REFINITIV

DELTA REPORT

10-Q

TISI - TEAM INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1064
CHANGES	203
DELETIONS	484
ADDITIONS	377

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023 March 31, 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

teama28.jpg

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 x 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 x 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	☐	Accelerated filer	☐
Non-accelerated filer	x	Smaller reporting company	x
		Emerging growth company	☐

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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 x

The Registrant had 4,368,422 4,415,201 shares of common stock, par value $0.30, outstanding as of November 7, 2023 May 10, 2024.

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PART I—FINANCIAL INFORMATION

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ITEM 1. FINANCIAL STATEMENTS

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

		September 30, 2023	**December 31, 2022**			
	March 31, 2024				**March 31, 2024**	**December 31, 2023**
ASSETS	**ASSETS**	**(unaudited)**		**ASSETS**	**(unaudited)**	
Current assets:	Current assets:					
Current assets:						
Current assets:						
Cash and cash equivalents	Cash and cash equivalents	$ 21,483	$ 58,075			
Accounts receivable, net of allowance of $5,326 and $5,262 respectively		185,800	186,689			
Cash and cash equivalents						
Cash and cash equivalents						
Accounts receivable, net of allowance of $3,625 and $3,738 respectively						
Inventory	Inventory	38,874	36,331			
Income tax receivable	Income tax receivable	1,226	779			
Prepaid expenses and other current assets						
Prepaid expenses and other current assets						
Prepaid expenses and other current assets	Prepaid expenses and other current assets	65,453	65,679			
Total current assets	Total current assets	312,836	347,553			
Property, plant and equipment, net	Property, plant and equipment, net	127,714	138,099			
Intangible assets, net	Intangible assets, net	65,816	75,407			
Operating lease right-of-use assets	Operating lease right-of-use assets	43,101	48,462			
Defined benefit pension asset	Defined benefit pension asset	3,618	398			
Other assets, net	Other assets, net	7,388	6,351			

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Deferred tax asset	Deferred tax asset	981	375	
Total assets	Total assets	$ 561,454	$ 616,645	
LIABILITIES AND EQUITY	**LIABILITIES AND EQUITY**			
Current liabilities:	Current liabilities:			
Current liabilities:				
Current liabilities:				
Current portion of long-term debt and finance lease obligations				
Current portion of long-term debt and finance lease obligations				
Current portion of long-term debt and finance lease obligations	Current portion of long-term debt and finance lease obligations	$ 5,302	$ 280,993	
Current portion of operating lease obligations	Current portion of operating lease obligations	14,517	13,823	
Accounts payable	Accounts payable	32,039	32,524	
Other accrued liabilities	Other accrued liabilities	104,750	119,267	
Income tax payable	Income tax payable	2,464	2,257	
Total current liabilities	Total current liabilities	159,072	448,864	
Long-term debt and finance lease obligations	Long-term debt and finance lease obligations	295,778	4,942	
Operating lease obligations	Operating lease obligations	32,436	38,819	
Deferred tax liabilities	Deferred tax liabilities	5,325	3,661	
Other long-term liabilities	Other long-term liabilities	4,228	2,599	
Total liabilities	Total liabilities	496,839	498,885	
Commitments and contingencies	Commitments and contingencies			Commitments and contingencies
Equity:	Equity:			
Preferred stock, 500,000 shares authorized, none issued	Preferred stock, 500,000 shares authorized, none issued	—	—	

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Common stock, par value $0.30 per share, 12,000,000 shares authorized; 4,368,422 and 4,342,909 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively		1,311	1,303
Preferred stock, 500,000 shares authorized, none issued			
Preferred stock, 500,000 shares authorized, none issued			
Common stock, par value $0.30 per share, 12,000,000 shares authorized; 4,415,201 and 4,415,147 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	457,924	457,133
Accumulated deficit	Accumulated deficit	(354,277)	(301,679)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(40,343)	(38,997)
Total equity	Total equity	64,615	117,760
Total liabilities and equity	Total liabilities and equity	$ 561,454	$ 616,645

See accompanying notes to unaudited condensed consolidated 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,	
	2023	**2022**	**2023**	**2022**
Revenues	$ 206,715	$ 218,339	$ 648,484	$ 628,917
Operating expenses	153,928	162,322	487,779	479,656
Gross margin	52,787	56,017	160,705	149,261

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Selling, general and administrative expenses	54,045	57,746	165,113	184,174
Restructuring and other related charges, net	—	—	—	16
Operating loss	(1,258)	(1,729)	(4,408)	(34,929)
Interest expense, net	(10,067)	(26,653)	(43,499)	(63,708)
Loss on debt extinguishment	(3)	—	(1,585)	—
Other income, net	266	3,227	914	9,664
Loss from continuing operations before income taxes	(11,062)	(25,155)	(48,578)	(88,973)
Provision for income taxes	(1,072)	(1,465)	(4,020)	(4,182)
Net loss from continuing operations	(12,134)	(26,620)	(52,598)	(93,155)
Discontinued operations:				
Net income from discontinued operations, net of income tax	—	3,747	—	16,268
Net loss	$ (12,134)	$ (22,873)	$ (52,598)	$ (76,887)
Basic net loss per common share:				
Loss from continuing operations	(2.78)	(6.16)	(12.07)	(22.51)
Income from discontinued operations	—	0.87	—	3.93
Total	$ (2.78)	$ (5.29)	$ (12.07)	$ (18.58)
Weighted-average number of shares outstanding:				
Basic	4,368	4,322	4,358	4,139

	Three Months Ended March 31,	
	2024	2023
Revenues	$ 199,600	$ 202,277
Operating expenses	150,869	155,275
Gross margin	48,731	47,002
Selling, general and administrative expenses	55,117	54,748
Operating loss	(6,386)	(7,746)
Interest expense, net	(12,098)	(16,741)
Other income, net	1,362	635
Loss before income taxes	(17,122)	(23,852)
Provision for income taxes	(73)	(859)
Net loss	$ (17,195)	$ (24,711)
Loss per common share:		
Basic and Diluted	$ (3.89)	$ (5.69)
Weighted-average number of shares outstanding:		
Basic and Diluted	4,415	4,344

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	$ (12,134)	$ (22,873)	$ (52,598)	$ (76,887)
Other comprehensive loss before tax:				
Foreign currency translation adjustment	(3,366)	(7,035)	(1,311)	(12,152)
Other comprehensive loss, before tax	(3,366)	(7,035)	(1,311)	(12,152)
Tax provision attributable to other comprehensive loss	11	—	(35)	—
Other comprehensive loss, net of tax	(3,355)	(7,035)	(1,346)	(12,152)
Total comprehensive loss	$ (15,489)	$ (29,908)	$ (53,944)	$ (89,039)

	Three Months Ended March 31,	
	2024	2023
Net loss	$ (17,195)	$ (24,711)
Other comprehensive income (loss) before tax:		
Foreign currency translation adjustment	(2,862)	778
Defined benefit pension plans:		
Amortization of prior service cost	8	—
Amortization of net actuarial loss	79	—
Other comprehensive income (loss), before tax	(2,775)	778
Tax provision attributable to other comprehensive income (loss)	—	(23)
Other comprehensive income (loss), net of tax	(2,775)	755
Total comprehensive loss	$ (19,970)	$ (23,956)

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Common Stock	Common Stock	Additional	Retained	Accumulated	Total
	Common Stock					

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Paid-in Capital	Earnings (Deficit)	Other Comprehensive Loss	Shareholders' Equity

Balance at December 31, 2023

Balance at December 31, 2023

Balance at December 31, 2023

		Common Stock Shares	Amount	Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total Shareholders' Equity (Deficit)
Balance at December 31, 2022		4,343	$1,303	$ 457,133	$(301,679)	$ (38,997)	$ 117,760
Net loss							
Net loss	Net loss	—	—	—	(24,711)	—	(24,711)
Net settlement of vested stock awards	Net settlement of vested stock awards	14	4	(52)	—	—	(48)
Foreign currency translation adjustment, net of tax	Foreign currency translation adjustment, net of tax	—	—	—	—	755	755
Defined benefit pension plans, net of tax							
Defined benefit pension plans, net of tax							
Defined benefit pension plans, net of tax							
Non-cash compensation	Non-cash compensation	—	—	382	—	—	382
Balance at March 31, 2023		4,357	$1,307	$ 457,463	$(326,390)	$ (38,242)	$ 94,138
Balance at March 31, 2024							
Balance at March 31, 2024							
Balance at March 31, 2024							
Balance at December 31, 2022							
Balance at December 31, 2022							
Balance at December 31, 2022							
Net loss	Net loss	—	—	—	(15,753)	—	(15,753)
Net settlement of vested stock awards	Net settlement of vested stock awards	11	4	(16)	—	—	(12)
Foreign currency translation	Foreign currency translation	—	—	—	—	1,254	1,254

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adjustment, net of tax						
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
Balance at December 31, 2021	3,122	$ 936	$ 453,247	$(375,584)	$ (26,732)	$ 51,867
Accounting pronouncement adjustment	—	—	(5,651)	3,824	—	(1,827)
Net loss	—	—	—	(32,462)	—	(32,462)
Issuance of common stock	1,190	357	9,411	—	—	9,768
Foreign currency translation adjustment, net of tax	—	—	—	—	346	346
Non-cash compensation	—	—	(624)	—	—	(624)
Net settlement of vested stock awards	—	—	2	—	—	2
Balance at March 31, 2022	4,312	$1,293	$ 456,385	$(404,222)	$ (26,386)	$ 27,070
Net loss	—	—	—	(21,552)	—	(21,552)
Issuance of common stock	10	3	(74)	—	—	(71)
Foreign currency translation adjustment, net of tax	—	—	—	—	(5,463)	(5,463)
Non-cash compensation	—	—	565	—	—	565
Balance at June 30, 2022	4,322	$1,296	$ 456,876	$(425,774)	$ (31,849)	$ 549
Net loss	—	—	—	(22,873)	—	(22,873)
Foreign currency translation adjustment, net of tax	—	—	—	—	(7,035)	(7,035)
Non-cash compensation	—	—	629	—	—	629
Balance at September 30, 2022	4,322	$1,296	$ 457,505	$(448,647)	$ (38,884)	$ (28,730)
Balance at March 31, 2023						

adjustment, net of tax
Non-cash compensation

See accompanying notes to unaudited condensed consolidated financial statements.

TEAM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS1
(in thousands)
(Unaudited)

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		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2024	2023
Cash flows from operating activities:	Cash flows from operating activities:				
Net loss	Net loss	$(52,598)	$(76,887)		
Net loss					
Net loss					
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	Depreciation and amortization	28,481	28,591		
Write-off of deferred loan costs		—	2,748		
Write-off of software cost		629	—		
Loss on debt extinguishment		1,585	—		
Depreciation and amortization					
Depreciation and amortization					
Amortization of debt issuance costs, debt discounts, and deferred financing costs	Amortization of debt issuance costs, debt discounts, and deferred financing costs	16,926	25,666		
Paid-in-kind interest	Paid-in-kind interest	10,906	15,464		
Allowance for credit losses		687	(362)		
Foreign currency (gains) losses		(776)	571		
Allowance for credit (gains) losses					
Foreign currency gains					
Deferred income taxes	Deferred income taxes	986	382		
Gain on asset disposal		(268)	(4,296)		
Loss (gain) on asset disposal					
Non-cash compensation costs	Non-cash compensation costs	859	571		

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Other, net	Other, net	(3,282)	(3,469)
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Accounts receivable	Accounts receivable	140	(31,313)
Accounts receivable			
Accounts receivable			
Inventory	Inventory	(2,513)	(3,076)
Prepaid expenses and other assets	Prepaid expenses and other assets	(5,207)	(7,048)
Accounts payable	Accounts payable	363	(6,038)
Other accrued liabilities	Other accrued liabilities	(18,763)	5,911
Income taxes	Income taxes	(224)	6,220
Net cash used in operating activities		(22,069)	(46,365)
Net cash provided by (used in) operating activities			
Cash flows from investing activities:	Cash flows from investing activities:		
Capital expenditures	Capital expenditures	(7,433)	(21,002)
Capital expenditures			
Capital expenditures			
Proceeds from disposal of assets			
Net cash used in investing activities			
Cash flows from financing activities:			
Borrowings under Revolving Credit Loans			
Borrowings under Revolving Credit Loans			
Borrowings under Revolving Credit Loans			
Payments under Revolving Credit Loans			
Proceeds from disposal of assets		414	7,165
Payments under ME/RE Loans			

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Net cash used in investing activities		(7,019)	(13,837)
Cash flows from financing activities:			
Borrowings under 2020 ABL Facility		—	10,300
Payments under 2020 ABL Facility		—	(72,300)
Borrowings under 2022 ABL Credit Facility (Revolving Credit Loans)		27,292	106,531
Payments under 2022 ABL Credit Facility (Revolving Credit Loans)		(16,293)	(11,715)
Repayment of APSC Term Loan		(37,092)	—
Repayment of Convertible Debt		(41,161)	—
Payments under ME/RE Loans			
Payments under ME/RE Loans			
Payments under Corre Incremental Term Loans			
Borrowings under ME/RE Loans		27,398	—
Payments under ME/RE Loans		(847)	—
Borrowings under Corre Incremental Term Loans		42,500	—
Borrowings under 2022 ABL Credit Facility (Delayed Draw Term Loan)		—	35,000
Payments for debt issuance costs			
Payments for debt issuance costs			
Payments for debt issuance costs	Payments for debt issuance costs	(8,446)	(13,609)
Issuance of common stock, net of issuance costs		—	9,696
Other	Other	(746)	(615)
Net cash provided by (used in) financing activities		(7,395)	63,288
Other			
Other			
Net cash used in financing activities			
Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	(109)	(1,373)
Net (decrease) increase in cash and cash equivalents		(36,592)	1,713
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	58,075	65,315

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Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	$ 21,483	$ 67,028

1 Condensed consolidated statement of cash flows for the nine months ended September 30, 2022 includes discontinued operations.

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 "Team" "the Company" are used in this report to refer to either Team, Inc., to one or more of its 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 clients 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 clients' 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: 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 client's election. In addition, we are capable of escalating with the client'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 client 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 (on-stream), 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 clients' 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 on-line valve insertion solutions, which are delivered while assets are in an operational condition, which maximizes client 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 client 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 and Others (valves, terminals and storage, and pipeline);
- Public Infrastructure (amusement parks, bridges, ports, construction (construction and building, roads, dams, amusement parks, bridges, ports, and railways); and
- Aerospace and Defense.

Reverse Stock Split. On December 21, 2022, we completed a reverse stock split of our outstanding common stock at a ratio of one-for-ten (the "Reverse Stock Split"). The Reverse Stock Split effected a proportionate reduction in our authorized shares of common stock from 120,000,000 shares to

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12,000,000 shares and reduced the number of shares of common stock outstanding from approximately 43,429,089 shares to approximately 4,342,909 shares. We have made proportionate adjustments to the number of common shares issuable upon exercise or conversion of our outstanding warrants, equity awards and convertible securities, as well as the applicable exercise prices and weighted average fair value of the equity awards. No fractional shares were issued in connection with the Reverse Stock Split.

Basis of presentation. These condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) Generally Accepted Accounting Principles ("GAAP") and the rules and regulations of the Securities and Exchange Commission. 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 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, 2022 December 31, 2023, as filed with the Securities and Exchange Commission 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, including the separate presentation and reporting of discontinued operations. 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.

Discontinued operations. On November 1, 2022, we completed the sale of Quest Integrity (the "Quest Integrity Transaction"). The criteria for reporting Quest Integrity as a discontinued operation were met during the third quarter of 2022 pursuant to that certain Equity Purchase Agreement by and between us and Baker Hughes Holdings LLC, dated as of August 14, 2022 (the "Sale Agreement"), and, as such, the prior year amounts related to Quest Integrity are presented as a discontinued operation. Unless otherwise specified, the financial information and discussion in this Quarterly Report on Form 10-Q are based on our continuing operations (IHT and MS segments) and exclude any results of our discontinued operations (Quest Integrity). Refer to *Note 2 - Discontinued Operations* for additional details.

2. DISCONTINUED OPERATIONS

On November 1, 2022, we completed the Quest Integrity Transaction with Baker Hughes for an aggregate purchase price of approximately $279.0 million, in accordance with the Sale Agreement. We used approximately $238.0 million of the net proceeds from the sale of Quest Integrity to pay down $225.0 million of our term loan debt, and to pay certain fees associated with that repayment and related accrued interest, with the remainder reserved for general corporate purposes, thereby reducing our future debt service obligations and leverage, and improving our liquidity. During the fourth quarter of 2022, we recorded total gain of $203.4 million, net of tax and working capital adjustments, on the sale of Quest Integrity. We settled the working capital adjustment in the second quarter of 2023. Quest Integrity previously represented a reportable segment. Following the completion of the Quest Integrity Transaction, we now operate in two segments, IHT and MS. Refer to *Note 1 – Description of Business and Basis of Presentation* for additional details regarding our IHT and MS operating segments.

Our condensed consolidated statements of operations for the three and nine months ended September 30, 2022 report discontinued operations separate from continuing operations. Our condensed consolidated statements of comprehensive loss and statements of shareholders' equity (deficit) for the three and nine months ended September 30, 2022, as well as statements of cash flows for the nine months ended September 30, 2022, combine continuing and discontinued operations. A summary of financial information related to our discontinued operations is presented in the tables below.

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The following table represents the reconciliation of the major line items consisting of pretax income from discontinued operations to the after-tax income from discontinued operations (in thousands):

	Three Months Ended September 30, 2022 (unaudited)	Nine Months Ended September 30, 2022 (unaudited)
Major classes of line items constituting income (loss) from discontinued operations		
Revenues	$ 29,441	$ 88,704
Operating expenses	(12,052)	(39,508)
Selling, general and administrative expenses	(8,832)	(26,422)
Interest expense, net	(78)	(108)
Other expense	(2,675)	(4,934)
Income from discontinued operations before income taxes	5,804	17,732
Provision for income taxes	(2,057)	(1,464)
Net income from discontinued operations	**$ 3,747**	**$ 16,268**

The following table presents the depreciation and amortization and capital expenditures of Quest Integrity (in thousands):

	Nine Months Ended September 30, 2022 (unaudited)
Cash flows provided by operating activities of discontinued operations:	
Depreciation and amortization	$ 1,143
Cash flows provided by investing activities of discontinued operations:	
Capital expenditures	$ 3,703

3. REVENUE

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

Geographic area (in thousands):

Geographic area:

	Three Months Ended September 30, 2023 (unaudited)			Three Months Ended September 30, 2022 (unaudited)		
	United States and Canada	Other Countries	Total	United States and Canada	Other Countries	Total
Revenue:						
IHT	$ 100,800	$ 3,057	$ 103,857	$ 108,009	$ 2,303	$ 110,312
MS	67,286	35,572	102,858	76,135	31,892	108,027
Total	**$ 168,086**	**$ 38,629**	**$ 206,715**	**$ 184,144**	**$ 34,195**	**$ 218,339**

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		Nine Months Ended September 30, 2023			Nine Months Ended September 30, 2022		
		(unaudited)			(unaudited)		
		United States and Canada	Other Countries	Total	United States and Canada	Other Countries	Total
Revenue:	Revenue:						
IHT							
IHT							
IHT	IHT	$ 312,344	$ 10,082	$322,426	$312,928	$ 7,105	$320,033
MS	MS	221,943	104,115	326,058	217,749	91,135	308,884
Total	**Total**	**$ 534,287**	**$114,197**	**$648,484**	**$530,677**	**$98,240**	**$628,917**

	Three Months Ended March 31, 2024			Three Months Ended March 31, 2024		Three Months Ended March 31, 2023
	(unaudited)			(unaudited)		(unaudited)
	United States and Canada	United States and Canada	Other Countries	Total	United States and Canada	Other Countries	Total

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

	Three Months Ended September 30, 2023				
	(unaudited)				
	Non-Destructive Evaluation and Testing Services	Repair and Maintenance Services	Heat Treating	Other	Total
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**

Three Months Ended September 30, 2022				
(unaudited)				
Non-Destructive Evaluation and Testing Services	Repair and Maintenance Services	Heat Treating	Other	Total

Three Months Ended March 31, 2024	Three Months Ended March 31, 2024
(unaudited)	(unaudited)

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	Non-Destructive Evaluation and Testing Services	Repair and Maintenance Services	Heat Treating	Other	Total
Revenue: Revenue:					
IHT					
IHT					
IHT IHT	$ 87,267	$ 19	$16,357	$6,669	$110,312
MS MS	—	106,776	125	1,126	108,027
Total Total	**$ 87,267**	**$ 106,795**	**$16,482**	**$7,795**	**$218,339**

	Nine Months Ended September 30, 2023 (unaudited)				
	Non-Destructive Evaluation and Testing Services	Repair and Maintenance Services	Heat Treating	Other	Total
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**

	Nine Months Ended September 30, 2022 (unaudited)				
	Non-Destructive Evaluation and Testing Services	Repair and Maintenance Services	Heat Treating	Other	Total
	Three Months Ended March 31, 2023				
	Three Months Ended March 31, 2023				
	Three Months Ended March 31, 2023				
	(unaudited)				(unaudited)
	Non-Destructive Evaluation and Testing Services	Non-Destructive Evaluation and Testing Services	Repair and Maintenance Services	Heat Treating	Other Total
Revenue: Revenue:					
IHT					
IHT					
IHT IHT	$255,419	$ 158	$45,983	$18,473	$320,033
MS MS	—	305,277	238	3,369	308,884
Total Total	**$255,419**	**$ 305,435**	**$46,221**	**$21,842**	**$628,917**

For additional information on our reportable operating segments and geographic information, refer to *Note 15 14 - Segment and Geographic Disclosures*.

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Contract balances. The timing of revenue recognition, billings, and cash collections results in the recognition of trade accounts receivable, contract assets and contract liabilities on the condensed consolidated balance sheets. Trade accounts receivable include billed and unbilled amounts currently due from customers and represent unconditional rights to receive consideration. The amounts due are stated at their net estimated realizable value. Refer to *Note 4 - Receivables* for additional information on our trade receivables and the allowance for credit losses.

Contract costs. We recognize the incremental costs of obtaining contracts as selling, general and administrative expenses when incurred if the amortization period of the asset that otherwise would have been recognized is one year or less. Costs to fulfill a contract are recorded as assets if they relate directly to a contract or a specific anticipated contract, the costs to generate or enhance resources that will be used in satisfying performance obligations in the future, and the costs are expected to be recovered. Costs to fulfill a contract recognized as assets primarily consist of labor and material costs and generally relate to engineering and set-up costs incurred prior to when the satisfaction of performance obligations begins. Assets recognized for costs to fulfill a contract are included in the "Prepaid expenses and other current assets" line of the condensed consolidated balance sheets and were not material as of September 30, 2023 and December 31, 2022. Such assets are recognized as expenses as we transfer the related goods or services to the customer. All other costs to fulfill a contract are expensed as incurred.

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, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

4. RECEIVABLES 3. ACCOUNTS RECEIVABLE

A summary of accounts receivable as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is as follows (in thousands):

	September 30, 2023	December 31, 2022
	(unaudited)	
Trade accounts receivable	$ 141,303	$ 160,572
Unbilled receivables	49,823	31,379
Allowance for credit losses	(5,326)	(5,262)
Total	**$ 185,800**	**$ 186,689**

We measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This applies to financial assets measured at amortized cost, including trade and unbilled accounts receivable, and requires immediate recognition of lifetime expected credit losses. Significant factors that affect the expected collectability of our receivables include macroeconomic trends and forecasts in the oil and gas, refining, power, and petrochemical markets, and changes in our results of operations and forecasts. For unbilled receivables, we consider them as short-term in nature as they are normally converted to trade receivables within 90 days, thus future changes in economic conditions will not have a significant effect on the credit loss estimate.

	March 31, 2024	December 31, 2023
	(unaudited)	
Trade accounts receivable	$ 134,441	$ 151,316
Unbilled revenues	43,885	33,607
Allowance for credit losses	(3,625)	(3,738)

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Total	**$ 174,701**	**$ 181,185**

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

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
		(unaudited)			
Balance at beginning of period					
Balance at beginning of period					
Balance at beginning of period	Balance at beginning of period	$ 5,262	$ 7,843		
Provision for expected credit losses	Provision for expected credit losses	1,317	1,059		
Recoveries collected	Recoveries collected	(619)	(1,114)		
Write-offs	Write-offs	(540)	(2,479)		
Foreign exchange effects	Foreign exchange effects	(94)	(47)		
Balance at end of period	Balance at end of period	$ 5,326	$ 5,262		

5. 4. INVENTORY

A summary of inventory as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is as follows (in thousands):

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
March 31, 2024					
		(unaudited)		(unaudited)	
Raw materials	Raw materials	$ 9,819	$ 8,978		
Work in progress	Work in progress	2,989	2,945		
Finished goods	Finished goods	26,066	24,408		
Total	**Total**	**$ 38,874**	**$36,331**		

6. 5. PREPAID AND OTHER CURRENT ASSETS

A summary of prepaid expenses and other current assets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is as follows (in thousands):

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		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
		(unaudited)		(unaudited)	
Insurance receivable	Insurance receivable	$ 39,000	$39,000		
Prepaid expenses	Prepaid expenses	16,526	15,238		
Other current assets	Other current assets	9,927	11,441		
Total	**Total**	**$ 65,453**	**$65,679**		

The insurance receivable relates to the receivable receivables from our third-party insurance providers for a legal claim that is recorded in other accrued liabilities, refer to *Note 9 8 - Other Accrued Liabilities*. These receivables are will be covered by from our third-party insurance providers for any litigation matter matters that has have been settled, or are pending settlements 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. The other Other current assets include other accounts receivables, primarily include items such as related to insurance rebates, software implementation costs, and deferred financing charges and other receivables. charges.

7. 6. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is as follows (in thousands):

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
		(unaudited)		(unaudited)	
Land	Land	$ 4,006	$ 4,006		
Buildings and leasehold improvements	Buildings and leasehold improvements	61,820	50,833		
Machinery and equipment	Machinery and equipment	280,842	277,852		
Furniture and fixtures	Furniture and fixtures	10,708	10,558		
Capitalized ERP system development costs	Capitalized ERP system development costs	45,903	45,917		
Computers and computer software	Computers and computer software	19,802	19,457		
Automobiles	Automobiles	3,325	3,536		

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Construction in progress	Construction in progress	5,898	19,196
Total	Total	432,304	431,355
Accumulated depreciation	Accumulated depreciation	(304,590)	(293,256)
Property, plant and equipment, net	**Property, plant and equipment, net**	**$127,714**	**$138,099**

Included in the table above are assets under finance leases of $8.3 $8.9 million and $7.4 $8.5 million, and related accumulated amortization of $2.9 $3.5 million and $2.3 $3.3 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Depreciation expense for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $5.4 $5.3 million and $5.5 million, respectively. Depreciation expense for the nine months ended September 30, 2023 and 2022 was $16.5 million and $17.3 $5.6 million, respectively.

8. 7. INTANGIBLE ASSETS

A summary of intangible assets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is as follows (in thousands):

		September 30, 2023 (unaudited)			March 31, 2024 (unaudited)		
		Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Customer relationships	Customer relationships	$164,221	$ (99,511)	$64,710			
Trade names	Trade names	20,248	(19,698)	550			
Technology	Technology	2,300	(1,744)	556			
Licenses		683	(683)	—			
Intangible assets	**Intangible assets**	**$187,452**	**$(121,636)**	**$65,816**			

		December 31, 2022			December 31, 2023		
		Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Customer relationships	Customer relationships	$165,231	$ (91,296)	$73,935			
Trade names	Trade names	20,563	(19,830)	733			
Technology	Technology	2,707	(1,978)	729			
Licenses	Licenses	840	(830)	10			
Intangible assets	**Intangible assets**	**$189,341**	**$(113,934)**	**$75,407**			

Amortization expense of intangible assets for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $3.2 $3.1 million and $3.4 million, respectively. Amortization expense of intangible assets for the nine months ended September 30, 2023 and 2022 was $9.6 million and $10.2 $3.2 million, respectively.

The weighted-average amortization period for intangible assets subject to amortization was 13.7 13.8 years as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

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9.

8. OTHER ACCRUED LIABILITIES

A summary of other accrued liabilities as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is as follows (in thousands):

		September 30, 2023	December 31, 2022			
	March 31, 2024				March 31, 2024	December 31, 2023
		(unaudited)		(unaudited)		
Legal and professional accruals	Legal and professional accruals	$ 49,223	$ 46,665			
Payroll and other compensation expenses	Payroll and other compensation expenses	35,561	48,507			
Insurance accruals	Insurance accruals	6,124	7,483			
Property, sales and other non-income related taxes	Property, sales and other non-income related taxes	5,474	7,348			
Accrued interest	Accrued interest	3,694	3,963			
Accrued interest						
Accrued interest						
Volume discount	Volume discount	2,337	2,050			
Other accruals	Other accruals	2,337	3,251			
Total	**Total**	**$104,750**	**$119,267**			

Legal and professional accruals include accruals for legal and professional fees as well as accrued legal claims, refer to claims. See *Note 14 13 - Commitments and Contingencies* for legal claims 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, refer to assets. See *Note 6 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 includes 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. Other accruals include various business expense accruals.

10. 9. INCOME TAXES

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We recorded an income tax provision of $1.1 million and $4.0 $0.1 million for the three and nine months ended September 30, 2023 March 31, 2024, compared to a provision of $1.5 million and $4.2 $0.9 million for the three and nine months ended September 30, 2022 March 31, 2023. The effective tax rate, inclusive of discrete items, was a provision of 9.7% 0.4% for the three months ended September 30, 2023 March 31, 2024, compared to a provision of 5.8% 3.6% for the three months ended September 30, 2022. For the nine months ended September 30, 2023, our effective tax rate, inclusive of discrete items, was a provision of 8.3%, compared to a provision of 4.7% for the nine months ended September 30, 2022 March 31, 2023. The effective tax rate differed differs from the statutory tax rate due to changes in the valuation allowance in certain jurisdictions.

11. 10. DEBT

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, our total long-term debt and finance lease obligations are summarized as follows (in thousands):

				March 31, 2024	December 31, 2023
	March 31, 2024 (unaudited)				
		September 30, 2023	December 31, 2022		
2022 ABL Credit Facility					
		(unaudited)			
2022 ABL Credit Facility					
2022 ABL Credit Facility	2022 ABL Credit Facility	$110,915	$ 99,916		
ME/RE Loans[1]	ME/RE Loans[1]	24,739	—		
Uptiered Loan / Subordinated Term Loan[1]		125,588	107,905		
Uptiered Loan[1]					
Incremental Term Loan[1]	Incremental Term Loan[1]	34,034	—		
APSC Term Loan[1]		—	31,562		
Equipment Finance Loan					
Total	Total	295,276	239,383		
Convertible Debt[1]		—	40,650		
Finance lease obligations	Finance lease obligations	5,804	5,902		
Total long-term debt and finance lease obligations	Total long-term debt and finance lease obligations	301,080	285,935		
Current portion of long-term debt and finance lease obligations	Current portion of long-term debt and finance lease obligations	(5,302)	(280,993)		

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Total long-term debt and finance lease obligations, less current portion	**Total long-term debt and finance lease obligations, less current portion**	**$295,778**	**$ 4,942**

1 Comprised of principal amount outstanding, less unamortized discount and 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 No.1 dated as of May 6, 2022, Amendment No. 2 No.2 dated as of November 1, 2022 and , Amendment No.3 dated as of June 16, 2023, and Amendment No.4 dated as of March 6, 2024, the "2022 ABL Credit Agreement").

Available funding commitments to us 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 (the "Revolving Credit Loans"), with a $35.0 million sublimit for swingline borrowings, a $26.0 million sublimit for issuances of letters of credit, and an incremental delayed draw term loan of up to $35.0 million (the "Delayed Draw Term Loan") originally provided by Corre Partners Management, LLC ("Corre") and certain of its affiliates ("Corre") (collectively, the "2022 ABL Credit Facility").

Our obligations under the 2022 ABL Credit Agreement are guaranteed by certain of our direct and indirect subsidiaries referenced below as the "ABL Guarantors" and, together with the Company, the "ABL Loan Parties." Our obligations under the 2022 ABL Credit Facility are secured on a first priority basis by, among other things, accounts receivable, deposit accounts, securities accounts, and inventory of the ABL Loan Parties and are secured on a second priority basis by substantially all of the other assets of the ABL Loan Parties. Availability under the revolving credit line is based on a percentage of the value of qualifying accounts receivable and inventory, reduced by certain reserves.

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

	Revolving Credit Loans	Delayed Draw Term Loan
Original maturity date	2/11/2025	2/11/2025
Amended maturity date	8/11/2025	8/11/2025
Original stated interest rate	LIBOR + applicable margin (base + applicable margin 1)	LIBOR + 10% (Base + 9%)
Amended interest rate	SOFR + applicable margin (base + applicable margin 1)	SOFR + 10% (Base + 9%)
Actual interest rate:		
3/31/2024	10.09%	15.44%
3/31/2023	9.31%	14.66%
Interest payments	monthly	monthly
Cash paid for interest		
YTD 3/31/2024	$2,000	$1,367
YTD 3/31/2023	$1,421	$1,255
Unamortized balance of deferred financing cost		
3/31/2024	$226	$—
12/31/2023	$267	$—

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Available amount at 3/31/2024	$6,723	$—

	Revolving Credit Loans	Delayed Draw Term Loan
Original maturity date	2/11/2025	2/11/2025
Amended maturity date	8/11/2025	8/11/2025
Original stated interest rate	LIBOR + applicable margin (base + applicable margin)	LIBOR+10% (Base+9%)
Amended interest rate	SOFR + applicable margin (base + applicable margin)	SOFR + 10% (Base + 9%)
Actual interest rate:		
9/30/2023	10.09%	15.44%
9/30/2022	7.21%	12.56%
Interest payments	monthly	monthly
Cash paid for interest		
YTD 9/30/2023	$4,932	$3,951
YTD 9/30/2022	$3,656	$1,683
Unamortized balance of deferred financing cost		
9/30/2023	$227	$—
12/31/2022	$2,312	$798
Available amount at 9/30/2023	$4,911	$—

The "applicable margin" in the table above is 1 Applicable margin ranges based on EBITDA as defined as a rate of 3.15%, 3.40% or 3.65% for base rate loans with a 2.00% base rate floor and a rate of 4.15%, 4.40% or 4.65% for Adjusted Term Secured Overnight Financing Rate ("SOFR") loans with a 1.00% SOFR floor, in each case depending on the amount of EBITDA (as defined in ABL Amendment No. 3 to the 2022 ABL Credit Facility) as of the most recent measurement period as reported in a monthly compliance certificate. The fee for undrawn revolving amounts is 0.50%.

We incurred additional $0.3 million of financing cost related to the 2022 ABL Credit Facility in connection with Amendment No. 3 thereto ("ABL Amendment No. 3") dated June 16, 2023. These costs were capitalized and amortized on a straight-line basis over the new term of the 2022 ABL Credit Facility.

The Company may make voluntary prepayments of the loans under the 2022 ABL Credit Facility from time to time, subject, in the case of the Delayed Draw Term Loan, to certain conditions. Mandatory prepayments are also required in certain circumstances, including with respect to the Delayed Draw Term Loan, if the ratio of aggregate value of the collateral under the 2022 ABL Credit Facility to the sum of the Delayed Draw Term Loan plus revolving facility usage outstanding is less than 130%.

Amounts repaid under the Revolving Credit Loans may be re-borrowed, subject to compliance with the borrowing base and the other conditions set forth in the 2022 ABL Credit Agreement. Amounts repaid under the Delayed Draw Term Loan cannot be re-borrowed. Certain permanent repayments of the 2022 ABL Credit Facility loans are subject to the payment of a premium of 1.00% from June 16, 2023 until August 11, 2024, and 0.50% after August 11, 2024 until August 11, 2025. Agreement

The 2022 ABL Credit Agreement contains customary conditions to borrowings and covenants, as described therein. in the 2022 ABL Credit Agreement, and further amended by Amendment No. 4, dated March 6, 2024. As of September 30, 2023 March 31, 2024, we are in compliance with the covenants.

As of September 30, 2023 March 31, 2024, $10.1 $8.4 million in letters of credit was were issued under the 2022 ABL Credit Agreement. Such amounts remain undrawn and are off-balance sheet.

ME/RE Loans

The 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"). Our obligations in respect of Amounts repaid or prepaid under the ME/RE Loans are guaranteed by certain direct and indirect material subsidiaries of the Company (the "ABL Guarantors" and, together with the Company, the "ABL Loan Parties"). The ME/RE Loans under the 2022 ABL Credit Agreement are secured on a first priority basis by, among other things, certain real estate and machinery and equipment (the "Specified ME/RE Collateral"), accounts receivable, deposit accounts, securities accounts and inventory of the ABL Loan Parties (collectively, the "ABL Priority Collateral") and on a second priority basis by substantially all of the other assets of the ABL Loan Parties, subject to the terms of the Intercreditor Agreement (as defined below). The ME/RE Loans were drawn in full on June 16, 2023 and were used to pay off the amounts owed under the existing APSC Term Loan, discussed below.

may not be reborrowed.

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

Original maturity Maturity date	8/11/2025
Original stated Stated interest rate	SOFR + 5.75% + 0.11% credit spread adjustment
Principal payments	$254 237 monthly
Effective interest rate	
9/30/2023 3/31/2024[1]	16.75% 17.38%
9/30/2022 3/31/2023	N/A
Actual interest rate	
9/30/2023 3/31/2024	11.19%
9/30/2022 3/31/2023	N/A
Interest payments	monthly
Cash paid for interest	
YTD 9/30/2023 3/31/2024	$640 725
YTD 9/30/2022 3/31/2023	N/A
Balances at 9/30/2023 3/31/2024	
Principal balance	$26,551 25,113
Unamortized balance of debt issuance cost	$(1,812) (1,505)
Net carrying balance	$24,739 23,608
Available amount at 9/30/2023 3/31/2024	$—

1 The Company may make voluntary prepayments effective interest rate as of March 31, 2024, consisted of a 11.19% variable interest rate paid in cash and an additional 6.19% due to amortization of the related debt issuance costs.

The ME/RE Loans from time to time. Mandatory prepayments are required in certain instances when sales of assets are completed that are related to the Specified ME/RE Collateral, and with annual excess cash flow (as defined in governed by the 2022 ABL Credit Agreement), Agreement and are subject to certain prepayment premiums (subject to certain exceptions), plus accrued and unpaid interest. The remaining unpaid principal balance of the ME/RE loans at maturity will be $21.0 million.

Direct and incremental costs associated with the issuance of the ABL Amendment No. 3 were approximately $2.1 million and were deferred and presented same restrictive covenants as a direct deduction from the carrying amount of the related debt and are amortized on a straight-line basis over the term of the ME/RE Loans.

APSC Term Loan

On June 16, 2023, we used the proceeds from the ME/RE Loans and borrowings described under the 2022 ABL Credit Facility to repay the total outstanding APSC Term Loan balance of $35.5 million plus the applicable prepayment premium, resulting in a loss on debt extinguishment of $1.6 million.

On December 18, 2020, we had entered into that certain Term Loan Credit Agreement with Atlantic Park Strategic Capital Fund, L.P., as agent (“APSC”), pursuant to which we borrowed $250.0 million (the “APSC Term Loan”).

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

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Original maturity date	12/18/2026
Original stated interest rate	variable
Effective interest rate	
9/30/2023	N/A
9/30/2022	25.72%
Actual interest rate:	
9/30/2023	N/A
9/30/2022	10.24%
Interest payments	Quarterly
Cash paid for interest	
YTD 9/30/2023	$2,849
YTD 9/30/2022	$9,693
PIK interest added to principal	
YTD 9/30/2023	$—
YTD 9/30/2022	$6,627
Balances at 12/31/2022	
Principal balance	$35,510
Unamortized balance of debt issuance cost	$(3,948)
Net carrying balance	$31,562

Facility.

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

On November 9, 2021 June 16, 2023, we entered into a credit agreement (as amended by Amendment No. 1 dated as of November 30, 2021, Amendment No. 2 dated as of December 6, 2021, Amendment No. 3 dated as of December 7, 2021, Amendment No. 4 dated as of December 8, 2021, Amendment No. 5 dated as of February 11, 2022, Amendment No. 6 dated as of May 6, 2022, Amendment No. 7 dated as of June 28, 2022, Amendment No. 8 dated as of October 4, 2022, Amendment No. 9 dated as of November 1, 2022, Amendment No. 10 dated as of November 4, 2022, Amendment No. 11 dated as of November 21, 2022 and Amendment No. 12 dated as of March 29, 2023, the "Subordinated Term Loan Credit Agreement") with Cantor Fitzgerald Securities, as agent, and the lenders party thereto providing for an unsecured approximately $123.1 million delayed draw subordinated term loan facility. Pursuant to the Subordinated Term Loan Credit Agreement, we borrowed $22.5 million on November 9, 2021, and an additional $27.5 million on December 8, 2021. On October 4, 2022, an additional approximately $57.0 million was added to the outstanding principal amount under the Subordinated Term Loan Credit Agreement in exchange for an equivalent amount of the Company's senior unsecured 5.00% Convertible Senior Notes (the "Notes") held by Corre.

On June 16, 2023, the Company, entered into an amendment and restatement of that certain subordinated term loan credit agreement dated as of November 9, 2021 (as (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 time-to-time party thereto and Cantor Fitzgerald Securities, as agent (the "A&R Term Loan Agent"). Additional funding commitments to the Company under the 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, included consisting of a $57.5 million senior secured first lien term loan (the "Incremental Term Loan") provided by Corre and certain of its affiliates, consisting comprised of a $37.5 million term loan tranche and a $20.0 million delayed draw tranche. Amounts outstanding under the existing subordinated term loan credit agreement (the "Uptiered Loan") have become senior secured obligations of the Company and the A&R Term Loan Guarantors (as defined below) and are secured on a pari passu basis with the Incremental Term Loan, on the terms described below.

On July 31, 2023, $42.5 million, made up of $37.5 million of the term loan tranche and $5.0 million of the delayed draw tranche, of the $57.5 million Incremental Term Loan under the A&R Term Loan Credit Agreement was drawn down and the proceeds thereof were used to repay the Notes that matured on August 1, 2023. The remaining availability of the delayed draw tranche of $15.0 million will be used, subject to certain maximum liquidity conditions, for working capital purposes.

The Company's obligations under the A&R Term Loan Credit Agreement are guaranteed by certain direct and indirect material subsidiaries of the Company (the "A&R Term Loan Guarantors" and, together with the Company, the "A&R Term Loan Parties"). The obligations of the A&R Term Loan Parties are secured on a second priority basis by the ABL Priority Collateral and on a first priority basis by substantially all of the other assets of the A&R

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Term Loan Parties, subject to the terms of an intercreditor agreement (the “Intercreditor Agreement”) between the A&R Term Loan Agent, the ABL Agent and the A&R Term Loan Parties, that sets forth the priorities in respect of the collateral and certain related agreements with respect thereto.

The Company may make voluntary prepayments of the loans under the A&R Term Loan Credit Agreement from time to time, and the Company is required in certain instances related to change of control, asset sales, equity issuances, non-permitted debt issuances and with annual excess cash flow (as defined in the A&R Term Loan Credit Agreement), to make mandatory prepayments of the loans under the A&R Term Loan Credit Agreement, subject to certain prepayment premiums as specified in the A&R Term Loan Credit Agreement (subject to certain exceptions), plus accrued and unpaid interest.

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). Agreement and further amended by Amendment No. 4 dated March 6, 2024). As of September 30, 2023 March 31, 2024, we are in compliance with the covenants.

Further, the A&R Term Loan Credit Agreement includes certain customary events of default, the occurrence of which may require an additional 2.00% interest on the outstanding loans and other obligations under the A&R Term Loan Credit Agreement and the debt may become payable immediately. covenants.

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

	Uptiered Loan / Subordinated Term 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	12% PIK through 12/31/2023, then cash and PIK split as described below	12% paid in cash
Principal payments	at maturity	$300 quarterly
Effective interest rate		
9/30/2023	12.86%	23.69%
9/30/2022	46.79%	N/A
Interest payments	cash quarterly/PIK monthly	quarterly
PIK interest added to principal		
YTD 9/30/2023	$10,829	N/A
YTD 9/30/2022	$4,596	N/A
Balances at 9/30/2023		
Principal balance [1]	$126,272	$43,371
Unamortized balance of debt issuance cost	$(684)	$(9,337)
Net carrying balance	$125,588	$34,034
Balances at 12/31/2022		
Principal balance [1]	$115,443	N/A
Unamortized balance of debt issuance cost	$(7,538)	N/A
Net carrying balance	$107,905	N/A
Available amount at 9/30/2023[2]	$—	$15,000

	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		

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3/31/2024	13.5% cash and PIK split[2]	12% paid in cash
3/31/2023	12% PIK	12% paid in cash
Principal payments	at maturity	$356 quarterly
Effective interest rate		
3/31/2024	14.56%[3]	22.96%[4]
3/31/2023	30.32%[3]	N/A
Interest payments	cash quarterly/PIK monthly	quarterly
Cash paid for interest		
YTD 3/31/2024	$285	$1,447
YTD 3/31/2023	$—	N/A
PIK interest added to principal		
YTD 3/31/2024	$3,100	$—
YTD 3/31/2023	$3,450	N/A
Balances at 3/31/2024		
Principal balance[1]	$133,187	$47,696
Unamortized balance of debt issuance cost	$(618)	$(8,711)
Net carrying balance	$132,569	$38,985
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 3/31/2024	$—	$10,000

1 The principal balance of the Uptiered Loan / Subordinated Term 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 PIK interest recorded to date of $18.2 $25.3 million and $7.4 $22.2 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and with respect to the Incremental Term Loan, PIK fees of $0.9 million. million incurred as of December 31, 2022.

2 $5.0 million was drawn from the available balance on October 6, 2023.

The Uptiered Loan under the A&R Term Loan Credit Agreement bears interest at an annual rate of 12.00%, paid-in-kind (noncash) ("PIK") from June 16, 2023 through December 31, 2023, and thereafter a split between cash Cash and PIK with the cash portion ranging from 2.50% per annum to 12.00% per annum, and the PIK portion ranging from 9.50% per annum to 0.00% per annum, depending split is based on the Company's Net Leverage Ratio (as as defined in the A&R Term Loan Credit Agreement). In addition, if certain minimum liquidity thresholds set forth in the A&R Term Loan Credit Agreement are not met for an applicable Agreement. Cash interest payment date, all rate increased by 1.5% on January 31, 2024.

3 The effective interest in respect of rate on the Uptiered Loan payable on such as of March 31, 2024 consisted of a 13.50% stated interest payment date will be rate paid in PIK irrespective and cash and an additional 1.06% due to the amortization of the Net Leverage Ratio at such time. related debt issuance costs. The effective interest rate on the Uptiered Loan as of March 31, 2023 consisted of a 12.00% stated interest rate paid in PIK and an additional 18.32% due to the acceleration of the amortization of the related debt issuance costs.

In addition, if certain conditions related to repayments in respect of 4 The effective interest rate on the Incremental Term Loan are not met, certain as of March 31, 2024 consisted of a 12.00% stated interest rate paid in cash and an additional quarterly fees (not to exceed 4 such fees) plus a 150 basis point increase 10.96% due to the applicable interest rate will be payable to the lenders under the A&R Term Loan Credit Agreement in cash or common stock amortization of the Company, at the Company's option. related debt issuance costs.

Warrants

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, APSC Holdco II, L.P. held 500,000 warrants and certain affiliates of Corre holders 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.

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Convertible Notes

Description

Equipment Finance Loan

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 Convertible Notes

On July 31, 2023, $42.5 million $181 thousand over 18 months. The lease agreement provides for a bargain purchase option at the end of the $57.5 million under lease term which we intend to exercise. The Company determined that the Incremental Term Loan was drawn down 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 proceeds thereof were used transaction remain on our balance sheet and continue to repay the principal and accrued interest of the outstanding Notes on their maturity date of August 1, 2023.

On July 31, 2017, we issued $230.0 million principal amount of Notes due 2023 depreciate in a private offering to qualified institutional buyers (as defined in the Securities Act of 1933) pursuant to Rule 144A under the Securities Act (the "Offering"). Net proceeds received from the Offering were approximately $222.3 million after deducting discounts, commissions and expenses and were used to repay outstanding borrowings under a previous credit facility. accordance with our depreciation policy.

The Notes bore interest at a rate of 5.0% per year, payable semiannually in arrears on February 1 and August 1 of each year, beginning on February 1, 2018.

Cash interest paid amounted to $2.1 million and $2.1 million for the nine months ended September 30, 2023 and 2022, respectively. PIK interest of $4.2 million was added to principal during the nine months ended September 30, 2022. There was no PIK interest in 2023.

Fair Value of Debt

The fair value of our 2022 ABL Credit Facility, Uptiered Loan, Incremental Term Loan and ME/RE Loans are debt obligations is representative of the carrying value based upon the variable 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. The fair value of the Notes as of December 31, 2022 was $37.5 million, (inclusive of the fair value of the conversion option) and a "Level 2" measurement, determined based on the observed trading price of these instruments. The Notes were fully paid off on August 1, 2023. debt obligations.

1970 Group Substitute Insurance Reimbursement Facility

On September 29, 2022, we entered into the Substitute Insurance Reimbursement Facility Agreement with 1970 Group Inc. ("1970 Group") (as amended by that certain first amendment thereto dated August 29, 2023, the "Substitute Insurance Reimbursement Facility Agreement"). Under the Substitute Insurance Reimbursement Facility Agreement, the 1970 Group extended credit to us credit in the form of a substitute reimbursement facility (the "Substitute Reimbursement Facility") to provide up to approximately $21.4 $22.9 million of letters of credit on our behalf in support of our workers' compensation, commercial automotive and general liability insurance policies (the "Insurance Policies").

We are required to reimburse the 1970 Group for any draws made under the policies. As of March 31, 2024, we have $22.9 million of letters of credit within five business days of notice of any such draw. The outstanding under the Substitute Insurance Reimbursement Facility Agreement was renewed on August 29, 2023 to update the letters of credit limit up to approximately $24.9 million with the termination date on the earlier of (i) the expiration or termination of our Insurance Policies or (ii) September 29, 2024. Facility.

According to the provisions of ASC 470, – *Debt*, the arrangement is a Substitute "Substitute Insurance Reimbursement Facility Facility" limited to the amounts drawn under the letters of credit. Therefore, until there is a we use or draw on the 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, 2023 March 31, 2024, we had approximately $2.8 the unamortized balance of $0.7 million of unamortized deferred fees. fees was included in other current assets.

Liquidity

As of September 30, 2023 March 31, 2024, we had $16.5 $19.2 million of unrestricted cash and cash equivalents and $5.0 million of restricted cash. cash, including $3.4 million of restricted cash held as collateral for letters of credit and commercial card programs. International cash balances as of September 30, 2023 March 31, 2024 were $11.2 $8.2 million, and approximately $0.7 million of such cash is located in countries where currency or regulatory restrictions exist. As of September 30, 2023 March 31, 2024, we had approximately $19.9 $16.7 million of available borrowing capacity under our various credit agreements, consisting of $4.9 $6.7 million available under the Revolving Credit Loans and $15.0 $10.0 million available under the

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Incremental Term Loan under the A&R Term Loan Credit Agreement. We have $37.6 As of March 31, 2024, we had $33.9 million in letters of credit and $1.7 $2.4 million in surety bonds outstanding and $2.1 $0.6 million in miscellaneous cash deposits securing leases or other required obligations. Our 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, 2022 totaled $58.1 December 31, 2023 were $12.0 million, including $1.4 $0.6 million of cash located in countries where currency or regulatory restrictions existed.

12. 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,		Three Months Ended March 31,	
		2023	2022	2023	2022	2024	2023
		(unaudited)		(unaudited)	(unaudited)	(unaudited)	(unaudited)
						(unaudited)	
Interest cost							
Interest cost							
Interest cost	Interest cost	$ 678	$ 358	$2,054	$ 1,171		
Expected return on plan assets	Expected return on plan assets	(913)	(533)	(2,765)	(1,744)		
Amortization of prior service cost	Amortization of prior service cost	8	7	23	23		
Unrecognized Net Actuarial Loss		70	—	212	—		
Unrecognized net actuarial loss							
Net periodic pension credit	Net periodic pension credit	$ (157)	$(168)	$ (476)	$ (550)		

Net pension credit is included in “Other income, net” on our condensed consolidated statement 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: 6.4% 5.5% overall, 9.5% 8.5% for equities and 5.3% 5.0% for debt securities. We expect to contribute $3.7 million to the U.K. Plan for 2023, of which $2.8 million has been contributed through September 30, 2023.

13. 12. SHAREHOLDERS’ EQUITY

Shareholder’s Equity and Preferred Stock

On December 21, 2022, we completed a reverse stock split of our outstanding common stock at a ratio of one-for-ten. The Reverse Stock Split effected a proportionate reduction in our authorized shares of common stock from 120,000,000 shares to 12,000,000 shares and reduced the number of shares of common stock outstanding as of such date from approximately 43,429,089 shares to approximately 4,342,909 shares. We have made proportionate adjustments to the number of common shares issuable upon exercise or conversion of our outstanding warrants, equity awards and

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convertible securities, as well as the applicable exercise prices and weighted average fair value of the equity awards. No fractional shares were issued in connection with the Reverse Stock Split.

As of September 30, 2023 March 31, 2024 there were 4,368,422 4,415,201 shares of our common stock outstanding and 12,000,000 shares authorized at $0.30 par value per share.

As of September 30, 2023 March 31, 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, 2023 (unaudited)				Nine Months Ended September 30, 2022 (unaudited)				Three Months Ended March 31, 2024 (unaudited)				Three Months Ended March 31, 2023 (unaudited)			
	Foreign Currency Translation Adjustments	Defined Benefit Pension Plans	Tax Provision	Total	Foreign Currency Translation Adjustments	Defined Benefit Pension Plans	Tax Provision	Total	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 Balance, beginning of period	$ (28,859)	$(10,474)	$ 336	$(38,997)	$ (23,286)	$(3,277)	$ (169)	$(26,732)								
Other comprehensive loss	(1,311)	—	(35)	(1,346)	(12,152)	—	—	(12,152)								
Other comprehensive income (loss)																
Balance, end of period Balance, end of period	$ (30,170)	$(10,474)	$ 301	$(40,343)	$ (35,438)	$(3,277)	$ (169)	$(38,884)								
Balance, end of period																
Balance, end of period																

14. 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, 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.

Notice of Potential Environmental Violation - On April 20, 2021, Team Industrial Services, Inc. received Notices of Potential Violation from the U.S. Environmental Protection Agency ("EPA") alleging noncompliance with various waste determination, reporting, training, and planning obligations under the Resource Conservation and Recovery Act at seven of our facilities located in Texas and Louisiana. The allegations largely related to spent film

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developing solutions generated through our mobile radiographic inspection services and related to the characterization and quantities of those wastes and related notices, reporting, training, and planning.

On February 9, 2022, Team and the EPA agreed to settle all the claims related to this matter and the formal settlement agreement was finalized in April 2022 with our agreement to pay penalties totaling $0.2 million.

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 April 22, 2022. A

April 22, 2022. We believe the jury verdict is not supported by the facts of the case or applicable law, is the result of significant trial error, and that there are strong grounds for appeal. We appealed the trial court's judgment to the Texas First Court of Appeals by timely filing a notice of appeal was filed on April 25, 2022, and this case is currently pending in the Court of Appeals for the First District of Texas, in Houston. filed our initial appellate brief on December 23, 2022.

We believe that the likelihood that the amount of the judgment will be affirmed is not probable. We currently estimate a range of possible outcomes between $13.0 million and approximately $51.0 million, and we have accrued a liability of $39.0 million as of September 30, 2023 March 31, 2024 which is the amount we believe is the most likely estimate for a probable loss on this matter. We have also recorded a related receivable from our third-party insurance providers in other current assets with a corresponding liability of the same amount in other accrued liabilities at an amount we believe is the most likely estimate for a probable loss on this matter. liabilities. 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 these funding assistance programs. Accordingly, based on the assessments completed by the government appointed administrative authority, we have accrued $5.5 million, to be repaid over an extended period, as of March 31, 2024.

Accordingly, for all matters discussed above, within this *Note 13 - Commitments and Contingencies*, we have accrued in the aggregate approximately $40.7 $44.6 million as of September 30, 2023 March 31, 2024, of which approximately $1.7 $5.6 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.

15. 14. SEGMENT AND GEOGRAPHIC 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 September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023

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		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues:	Revenues:						
IHT	IHT	$103,857	$110,312	$322,426	$320,033		
IHT							
IHT							
MS	MS	102,858	108,027	326,058	308,884		
Total Revenues		$206,715	$218,339	$648,484	$628,917		
Total revenues							

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating income (loss):				
IHT	$ 6,412	$ 7,390	$ 17,683	$ 13,038
MS	6,482	7,655	22,395	15,152
Corporate and shared support services	(14,152)	(16,774)	(44,486)	(63,119)
Total Operating loss	**$ (1,258)**	**$ (1,729)**	**$ (4,408)**	**$ (34,929)**

	Three Months Ended March 31,	
	2024	2023
	(unaudited)	(unaudited)
Operating income (loss):		
IHT	$ 5,185	$ 4,723
MS	4,091	3,193
Corporate and shared support services	(15,662)	(15,662)
Total operating loss	**$ (6,386)**	**$ (7,746)**

		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2023	2022	2024	2023
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Capital expenditures[1]:	Capital expenditures[1]:						
IHT	IHT	$ 835	$ 2,557	$ 3,857	$ 10,654		
IHT							
IHT							
MS	MS	988	1,427	2,263	3,861		

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Corporate and shared support services	Corporate and shared support services	10	274	10	331
	Total Capital expenditures	**$ 1,833**	**$ 4,258**	**$ 6,130**	**$ 14,846**
Total capital expenditures					

1 Excludes finance leases. Totals may vary 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 due to the timing of cash payments. flows.

		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2023	2022	2024	2023
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation and amortization:	Depreciation and amortization:						
IHT	IHT	$ 3,148	$ 3,022	$ 9,390	$ 9,372		
IHT							
IHT							
MS	MS	4,656	4,704	14,113	14,222		
Corporate and shared support services	Corporate and shared support services	1,592	1,261	4,978	3,856		
	Total Depreciation and amortization	**$ 9,396**	**$ 8,987**	**$ 28,481**	**$ 27,450**		
Total depreciation and amortization							

Separate measures of our assets by operating segment are not produced or utilized by management to evaluate segment performance. A geographic breakdown of our revenues for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 is as

follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Three Months Ended March 31,			
	Three Months Ended March 31,			

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		Three Months Ended March 31,			
		2024		2024	2023
		(unaudited)		(unaudited)	(unaudited)
Total Revenues[1]	Total Revenues[1]				
United States					
United States					
United States	United States	$148,635	$158,613	$466,440	$453,000
Canada	Canada	19,451	25,531	67,847	77,677
Europe	Europe	17,739	15,837	55,801	46,296
Other foreign countries	Other foreign countries	20,890	18,358	58,396	51,944
Total	**Total**	**$206,715**	**$218,339**	**$648,484**	**$628,917**

1 Revenues attributable to individual countries/geographic areas are based on the country of domicile of the legal entity that performs the work.

16. 15. RELATED PARTY TRANSACTIONS

Alvarez & Marsal provided certain consulting services to the Company in connection with our former Interim Chief Financial Officer position and other corporate support costs. Effective June 12, 2022 the Interim Chief Financial Officer position ended as the Company named a permanent Chief Financial Officer. The Company paid $8.1 million in consulting fees to Alvarez & Marsal for the year ended December 31, 2022.

In connection with the Company's debt transactions, the Company engaged in transactions with Corre and APSC to provide funding as described in *Note 11 10 - Debt Debt.*.

17.

16. SUBSEQUENT EVENTS

As of November 9, 2023 May 14, 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, 2023 March 31, 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 except as described in *Note 11- Debt*.

position.

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 its 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 for the year ended December 31, 2022 ("our Annual Report on Form 10-K") and other documents previously filed with the Securities and Exchange Commission. SEC. In addition to historical financial information, the following

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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, that we believe to be reasonable, and our current expectations, estimates and projections about ourselves and our industry. However, all 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 are subject to risks and uncertainties, many of which are out of our control, on assumptions about future events that may cause actual results prove to differ materially from those that are expected and, therefore, you should not unduly rely on such statements. The forward-looking statements included herein are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events, or otherwise, except as required by law.

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. Additionally, there are 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 our actual results to differ materially from those expressed or implied by these forward-looking statements. Such risks include those disclosed projected in the statements, including, but not limited to the statements under the heading "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, 10-Q. We undertake no obligation to update publicly any forward-looking statements, whether as such risk factors a result of new information, future events or otherwise, except as may be amended, supplemented, or superseded required by law.

There are a number of risks and uncertainties that could cause our actual results to differ materially from time to time by the forward-looking statements contained in this report. Such risks, uncertainties and other reports we file with the United States Securities and Exchange Commission, as well as important factors include, among others, risks related to:

- our ability to generate sufficient cash from operations, access our 2022 ABL Credit Facility or amounts available under our Delayed Draw Term Loan 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 threats of domestic and global economic recession, inflationary pressures, future economic uncertainties, and impacts from epidemics and pandemics; pandemics, particularly in industries in which we are heavily dependent;
- delays in the commencement of major projects;
- seasonal and other variation, variations, such as severe weather conditions (including conditions influenced by climate change) and the nature of our clients' industry;
- our ability to expand into new markets (including low carbon energy transition) and attract clients 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 client contracts and termination of existing contracts resulting 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 clients;
- our ability to continue to meet regain compliance with the New York Stock Exchange's ("NYSE") 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;
- our failure to maintain effective internal controls, and the resulting inability to report our financial results accurately or timely or prevent or detect fraud; and
- acts of terrorism, war or political or civil unrest in the U.S. United States or elsewhere, changes in laws and regulations, or the imposition of economic or trade sanctions affecting international commercial transactions.

General Description of Business GENERAL OVERVIEW

Business. We are a global, leading provider of specialty industrial services offering clients 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 clients' most critical assets. We conduct operations in two segments: Inspection IHT and Heat Treating ("IHT") and Mechanical Services ("MS"). MS. Through the capabilities and resources in these two segments, we believe that we are uniquely qualified to provide integrated solutions: 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 client's election. In addition, we are capable of escalating with the client'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 client 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 (on-stream), 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 clients' 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 on-line valve insertion solutions, which are delivered while assets are in an operational condition, which maximizes client 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 client 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 and Others (valves, terminals and storage, and pipeline);
- Public Infrastructure (amusement parks, bridges, ports, construction (construction and building, roads, dams, amusement parks, bridges, ports, and railways); and
- Aerospace and Defense.

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Recent Developments. On March 14, 2024, we received a written notice from the NYSE that we are not in compliance with the continued listing standards set forth in Rule 802.01B of the NYSE Listed Company Manual because our average global

Significant Factors Impacting Results market capitalization over a consecutive 30 trading-day period was less than $50.0 million and, Recent Developments at the same time, our last reported shareholders' equity was less than $50.0 million.

Our revenues, gross margins

As required by the NYSE, we timely notified the NYSE of our intent to cure the deficiency and restore our compliance with the NYSE continued listing standards. In accordance with applicable NYSE procedures, we have 45 days from receipt of the notice to submit a plan advising the NYSE of the definitive action(s) we have taken, or are taking, that would bring us into compliance with the minimum global market capitalization listing standard within 12 months of receipt of the written notice. On April 29, 2024, we submitted a plan to bring us into compliance with the NYSE continued listing standards within the required timeframe. The NYSE will review the plan and, within 45 days of its receipt, determine whether we have made a reasonable demonstration of our ability to conform to the relevant standards in the 12-month period. If the NYSE accepts the plan, our common stock will continue to be listed and traded on the NYSE during the 12-month period, subject to our compliance with other results NYSE continued listing standards and continued periodic review by the NYSE of operations our progress with respect to the plan.

The 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. The Company is considering all available options to regain compliance with the NYSE continued listing standards. The Company can provide no assurances that it will be influenced by a variety able to satisfy any of factors in any given period, including those described in Cautionary Note Regarding Forward-Looking Statements the steps outlined above and Part 1, maintain the listing of its shares on the NYSE.

Market Conditions Update. Oil and gas prices trended upward toward the end of the first quarter of 2024, reflecting heightened geopolitical tensions amid supply-demand tightening, although slower demand growth is currently expected for the remainder of the year. Oil and gas price volatility may impact the current and future spending on our services by our clients. The future impacts to our business from potentially higher interest rates, persistent global and domestic inflation, geopolitical unrest especially in the Middle East, and volatility in global supply chains cannot be predicted. See Item 1A of "Risk Factors" in our Annual Report on Form 10-K "Risk Factors" which includes items that have caused fluctuations in our results in the past and are expected to cause fluctuations in our results in the future. Additional information with respect to certain factors are described below.

Market Conditions Update. The global economy, including the financial and credit markets, has recently experienced significant volatility and disruptions, including increases in inflation rates, rising interest rates, disruption to global supply chains, commodity price volatility, uncertainty about economic stability and geopolitical conflicts. The severity and duration of the impact of these conditions on our business cannot be predicted. See Item 1A of our Annual Report on Form 10-K "Risk Factors" for additional information.

Results of Operations

RESULTS OF OPERATIONS

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

The following is a comparison of our results of operations for the three and nine months ended September 30, 2023 March 31, 2024 to the three and nine months ended September 30, 2022 March 31, 2023 (in thousands).

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

The following table sets forth the components of revenue and operating loss from our operations for the three-month period ended September 30, 2023 and 2022 (in thousands):

	Three Months Ended September 30,		Increase (Decrease)	
	2023	2022	$	%
	(unaudited)	(unaudited)		

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Revenues by business segment:	Revenues by business segment:								
Revenues by business segment:									
Revenues by business segment:									
IHT									
IHT									
IHT	IHT	$	103,857	$	110,312	$	(6,455)	(5.9)	%
MS	MS		102,858		108,027		(5,169)	(4.8)	%
MS									
MS									
Total revenues									
Total revenues									
Total revenues	Total revenues	$	206,715	$	218,339	$	(11,624)	(5.3)	%
Operating income (loss):	Operating income (loss):								
Operating income (loss):									
Operating income (loss):									
IHT									
IHT									
IHT	IHT	$	6,412	$	7,390	$	(978)	(13.2)	%
MS	MS		6,482		7,655		(1,173)	(15.3)	%
MS									
MS									
Corporate and shared support services	Corporate and shared support services		(14,152)		(16,774)		2,622	15.6	%
Corporate and shared support services									
Corporate and shared support services									
Total operating loss									
Total operating loss									
Total operating loss	Total operating loss	$	(1,258)	$	(1,729)	$	471	27.2	%
Interest expense, net	Interest expense, net	$	(10,067)	$	(26,653)	$	16,586	62.2	%
Loss on debt extinguishment			(3)		—		(3)		NM
Interest expense, net									
Interest expense, net									
Other income, net									
Other income, net									
Other income, net	Other income, net		266		3,227		(2,961)	(91.8)	%
Loss before income taxes	Loss before income taxes	$	(11,062)	$	(25,155)	$	14,093	56.0	%
Loss before income taxes									
Loss before income taxes									

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Provision for income taxes	Provision for income taxes		(1,072)		(1,465)		393		26.8	%
	Net loss from continuing operations	$	(12,134)	$	(26,620)	$	14,486		54.4	%
Provision for income taxes										
Provision for income taxes										
Net loss										
Net loss										
Net loss										

NM = Not meaningful

Revenues. Total revenues decreased $11.6 million $2.7 million or 5.3% 1.3% from the prior year quarter and period. Revenues were positively impacted by $1.2 million $0.6 million from favorable foreign exchange movement. movements during the three-month period ended March 31, 2024. IHT revenues segment year-to-date revenue decreased 2.3%, compared to the prior year period, primarily driven by $6.4 million or 5.9% primarily decreased call out and turnaround activities in the U.S. and Canada regions, partially offset by an increase in Aerospace activity. MS segment revenue decreased 0.3% compared to the prior year period, mainly due to a $4.9 million $4.3 million decrease in IHT Canada operations attributable to projects from the 2023 period that did not repeat in the 2024 period; mostly offset by a $1.2 million increase in U.S. operations revenue and a $2.8 million decrease increase in IHT Canada other international operations revenue due primarily attributable to lower activity in higher nested and turnaround services. This was partially offset by a $0.7 million increase in international regions revenue and $0.6 million increase in aerospace related revenue. MS revenue decreased by $5.2 million or 4.8%, which was attributable to a $5.6 million or 8.4% decrease in MS U.S. operations revenue primarily due to lower activity in repairs and maintenance work, and a $3.3 million decrease in MS Canada operations due to less project work. This was partially offset by a $3.7 million increase in international regions revenue. activity.

Operating income (loss). Overall operating loss was $1.3 million in the current year quarter, a $0.5 million improvement compared to prior year quarter. IHT operating income decreased by $1.0 million or 13.2% due to lower activity in several regions, partially offset by higher direct margins in U.S. and cost reduction actions in Canada operations. MS operating income decreased by $1.1 million or 15.3% as compared to the prior year quarter, driven by our Canada operations and domestic valve business, partially offset by higher operating income from our U.S. and international operations and savings in our overhead costs. Corporate operating loss decreased by $2.6 million due to lower legal cost in the current quarter compared to the prior year quarter and lower overall costs due to the Company's continuous cost reduction efforts. We continue to experience cost inflation in several areas across all segments, such as raw materials, transportation, and labor costs.

For the three months ended September 30, 2023 and 2022, operating loss includes net expenses totaling $2.8 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,			
	2023		2022	
Operating income (loss)	$	(1,258)	$	(1,729)
Professional fees and other		1,452		539
Legal costs		650		1,543
Severance charges, net		655		670
Total non-core expenses		2,757		2,752
Operating income, excluding non-core expenses	$	1,499	$	1,023

Excluding the impact of these identified non-core items in both periods, operating income increased by $0.5 million from income of $1.0 million in the three months ended September 30, 2022 to $1.5 million in the three months ended September 30, 2023. See our non-GAAP reconciliation for additional details of our non-core expenses.

Interest expense, net. Interest expense decreased by $16.6 million compared to the prior year quarter. The decrease was primarily attributable to lower outstanding debt during the current quarter compared to the prior year quarter due to the paydown of $225 million in November 2022 and full payoff

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of the remaining balance of our APSC term loan in June 2023. These effects were partially offset by a year over year increase in cash interest on the 2022 ABL Credit Facility and the increase in PIK interest on the Uptiered Loan / Subordinated Term Loan.

Cash interest paid during the quarter ended September 30, 2023 and 2022 was $5.0 million and $7.7 million, respectively.

Other income, net. Other income, net decreased by $3.0 million primarily due to the larger impact of foreign currency fluctuations and asset disposals in the third quarter of 2022 as compared to 2023.

Taxes. The provision for income tax was $1.1 million on the pre-tax loss from continuing operations of $11.1 million in the current year quarter, compared to a $1.5 million income tax provision on a pre-tax loss of $25.2 million in the prior year quarter. The effective tax rate, inclusive of discrete items, was a provision of 9.7% for the three months ended September 30, 2023, compared to a provision of 5.8% for the three months ended September 30, 2022. The effective tax rate differs from the prior year quarter compared to the current year quarter and from the statutory rate due to changes in the valuation allowance.

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

The following is a comparison of our results of operations for the nine months ended September 30, 2023 to the nine months ended September 30, 2022.

The components of revenue and operating income (loss) from our continuing operations consisted of the following (in thousands):

	Nine Months Ended September 30,		Increase (Decrease)	
	2023	2022	$	%
	(unaudited)	(unaudited)		
Revenues by business segment:				
IHT	$ 322,426	$ 320,033	$ 2,393	0.7 %
MS	326,058	308,884	17,174	5.6 %
Total revenues	$ 648,484	$ 628,917	$ 19,567	3.1 %
Operating income (loss):				
IHT	$ 17,683	$ 13,038	$ 4,645	35.6 %
MS	22,395	15,152	7,243	47.8 %
Corporate and shared support services	(44,486)	(63,119)	18,633	29.5 %
Total operating loss	$ (4,408)	$ (34,929)	$ 30,521	87.4 %
Interest expense, net	$ (43,499)	$ (63,708)	$ 20,209	31.7 %
Loss on debt extinguishment	(1,585)	—	(1,585)	NM
Other income, net	914	9,664	(8,750)	(90.5)%
Loss before income taxes	$ (48,578)	$ (88,973)	$ 40,395	45.4 %
Provision for income taxes	(4,020)	(4,182)	162	3.9 %
Net loss from continuing operations	$ (52,598)	$ (93,155)	$ 40,557	43.5 %

NM = Not meaningful

Revenues. Total revenues increased $19.6 million or 3.1% from the prior year period, with both segments seeing increases compared to prior year period. IHT revenues increased by $2.4 million or 0.7% and MS revenue increased by $17.2 million or 5.6%. Revenues were negatively impacted by $3.8 million from adverse foreign exchange movements during the nine-month period ended September 30, 2023. IHT segment year to date revenue increased 0.7%, compared to the prior year period, which was primarily driven by an increase of $8.3 million in U.S. revenue due to higher callout and turnaround activity, an increase of $3.0 million in other international regions' revenue and an increase of $1.1 million in aerospace activity, offset by a $10.0 million

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decrease in Canada revenue due to turnaround/project work in 2022 that did not repeat in 2023. MS segment revenue increased 5.6% compared to the prior year period, due to a $4.0 million increase in U.S. operations, primarily attributable to higher activity in callout, hot tapping and leak repair services, a $0.2 million increase in Canada operations and a $13.0 million increase in other international operations primarily attributable to higher turnaround activity, leak repair services and product sales.

Operating income (loss). Overall operating loss was $4.4 million $6.4 million in the current year, a $30.5 million $1.4 million or 87.4% 17.6% improvement as compared to an operating loss of $34.9 million $7.7 million in the prior year. IHT operating income increased by $4.6 million $0.5 million or 35.6% 9.8%, primarily driven by higher activity lower direct costs and improved margins in the U.S. and indirect and SG&A cost reductions in the U.S. and Canada. margins. MS operating income increased by $7.2 million $0.9 million or 28.1% as compared to the prior year period. Operating MS operating income from the U.S., Canada, and other international operations increased by $3.7 million, $1.2 million $1.9 million, and $2.3 million $0.6 million, respectively, driven by higher activity and improved margins. margins, partially offset by a decrease of $1.6 million in Canada, primarily driven by non-repeating projects in the prior year. Corporate operating loss decreased by $18.6 million due to lower professional fees, lower legal and severance cost in the current year period as compared to remained consistent with the prior year period and lower overall costs due to the Company's continuous cost reduction efforts. period. We continue to experience cost inflation in several areas across all segments, such as raw materials, transportation, and labor costs.

For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, operating loss includes net expenses totaling $7.8 million $2.6 million and $16.9 million $2.0 million, respectively, that we do not believe are indicative of our core operating activities, as detailed in the table below (in thousands):

		Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Operating loss	Operating loss	$ (4,408)	$ (34,929)
Operating loss			
Operating loss			
Professional fees and other			
Professional fees and other			
Professional fees and other	Professional fees and other	5,820	10,576
Legal costs	Legal costs	850	3,271
Legal costs			
Legal costs			
Severance charges, net			
Severance charges, net			
Severance charges, net	Severance charges, net	1,177	3,028
Total non-core expenses	Total non-core expenses	7,847	16,875
Operating income (loss), excluding non-core expenses		$ 3,439	$ (18,054)
Total non-core expenses			
Total non-core expenses			
Operating loss, excluding non-core expenses			
Operating loss, excluding non-core expenses			
Operating loss, excluding non-core expenses			

Excluding the impact of these identified non-core items in both periods, operating loss decreased by $21.5 million $1.9 million, from a loss of $18.1 million $5.7 million to income a loss of $3.4 million $3.8 million. See our non-GAAP reconciliation for additional details of our non-core expenses.

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Interest expense, net. Interest expense, net decreased $20.2 million by $4.6 million from the prior year period. The decrease was primarily attributable due to lower elimination of accelerated amortization of debt issuance costs, and reduction in outstanding debt during the 2023 period, balance due to a $225.0 million payment payoff of the remaining balance on the APSC Atlantic Park Strategic Capital Fund, L.P. term loan in November 2022 June 2023 and subsequent pay off full payoff of the APSC term loan convertible debt in June August 2023. These decreases were partially offset by a year over year interest expense incurred on the ME/RE Loans and the Incremental Term Loan entered in June 2023, increase in cash interest expense on the 2022 ABL Credit Facility due to higher interest rates and the increase in PIK the paid-in-kind ("PIK") interest on the subordinated term loan. Uptiered Loan.

Cash interest paid for nine the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $14.5 million $5.9 million and $17.2 million $5.2 million, respectively.

Loss on Debt Extinguishment. On June 16, 2023, we used the proceeds from the ME/RE Loans and borrowings under the 2022 ABL Credit Facility to repay the total outstanding balance of $35.5 million under the Term Loan Credit Agreement with APSC plus the applicable prepayment premium, resulting in a loss on debt extinguishment of $1.6 million.

Other income, net. Other income decreased increased by $8.8 million $0.7 million from the prior year period primarily due to larger a higher gain on foreign currency fluctuations, gains on disposal of assets, and insurance proceeds received from a natural disaster claim transactions in the 2022 current year period.

Taxes. The provision for income tax was $4.0 million $0.1 million on the pre-tax loss from continuing operations of $48.6 million $17.1 million in the current year-to-date period compared to income tax expense of $4.2 million $0.9 million on the pre-tax loss of $89.0 million $23.9 million in the prior year-to-date period. The effective tax rate was a provision of 8.3% 0.4% for the nine three months ended September 30, 2023 March 31, 2024, compared to a provision of 4.7% 3.6% for the nine three months ended September 30, 2022 March 31, 2023. The effective tax rate differs from the statutory rate and from the prior year period due to a change changes in the valuation allowance.

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, restructuring charges, (gain) loss on debt extinguishment, certain 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 from consolidated adjusted EBIT depreciation, amortization, and non-cash share-based compensation costs. Segment adjusted EBIT is equal to segment operating income (loss) excluding costs associated with non-routine legal costs and settlements, non-routine professional fees, loss on debt extinguishment, certain severance charges, and certain other items as determined by management. us. Segment adjusted EBITDA further excludes from segment adjusted EBIT depreciation, amortization, and non-cash share-based compensation costs. Free cash flow is defined as net cash provided by (used in) operating activities minus capital expenditures.

Management believes 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.

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

TEAM, INC. AND SUBSIDIARIES

TEAM, INC. AND SUBSIDIARIES

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (Continued) **(unaudited, in thousands)**

TEAM, INC. AND SUBSIDIARIES

	Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,		
	2024	2024	2023
Adjusted Net Loss:			
Net loss			
Net loss			
Net loss			
Professional fees and other[1]			
Legal costs			
Legal costs			
Legal costs			
Severance charges, net[2]			

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Adjusted Net Loss:				
Net loss	$ (12,134)	$ (26,620)	$ (52,598)	$ (93,155)
Professional fees and other[1]	1,452	539	5,820	10,576
Write-off of software cost	629	—	629	—
Legal costs[2]	650	1,543	850	3,271
Severance charges, net[3]	655	670	1,177	3,028
Natural disaster insurance recovery	—	—	—	(872)
Loss on debt extinguishment	3	—	1,585	—
Tax impact of adjustments and other net tax items[4]	(37)	(24)	(122)	(31)

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Tax impact of adjustments and other net tax items[3]					
Tax impact of adjustments and other net tax items[3]					
Tax impact of adjustments and other net tax items[3]					
Adjusted Net Loss	**Adjusted Net Loss**	$ (8,782)	$(23,892)	$(42,659)	$(77,183)
Adjusted Net Loss per common share:	**Adjusted Net Loss per common share:**				
Basic		$ (2.01)	$ (5.53)	$ (9.79)	$ (18.65)
Adjusted Net Loss per common share:					
Adjusted Net Loss per common share:					
Basic and Diluted					
Basic and Diluted					
Basic and Diluted					
Consolidated Adjusted EBIT and Adjusted EBITDA:	**Consolidated Adjusted EBIT and Adjusted EBITDA:**				
Consolidated Adjusted EBIT and Adjusted EBITDA:					
Consolidated Adjusted EBIT and Adjusted EBITDA:					
Net loss					
Net loss					
Net loss	Net loss	$ (12,134)	$(26,620)	$(52,598)	$(93,155)
Provision for income taxes	Provision for income taxes	1,072	1,465	4,020	4,182
Loss (gain) on equipment sale		10	(786)	(286)	(4,269)
Gain on equipment sale					
Interest expense, net	Interest expense, net	10,067	26,653	43,499	63,708
Professional fees and other[1]	Professional fees and other[1]	1,452	539	5,820	10,576
Write-off of software cost		629	—	629	—
Legal costs[2]		650	1,543	850	3,271
Severance charges, net[3]		655	670	1,177	3,028
Legal costs					
Legal costs					
Legal costs					
Severance charges, net[2]					
Foreign currency gain	Foreign currency gain	(742)	(2,264)	(776)	(3,955)
Pension credit[5]		(163)	(178)	(481)	(571)
Natural disaster insurance recovery		—	—	—	(872)
Loss on debt extinguishment		3	—	1,585	—
Pension credit[4]					

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Consolidated Adjusted EBIT

Consolidated Adjusted EBIT

Consolidated Adjusted EBIT	**Consolidated Adjusted EBIT**	1,499	1,022	3,439	(18,057)
Depreciation and amortization	Depreciation and amortization				
Amount included in operating expenses					
Amount included in operating expenses					
Amount included in operating expenses	Amount included in operating expenses	3,613	3,771	11,026	11,843
Amount included in SG&A expenses	Amount included in SG&A expenses	5,783	5,216	17,455	15,607
Total depreciation and amortization	Total depreciation and amortization	9,396	8,987	28,481	27,450
Non-cash share-based compensation costs	Non-cash share-based compensation costs	232	629	859	570
Consolidated Adjusted EBITDA	**Consolidated Adjusted EBITDA**	$ 11,127	$ 10,638	$ 32,779	$ 9,963
Free Cash Flow:	**Free Cash Flow:**				
Free Cash Flow:					
Free Cash Flow:					
Cash provided by (used in) operating activities					
Cash provided by (used in) operating activities					
Cash provided by (used in) operating activities	Cash provided by (used in) operating activities	$ 1,548	$ 5,913	$ (22,069)	$ (50,573)
Capital expenditures	Capital expenditures	(2,360)	(5,883)	(7,433)	(17,299)
Free Cash Flow	**Free Cash Flow**	$ (812)	$ 30	$ (29,502)	$ (67,872)

1 For the three and nine months ended September 30, 2023 March 31, 2024, includes $1.5 million and $4.7 million, respectively $1.9 million related to debt financing, and $0 and $1.1 million, respectively, $0.2 million related to lease extinguishment charges and other project support costs. For the three and nine months ended September 30, 2022 March 31, 2023, includes $0.5 million and $10.5 million, respectively, $1.7 million related to costs associated with the debt financing and corporate support costs. support.

2 Primarily relates to accrued legal matters and legal fees.

3 For the three and nine months ended September 30, 2023, primarily related to Represents customary severance costs associated with staff reductions across multiple departments. For the three months ended September 30, 2022, primarily related to customary severance costs associated with staff reductions across multiple corporate departments. For the nine months ended September 30, 2022 includes $1.3 million related to customary severance costs associated with executive departures and $1.7 million associated with severance across multiple corporate departments. reductions.

4 3 Represents the tax effect of the adjustments.

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5 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. Accruals for future benefits ceased in connection with a plan curtailment in 2013.

TEAM, INC. AND SUBSIDIARIES

TEAM, INC. AND SUBSIDIARIES

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (Continued) **(unaudited, in thousands)**

TEAM, INC. AND SUBSIDIARIES

Three Months Ended March 31,

Three Months Ended March 31,
Three Months Ended March 31,
Three Months Ended March 31,
Three Months Ended March 31,
Three Months Ended March 31,

2024	2024	2023

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Segment Adjusted EBIT and Adjusted EBITDA:				
Segment Adjusted EBIT and Adjusted EBITDA:				
Segment Adjusted EBIT and Adjusted EBITDA:				
Segment Adjusted EBIT and Adjusted EBITDA:				
IHT				
IHT				
IHT				
IHT				
Operating income				
Operating income				
Operating income				
Operating income	$ 6,412	$ 7,390	$ 17,683	$ 13,038
Severance charges, net[1]				
Severance charges, net[1]	195	150	400	192
Professional fees and other[3]	—	—	828	—
Professional fees and other[2]				

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Adjusted EBIT					
Adjusted EBIT					
Adjusted EBIT	Adjusted EBIT	6,607	7,540	18,911	13,230
Depreciation and amortization	Depreciation and amortization	3,148	3,022	9,390	9,372
Adjusted EBITDA	**Adjusted EBITDA**	$ 9,755	$ 10,562	$ 28,301	$ 22,602
MS	**MS**				
MS					
MS					
Operating income					
Operating income					
Operating income	Operating income	$ 6,482	$ 7,655	$ 22,395	$ 15,152
Severance charges, net[1]	Severance charges, net[1]	287	35	595	89
Professional fees and other[3]		—	—	67	—
Professional fees and other[2]					
Adjusted EBIT					
Adjusted EBIT					
Adjusted EBIT	Adjusted EBIT	6,769	7,690	23,057	15,241
Depreciation and amortization	Depreciation and amortization	4,656	4,704	14,113	14,222
Adjusted EBITDA	**Adjusted EBITDA**	$ 11,425	$ 12,394	$ 37,170	$ 29,463
Corporate and shared support services	**Corporate and shared support services**				
Corporate and shared support services					
Corporate and shared support services					
Net loss					
Net loss					
Net loss	Net loss	$ (25,028)	$(41,665)	$(92,676)	$(121,345)
Provision for income taxes	Provision for income taxes	1,072	1,465	4,020	4,182
Loss (gain) on equipment sale		10	(786)	(286)	(4,269)
Gain on equipment sale					

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Interest expense, net	Interest expense, net	10,067	26,653	43,499	63,708
Foreign currency gain	Foreign currency gain	(742)	(2,264)	(776)	(3,955)
Pension credit[2]		(163)	(178)	(481)	(571)
Professional fees and other[3]		1,452	539	4,925	10,576
Write-off of software cost		629	—	629	—
Legal costs[4]		650	1,543	850	3,271
Pension credit[3]					
Professional fees and other[2]					
Legal costs					
Legal costs					
Legal costs					
Severance charges, net[1]	Severance charges, net[1]	173	485	182	2,747
Loss on debt extinguishment		3	—	1,585	—
Natural disaster insurance recovery		—	—	—	(872)
Adjusted EBIT					
Adjusted EBIT					
Adjusted EBIT	Adjusted EBIT	(11,877)	(14,208)	(38,529)	(46,528)
Depreciation and amortization	Depreciation and amortization	1,592	1,261	4,978	3,856
Non-cash share-based compensation costs	Non-cash share-based compensation costs	232	629	859	570
Adjusted EBITDA	**Adjusted EBITDA**	$ (10,053)	$(12,318)	$(32,692)	$ (42,102)

1 For the three and nine months ended September 30, 2023, primarily related to Represents customary severance costs associated with staff reductions across multiple departments. reductions.

2 For the three months ended September 30, 2022 March 31, 2024, primarily includes $1.9 million related to customary severance debt financing, and $0.2 million related to support costs. For the three months ended March 31, 2023, includes $1.7 million related to costs associated with staff reductions across multiple corporate departments. For the nine months ended September 30, 2022 includes $1.3 million related to customary severance costs associated with executive departures and $1.7 million associated with severance across multiple corporate departments. support.

2 3 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. Accruals for future benefits ceased in connection with a plan curtailment in 2013.

3 For the three and nine months ended September 30, 2023, includes $1.5 million and $4.7 million, respectively related to debt financing, and $0 and $1.1 million, respectively, related to lease extinguishment charges and other project costs. For the three and nine months ended September 30, 2022, includes $0.5 million and $10.5 million, respectively, related to costs associated with the debt financing and corporate support costs.

4 Primarily relates to accrued legal matters and legal fees.

Liquidity and Capital Resources

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Financing for operations consists primarily of our 2022 ABL Credit Agreement (which includes the Revolving Credit Loans, and, the Delayed Draw Term Loan), Loan and the ME/RE Loans, 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 the 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-Kfor 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 clients 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, seeking covenant relief from our lenders, 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, refinancings 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 clients' industries that may impede or delay the timing of client 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.

As of September 30, 2023 March 31, 2024, we had approximately $19.9 $16.7 million of borrowing capacity consisting of $4.9 $6.7 million available under the 2022 ABL Credit Agreement, and $15.0 $10.0 million available under the A&R Term Loan Agreement. Our principal uses of cash are for working capital, capital expenditures, and operations.

As of March 31, 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 May 10, 2024, we had consolidated cash and cash equivalents of $15.4 million, excluding $5.1 million of restricted cash mainly as collateral for letters of credit and commercial card programs, and approximately $21.3 million of undrawn availability under our various credit facilities, resulting in total

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liquidity of $36.7 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, 2023 March 31, 2024 totaled $21.5 million $24.2 million, consisting of $16.5 $19.2 million of unrestricted cash on hand, and $5.0 million of restricted cash. International cash balances as of March 31, 2024 were $8.2 million, and approximately $0.7 million of such cash is located in countries where currency or regulatory restrictions exist.

As of December 31, 2022 December 31, 2023, our cash and cash equivalents were $58.1 $35.4 million, including $51.1 $30.4 million of unrestricted cash on hand, and $7.0 $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 $301.1 $307.2 million, of which $5.3 million $7.1 million was classified as current at September 30, 2023 March 31, 2024, compared to total debt of $285.9 $311.4 million at December 31, 2022 December 31, 2023.

As of November 7, 2023, we had consolidated cash and cash equivalents of $25.5 million, excluding $5.0 million of restricted cash. In addition, we had $10.0 million available under the A&R Term Loan Agreement and approximately $4.0 million of undrawn availability under our other various credit facilities, resulting in total liquidity of $39.5 million.

As of September 30, 2023, we were in compliance with all debt provisions and covenants under our various debt agreements.

Refer to *Note 11 - Debt* for information on our debt instruments.

Capital Resources. We establish a capital budget at the beginning of each calendar year and review it during the course of the year. Our capital budgets are based upon our estimate of internally generated sources of cash including from asset sales, as well as cash on hand and the available borrowing capacity under our ABL and other Credit Facilities. We expect to finance our 2023 capital budget with cash flows from operations, cash on hand, proceeds from asset sales, and amounts available under our debt arrangements. Actual capital expenditure levels may vary significantly due to many factors, including industry conditions; the prices and availability of goods and services; the extent to which non-strategic assets are sold and our liquidity outlook.

We continuously monitor our liquidity needs, coordinate our capital expenditure program with our expected cash flows and projected debt-repayment schedule, and evaluate our available alternative sources of liquidity, including accessing debt and equity capital markets in light of current and expected economic conditions. Although we cannot provide any assurance, we believe that our liquidity position and our improving ability to generate cash flows from our operations due to the success of our ongoing cost reduction efforts should be adequate to meet our cash requirements inclusive of, but not limited to, our normal operating needs, debt service obligations and commitments of at least the next twelve months.

Cash Flows

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

		Nine Months Ended September 30,									
		Three Months Ended March 31,									
		Three Months Ended March 31,									
		Three Months Ended March 31,									
Cash flows provided by (used in):	Cash flows provided by (used in):	**2023**	**2022**	**Increase (Decrease)**	Cash flows provided by (used in):	**2024**		**2023**		**Increase (Decrease)**	
Operating activities	Operating activities	$(22,069)	$(46,365)	52 %	Operating activities	$ 1,886	$	$ (17,763)	111	111	%
Investing activities	Investing activities	(7,019)	(13,837)	49 %	Investing activities	(3,016)	(2,360)	(2,360)	(28)	(28)	%
Financing activities	Financing activities	(7,395)	63,288	(112) %	Financing activities	(9,834)	(6,236)	(6,236)	(58)	(58)	%

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Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	(109)	(1,373)	NM	Effect of exchange rate changes on cash	(273)	153	153	(278)	(278)	%
Net change in cash and cash equivalents	Net change in cash and cash equivalents	$ (36,592)	$ 1,713	NM	Net change in cash and cash equivalents	$ (11,237)	$	$ (26,206)	57	57	%

NM - Not meaningful

Cash flows attributable to our operating activities. For the nine three months ended September 30, 2023 March 31, 2024, net cash provided by operating activities was $1.9 million, an improvement of over 100% compared to cash used in operating activities of $17.8 million in the 2023 period. Our net cash provided by operating activities was driven by positive working capital changes of $5.7 million, primarily attributable to lower accounts receivable and prepayment balances, partially offset by lower accrued liabilities driven by payments related to insurance, property taxes and legal claims.

For the three months ended March 31, 2023, net cash used in operating activities was $22.1 million, an improvement of $24.3 million over the 2022 period. $17.8 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 changes of $26.2 $13.3 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.

For the nine months ended September 30, 2022, net cash used in operating activities was $46.4 million. Our net cash used in operating activities generally reflects the cash effects of transactions and other events used in the determination of net loss, which totaled $76.9 million. The decline in cash generated from operations was primarily due to lower accrued liabilities driven by the net loss during the period,

negative working capital impacts payments related to CARES Act deferred payments, payroll and severance payments, sales and use tax, and settlement of $35.3 million, a gain on disposal of assets of $4.3 million, and movement in deferred income taxes of $0.4 million. These legal claims, which were partially offset by amortization of debt issuance costs changes in accounts receivables and debt discount, and write off of deferred loan costs of $28.4 million, depreciation and amortization of $28.6 million, and PIK interest of $15.5 million. prepayments.

Cash flows attributable to our investing activities. For the nine three months ended September 30, 2023 March 31, 2024, net cash used in investing activities was $7.0 million $3.0 million, consisting primarily of capital expenditures of $7.4 million, partially offset by $0.4 million of cash proceeds from asset sales. $3.0 million.

For the nine three months ended September 30, 2022 March 31, 2023, net cash used in investing activities was $13.8 million $2.4 million, consisting primarily of $21.0 million $2.7 million of capital expenditures, partially offset by $7.2 million $0.3 million of cash proceeds from asset sales.

Cash flows attributable to our financing activities. For the nine three months ended September 30, 2023 March 31, 2024, net cash used in financing activities was $7.4 million $9.8 million, consisting primarily of net borrowings payments under our 2022 ABL Credit Facility of $11.0 million $9.9 million, borrowings payments under the ME/RE loans of $27.4 million and borrowings $0.7 million, payments under the Incremental Term Loan of $42.5 million, offset by the payoff of APSC Term Loan of $37.1 million, payoff of the Notes of $41.2 million $0.4 million and payment of debt issuance cost costs of $8.4 million. $1.4 million, partially offset by equipment financing of $2.5 million.

For the nine three months ended September 30, 2022 March 31, 2023, net cash provided by used in financing activities was $63.3 million $6.2 million, consisting primarily of net borrowings payments under our ABL Credit Facility of $67.8 million and $9.7 million cash proceeds from the equity issuances, partially offset by $13.6 million in payments for debt issuance costs. $6.0 million.

Effect of exchange rate changes on cash and cash equivalents. For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the effect of foreign exchange rate changes on cash was $0.1 million negative $0.3 million and $1.4 million positive $0.2 million, respectively.

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The impact of exchange rates on cash and cash equivalents is primarily attributable to fluctuations in U.S. Dollar exchange rates rate against the Canadian Dollar, the Euro, the British Pound, the Australian Dollar and Mexican Peso.

Contractual Obligations. We have various contractual obligations in the normal course of our operations. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Contractual Obligations" in our Annual Report on Form 10-K. See *Note 11 - Debt* for additional details regarding new financing transactions and amendments to our debt agreements that were executed during the year.

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 on 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 three months ended September 30, 2023 March 31, 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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 and Chief Accounting 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 Chief Executive Officer, Chief Financial Officer CEO and Chief Accounting Officer CFO have concluded as of September 30, 2023 March 31, 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, 2023 March 31, 2024.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information on legal proceedings, see *Note 14 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. There 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.

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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 is 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 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, or 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 will review the Plan and, within 45 days of its receipt, determine whether the Company has made a reasonable demonstration of an ability to conform to the relevant standards in the 12-month period. If the NYSE accepts the Plan, the Company's common stock will continue to be listed and traded on the NYSE during the 12-month period, 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.

There is no assurance that we will regain compliance with Section 802.01B of the NYSE Listed Company Manual or other NYSE continued listing standards in the future, or that the NYSE will accept the Plan. 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

NONE

Insider Trading Arrangements. During the quarter ended March 31, 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).

ITEM 6. EXHIBITS

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Exhibit Number	Description
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)reference).
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Team, Inc., dated October 24, 2013 (filed as Exhibit 3.1 3.2 to Team, Inc.'s Current Annual Report on Form 8-K (File 10-K (File No. 001-08604)filed on October 25, 2013 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 (filed as Exhibit 3.3 to Team, Inc.'s 's Quarterly Report on Form 10-Q 10-Q/A (File No. 001-08604) filed on May 11, 2023 November 8, 2023, incorporated hereinby reference) 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. 1 to Amended and Restated Term Loan Credit Agreement, dated as of March 6, 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 10.20 to Team, Inc.'s Annual Report on Form 10-K (File No. 001-08604) filed on March 7, 2024, incorporated by reference herein).
10.2	Amendment No. 4 to Credit Agreement, dated as of March 6, 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 10.21 to Team, Inc.'s Annual Report on Form 10-K (File No. 001-08604) filed on March 7, 2024, incorporated by reference herein).
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)

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

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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 9, 2023 May 14, 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)

Exhibit 31.1

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;

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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 9, 2023 May 14, 2024

/s/ Keith D. Tucker

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

Exhibit 31.2

I, Nelson M. Haight, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Team, Inc.;

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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 9, 2023 May 14, 2024

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/s/ Nelson M. Haight

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

Exhibit 31.3

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

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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 9, 2023 May 14, 2024

/s/ Matthew E. Acosta

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

Exhibit 32.1

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, 2023 March 31, 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 9, 2023 May 14, 2024

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Exhibit 32.2

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, 2023 March 31, 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 9, 2023 May 14, 2024

Exhibit 32.3

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, 2023 March 31, 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.

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/s/ Matthew E. Acosta

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

November 9, 2023 May 14, 2024

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