due hereunder as part of the Substitute Insurance Reimbursement Facility together with all interest thereon (including, but not limited to, interest calculated at the Default Rate and post-petition interest in any proceeding under any Bankruptcy Law), fees, costs, indemnification obligations, expenses and other charges and other obligations under the Transaction Documents, of Customer to Company, or to any Affiliate or Subsidiary of Company (in each case, so long as arising out of the Transaction Documents), of any and every kind and nature, howsoever created, arising or evidenced and howsoever owned, held or acquired, whether now or hereafter existing, whether now due or to become due, whether primary, secondary, direct, indirect, absolute, contingent or otherwise (including, without limitation, obligations of performance), whether several, joint or joint and several, and whether arising or existing under written or oral agreement or by operation of law.

“Person” means any natural person, corporation, limited liability company, unincorporated organization, partnership, association, joint stock company, joint venture, other entity, trust or government, or any agency or political subdivision of any government.

“Solvent” means, with respect to Customer and its Subsidiaries, on a consolidated basis, on any date of determination, that on such date (A) the fair saleable value of Customer’s assets is in excess of (i) the total amount of its liabilities (including contingent, subordinated, absolute, fixed, matured, unmatured, liquidated and unliquidated liabilities) and (ii) the amount that will be required to pay the probable liability of Customer on its debts as such debts become absolute and matured; (B) Customer has sufficient capital to conduct its business; and (C) Customer is able to meet its debts as they mature.

“Subsidiary(ies)” means, with respect to any person, each other person (other than a natural person) of which the person owns, beneficially and of record, securities or interests representing 50% or more of the aggregate ordinary voting power (without regard to the occurrence of any contingencies affecting voting power).

Terms. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any person shall be construed to include such person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any right or interest in or to assets and properties of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

I, Keith D. Tucker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Team, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Keith D. Tucker

Keith D. Tucker
Chief Executive Officer
(Principal Executive Officer)

I, Nelson M. Haight, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Team, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Nelson M. Haight

Nelson M. Haight
Chief Financial Officer
(Principal Financial Officer)

I, Matthew E. Acosta, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Team, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Matthew E. Acosta

Matthew E. Acosta
Vice President, Chief Accounting Officer
(Principal Accounting Officer)

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

In connection with the Quarterly Report of Team, Inc. (the Company) on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Keith D. Tucker, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Keith D. Tucker

Keith D. Tucker
Chief Executive Officer
(Principal Executive Officer)

November 12, 2024

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

In connection with the Quarterly Report of Team, Inc. (the Company) on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Nelson M. Haight, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Nelson M. Haight

Nelson M. Haight
Chief Financial Officer
(Principal Financial Officer)

November 12, 2024

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

In connection with the Quarterly Report of Team, Inc. (the Company) on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Matthew E. Acosta, Vice President and Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Matthew E. Acosta

Matthew E. Acosta
Vice President, Chief Accounting Officer
(Principal Accounting Officer)

November 12, 2024