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

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 001-08604

TEAM, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**74-1765729**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
13131 Dairy Ashford, Suite 600, Sugar Land, Texas	**77478**
(Address of Principal Executive Offices)	(Zip Code)

(281) 331-6154
(Registrant's Telephone Number, Including Area Code)

None
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.30 par value	TISI	New York Stock Exchange

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☑
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The Registrant had 43,121,579 shares of common stock, par value $0.30, outstanding as of May 6, 2022.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

ASSETS	March 31, 2022 (unaudited)	December 31, 2021
Current assets:		
Cash and cash equivalents	$ 53,698	$ 65,315
Accounts receivable, net of allowance of $8,170 and $8,912, respectively	207,779	188,772
Inventory	36,436	35,754
Income tax receivable	3,673	3,349
Prepaid expenses and other current assets	66,470	59,868
Total current assets	368,056	353,058
Property, plant and equipment, net	160,189	161,359
Operating lease right-of-use assets	56,403	60,700
Intangible assets, net	86,572	89,898
Goodwill	25,249	25,243
Defined benefit pension asset	4,007	2,902
Deferred income taxes	262	792
Other assets, net	15,297	10,533
Total assets	$ 716,035	$ 704,485
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 41,137	$ 46,181
Current portion of long-term debt and finance lease obligations	670	669
Current portion of operating lease obligations	15,306	16,176
Other accrued liabilities	123,990	121,099
Total current liabilities	181,103	184,125
Long-term debt and finance lease obligations	455,815	405,191
Operating lease obligations	45,742	49,221
Deferred income taxes	2,837	4,185
Other long-term liabilities	3,468	9,896
Total liabilities	688,965	652,618
Commitments and contingencies		
Equity:		
Preferred stock, 500,000 shares authorized, none issued	—	—
Common stock, par value $0.30 per share, 60,000,000 shares authorized; 43,121,579 and 31,214,714 shares issued	12,931	9,359
Additional paid-in capital	444,747	444,824
Accumulated deficit	(404,222)	(375,584)
Accumulated other comprehensive loss	(26,386)	(26,732)
Total equity	27,070	51,867
Total liabilities and equity	$ 716,035	$ 704,485

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 March 31,	
	2022	**2021**
Revenues	$ 218,576	$ 194,618
Operating expenses	163,478	150,917
Gross margin	55,098	43,701
Selling, general and administrative expenses	71,285	66,124
Restructuring and other related charges, net	16	1,877
Operating loss	(16,203)	(24,300)
Interest expense, net	(18,605)	(9,396)
Other income (expense)	2,702	(950)
Loss before income taxes	(32,106)	(34,646)
(Provision) benefit for income taxes	(356)	355
Net loss	$ (32,462)	$ (34,291)
Loss per common share:		
Basic and diluted	$ (0.86)	$ (1.11)
Weighted-average number of shares outstanding:		
Basic and diluted	37,697	30,878

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2022	**2021**
Net loss	$ (32,462)	$ (34,291)
Other comprehensive income (loss) before tax:		
Foreign currency translation adjustment	346	217
Other comprehensive income (loss), before tax	346	217
Tax (provision) benefit attributable to other comprehensive income (loss)	—	102
Other comprehensive loss, net of tax	346	319
Total comprehensive loss	$ (32,116)	$ (33,972)

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Common Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
Balance at December 31, 2021	31,215	$ 9,359	$ 444,824	$ (375,584)	$ (26,732)	$ 51,867
Adjustments for prior periods from adopting ASU 2020-06			$ (5,651)	3,824	—	(1,827)
Issuance of common stock	11,905	3,572	6,196	—	—	9,768
Net loss	—	—	—	(32,462)	—	(32,462)
Foreign currency translation adjustment, net of tax	—	—	—	—	346	346
Non-cash compensation	2	—	(624)	—	—	(624)
Net settlement of vested stock awards	—	—	2	—	—	2
Balance at March 31, 2022	43,122	12,931	444,747	(404,222)	(26,386)	27,070
Balance at December 31, 2020	30,874	$ 9,257	$ 422,589	$ (189,565)	$ (27,678)	$ 214,603
Net loss	—	—	—	(34,291)	—	(34,291)
Foreign currency translation adjustment, net of tax	—	—	—	—	319	319
Non-cash compensation	—	—	2,330	—	—	2,330
Net settlement of vested stock awards	19	6	(107)	—	—	(101)
Balance at March 31, 2021	30,893	$ 9,263	$ 424,812	$ (223,856)	$ (27,359)	$ 182,860

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2022	**2021**
Cash flows (used in) provided by operating activities:		
Net loss	$ (32,462)	$ (34,291)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	10,031	10,959
Write-off of deferred loan costs	2,748	—
Amortization of deferred loan costs and debt discounts	8,397	2,040
Allowance for credit losses	67	352
Foreign currency (gains) losses	(185)	1,122
Deferred income taxes	(799)	(920)
Gain on asset disposals	(2,306)	(18)
Non-cash compensation (credits) costs	(624)	2,330
Other, net	(1,216)	(1,219)
Changes in operating assets and liabilities:		
Accounts receivable	(18,546)	(1,601)
Inventory	(1,284)	356
Prepaid expenses and other current assets	(5,902)	2,009
Accounts payable	(4,722)	2,192
Other accrued liabilities	(2,884)	327
Income taxes	(319)	(821)
Net cash used in operating activities	(50,006)	(17,183)
Cash flows (used in) provided by investing activities:		
Capital expenditures	(7,068)	(3,413)
Proceeds from disposal of assets	3,026	29
Net cash used in investing activities	(4,042)	(3,384)
Cash flows (used in) provided by financing activities:		
Borrowings under ABL Credit Agreement, gross	104,924	—
Payments under ABL Credit Agreement, gross	(235)	—
Borrowings under ABL Facility, net	—	28,000
Borrowings under ABL Facility, gross	10,300	47,000
Payments under ABL Facility, gross	(72,300)	(56,000)
Payments for debt issuance costs	(10,345)	(2,027)
Taxes paid related to net share settlement of share-based awards	—	(101)
Issuance of common stock	9,767	—
Other	(145)	(64)
Net cash provided by financing activities	41,966	16,808
Effect of exchange rate changes on cash and cash equivalents	465	1,517
Net decrease in cash and cash equivalents	(11,617)	(2,242)
Cash and cash equivalents at beginning of period	65,315	24,586
Cash and cash equivalents at end of period	$ 53,698	$ 22,344

See accompanying notes to unaudited condensed consolidated financial statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Description of Business. Unless otherwise indicated, the terms "we" "our" and "us" are used in this report to refer to either Team, Inc., to one or more of its consolidated subsidiaries or to all of them taken as a whole.

We are a global leading provider of integrated, digitally-enabled asset performance assurance and optimization solutions. 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 three segments: Inspection and Heat Treating ("IHT"), Mechanical Services ("MS") and Quest Integrity. Through the capabilities and resources in these three segments, we believe that we are uniquely qualified to provide integrated solutions: 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 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 ("NDT") services primarily for the process, pipeline and power sectors, pipeline integrity management services, and field heat treating and thermal services, tank management solutions, and pipeline integrity solutions, 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. IHT also provides advanced digital imaging including remote digital video imaging, laser scanning and laser profilometry-enabled reformer care services.

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.

Quest Integrity provides integrity and reliability management solutions for the process, pipeline and power sectors. These solutions encompass two broadly-defined disciplines: (1) highly specialized in-line inspection services for historically unpiggable process piping and pipelines using proprietary in-line inspection tools and analytical software; and (2) advanced engineering and condition assessment services through a multi-disciplined engineering team and related lab support.

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

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

Recent Financing Transactions. 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, ("Eclipse") (such agreement, the "ABL Credit Agreement"). Available funding commitments to the Company under the 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 Eclipse (the "Revolving Credit Loans"), with a $35.0 million sublimit for swingline borrowings and 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 Loans") to be provided by Corre (as defined below) (collectively the "ABL Credit Facility"). The ABL Credit Facility matures

and all outstanding amounts become due and payable on February 11, 2025. The proceeds of the loans under the ABL Credit Agreement were used to, among other things, pay off the amounts owed under the Citi Credit Agreement (as defined in Note 11 - Long-Term Debt) dated as of December 18, 2020 (as amended from time to time), among the Company, the lenders party thereto and Citibank, N.A. as agent, which was repaid and terminated in full on February 11, 2022.

In connection with the transactions contemplated by the ABL Credit Agreement, Corre Partners Management, LLC and certain of its affiliates (collectively, “Corre”), agreed to provide the Company with incremental financing (the “Incremental Financing”), totaling approximately $55.0 million, consisting of (i) $35.0 million Delayed Draw Term Loans under the ABL Credit Facility as discussed above; (ii) $10.0 million from Corre in the form of the February 2022 Delayed Draw Term Loan (as defined in the Subordinated Term Loan Credit Agreement (as defined below)) on a pari passu basis with the existing loans issued pursuant to the Subordinated Term Loan Credit Agreement; and (iii) $10.0 million through an issuance of 11,904,762 shares (the “PIPE Shares”) of our common stock, to Corre Opportunities Qualified Master Fund, LP, Corre Horizon Fund, LP and Corre Horizon II Fund, LP (collectively, the “Corre Holders”) at a price of $0.84 per share (the “Equity Issuance”).

On May 6, 2022, we entered into separate amendments on certain of our credit facilities as follows:

• ABL Credit Agreement: On May 6, 2022, we entered into Amendment No. 1 (the “ABL Credit Agreement Amendment No. 1”) to the ABL Credit Agreement. The ABL Credit Agreement Amendment No. 1, among other things, modifies the Maturity Reserve Trigger Date (as defined in the ABL Credit Agreement) such that the date on which a reserve must, subject to certain conditions, be put into place with respect to the outstanding principal amount of the 5.00% Convertible Senior Notes due 2023 (the”Notes”) is 75 days prior to their maturity date, instead of 120 days prior to their maturity date.

• Atlantic Park Term Loan: On May 6, 2022, we entered into Amendment No. 7 (the “Seventh Amendment”) to the Term Loan Credit Agreement dated December 18, 2020, between the Company and Atlantic Park Strategic Capital Fund, L.P., as agent (“APSC”), as lender (the “Term Loan Credit Agreement”). The Seventh Amendment, among other things and subject to the terms thereof, (i) modifies the Maturity Trigger Date (as defined in the Term Loan Credit Agreement) such that the date on which the maturity of the Term Loan Credit Agreement is triggered as a result of there being an aggregate principal amount of more than $10.0 million outstanding under the Notes is 75 days prior to their maturity date instead of 120 days prior to their maturity date, and (ii) amends the financial covenants, such that the maximum net leverage ratio to be tested for the fiscal quarter ending March 31, 2023 will be increased from 7.00 to 1.00 to 12.00 to 1.00.

• Subordinated Term Loan Credit Agreement: On May 6, 2022, we entered into Amendment No. 6 (the “Corre Amendment No. 6”) with the lenders from time to time party thereto (including Corre), and Cantor Fitzgerald Securities, as agent to the Subordinated Term Loan Credit Agreement dated November 9, 2021, by and among the Company, Corre Credit Fund, LLC (“Corre Fund”), as agent, and the lenders party thereto (the “Subordinated Term Loan Credit Agreement”). The Corre Amendment No. 6, among other things, amends the financial covenants, such that the maximum net leverage ratio to be tested for the fiscal quarter ending March 31, 2023 will be increased from 7.00 to 1.00 to 12.00 to 1.00.

Ongoing Effects of COVID-19. The impact of the COVID-19 pandemic continues to affect our workforce and operations, as well as the operations of our clients, suppliers and contractors. During this period, we have continued to focus on the following key priorities:

- the health and safety of our employees and business continuity;
- the alignment of our business to the near-term market dynamics and demand for our services; and
- our end market revenue diversification strategy.

The ultimate duration and economic impact of the COVID-19 pandemic remains unclear. However, we believe the increased availability and administration of COVID-19 vaccines, easing of pandemic related restrictions, reopening of economies, and increasing commodity prices are positive signs of broader economic recovery.

The extent of COVID-19’s effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic (including any resurgences), the impact of the new COVID-19 variants, the continued rollout and acceptance of COVID-19 vaccines, and the level of social and economic restrictions imposed in the United States and abroad in an effort to curb the spread of the virus, all of which are uncertain and difficult to predict considering the rapidly evolving landscape.

Under the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), we qualified to defer the employer portion of social security taxes incurred through the end of calendar 2020. As of March 31, 2022, we have deferred employer payroll taxes of $7.1 million. As of December 31, 2021 we had $14.1 million outstanding and we paid $7.0 million of the deferred payroll taxes in January 2022, the remaining balance of $7.1 million is due at the end of 2022. Additionally, other governments in jurisdictions where we operate passed legislation to provide employers with relief programs, which include wage subsidy grants, deferral of certain payroll related expenses and tax payments and other benefits. We elected to treat qualified government subsidies from Canada and other governments as offsets to the related expenses. We recognized

$0.6 million and $0.1 million as a reduction to operating expenses and selling, general and administrative expenses, respectively, during the three months ended March 31, 2022 and $2.0 million and $0.4 million as a reduction for operating expenses and selling, general and administrative expenses, respectively, during the three months ended March 31, 2021.

Basis for presentation. 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 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, 2021 as filed with the Securities and Exchange Commission.

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.

Related Party Transactions. A related party transaction is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including the incurrence or issuance of any indebtedness or the guarantee of indebtedness) in which (1) the Company or any of its subsidiaries is a participant, and (2) any Related Party (as defined herein) has or will have a direct or indirect material interest.

A Related Party is any person who is, or, at any time since the beginning of the Company's last fiscal year, was (1) an executive officer, director or nominee for election as a director of the Company or any of its subsidiaries, (2) a person with greater than five percent (5%) beneficial interest in the Company, (3) an immediate family member of any of the individuals or entities identified in (1) or (2) of this paragraph, and (4) any firm, corporation or other entity in which any of the foregoing individuals or entities is employed or is a general partner or principal or in a similar position or in which such person or entity has a five percent (5%) or greater beneficial interest. Immediate family members includes a person's spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone residing in such person's home, other than a tenant or employee.

Going Concern. These condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) assuming the Company will continue as a going concern.

As of March 31, 2022, we are in compliance with our debt covenants.

As discussed above, the Company successfully negotiated amendments to our credit facilities including the financial covenants contained therein. In addition, we evaluated the Company's liquidity within one year after the date of issuance of these condensed consolidated financial statements to determine if there is substantial doubt about the Company's ability to continue as a going concern. 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) excess availability level under the Company's existing debt arrangements. The cash flow projections were based on known or planned cash requirements for operating and financing costs. We believe, based on the Company's forecast and the amendments entered in May 2022, that current working capital and capital expenditure financing is sufficient to fund the operations, maintain compliance with our debt covenants (as amended), and satisfy the Company's obligations as they come due within one year after the date of issuance of these condensed consolidated financial statements. Our ability to maintain compliance with the financial covenants contained in the ABL Credit Facility, Term Loan Credit Agreement, and Subordinated 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. Under the terms of our amended financing arrangements, each of the Maturity Reserve Trigger Date (as defined in the ABL Credit Agreement) and the Maturity Trigger Date (as defined in the Term Loan Credit Agreement) (collectively, the "Trigger Date") is now May 18, 2023. While our lenders agreed on an extension and amended the financial covenants contained therein, there can be no assurance that our lenders will provide additional waivers or amendments in the event of future non-compliance with our debt covenants, or other possible events of default that could happen.

Use of estimates. Our accounting policies conform to GAAP. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and judgments that affect our reported financial position and results of operations. We review significant estimates and judgments affecting our consolidated financial statements on a recurring basis and record the effect of any necessary adjustments prior to their publication. Estimates and judgments are based on information available at the time such estimates and judgments are made. Adjustments made with respect to the use of these estimates and judgments often relate to information not previously available. Uncertainties with respect to such estimates and judgments are inherent in the preparation of financial statements. Estimates and judgments are used in, among other things, (1) aspects of revenue recognition, (2) valuation of acquisition related tangible and intangible assets and assessments of all long-lived assets for possible impairment, (3) estimating various factors used to accrue liabilities for workers' compensation, auto, medical, and general liability, (4) establishing an allowance for uncollectible accounts receivable, (5) estimating the useful lives

of our assets, (6) assessing future tax exposure and the realization of tax assets, (7) selecting assumptions used in the measurement of costs and liabilities associated with defined benefit pension plans, (8) assessments of fair value and (9) managing our foreign currency risk in foreign operations. Our most significant accounting policies are described below.

Fair value of financial instruments. As defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820 *Fair Value Measurements and Disclosur*e ("ASC 820"), fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We utilize market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. We primarily apply the market approach for recurring fair value measurements and endeavor to utilize the best information available. Accordingly, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The use of unobservable inputs is intended to allow for fair value determinations in situations in which there is little, if any, market activity for the asset or liability at the measurement date. We are able to classify fair value balances based on the observability of those inputs. ASC 820 establishes a fair value hierarchy such that "Level 1" measurements include unadjusted quoted market prices for identical assets or liabilities in an active market, "Level 2" measurements include quoted market prices for identical assets or liabilities in an active market which have been adjusted for items such as effects of restrictions for transferability and those that are not quoted but are observable through corroboration with observable market data, including quoted market prices for similar assets, and "Level 3" measurements include those that are unobservable and of a highly subjective measure.

Our financial instruments consist primarily of cash, cash equivalents, accounts receivable, accounts payable and debt obligations. The carrying amount of cash, cash equivalents, trade accounts receivable and trade accounts payable are representative of their respective fair values due to the short-term maturity of these instruments. The fair value of our ABL Credit Facility and Term Loans defined below is representative of the carrying value based upon the variable 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 our 5.00% Convertible Senior Notes due 2023 (the "Notes") as of March 31, 2022 and December 31, 2021 is $86.1 million and $84.0 million, respectively, (inclusive of the fair value of the conversion option) and are a "Level 2" measurement, determined based on the observed trading price of these instruments. For additional information regarding our ABL Credit Facilities, Atlantic Park Term Loan, Subordinated Term Loan and Notes, see Note 11 - Long-Term Debt.

Cash and cash equivalents. Cash and cash equivalents consist of all deposits and funds invested in highly liquid short-term investments with original maturities of three months or less.

Inventory. Except for certain inventories that are valued based on weighted-average cost, we use the first-in, first-out method to value our inventory. Inventory includes material, labor, and certain fixed overhead costs. Inventory is stated at the lower of cost and net realizable value. Inventory quantities on hand are reviewed periodically and carrying cost is reduced to net realizable value for inventories for which their cost exceeds their utility. The cost of inventories consumed or products sold are included in operating expenses.

Property, plant and equipment. Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Leasehold improvements are amortized over the shorter of their respective useful life or the lease term. Depreciation and amortization of assets are computed by the straight-line method over the following estimated useful lives of the assets:

Classification	Useful L
Buildings	20-40 y
Enterprise Resource Planning ("ERP") System	15 y
Leasehold improvements	2-15 y
Machinery and equipment	2-12 y
Furniture and fixtures	2-10 y
Computers and computer software	2-5 y
Automobiles	2-5 y

Goodwill and intangible assets. We allocate the purchase price of acquired businesses to their identifiable tangible assets and liabilities, such as accounts receivable, inventory, property, plant and equipment, accounts payable and accrued liabilities. We also allocate a portion of the purchase price to identifiable intangible assets, such as client relationships, non-compete agreements, trade names, technology, and licenses. Allocations are based on estimated fair values of assets and liabilities. We use all available information to estimate fair values including quoted market prices, the carrying value of acquired assets, and

widely accepted valuation techniques such as discounted cash flows. Certain estimates and judgments are required in the application of the fair value techniques, including estimates of future cash flows, selling prices, replacement costs, economic lives, and the selection of a discount rate, as well as the use of "Level 3" measurements as defined in ASC 820. Deferred taxes are recorded for any differences between the assigned values and tax bases of assets and liabilities. Estimated deferred taxes are based on available information concerning the tax bases of assets acquired and liabilities assumed and loss carryforwards at the acquisition date, although such estimates may change in the future as additional information becomes known. Any remaining excess of cost over allocated fair values is recorded as goodwill. We typically engage third-party valuation experts to assist in determining the fair values for both the identifiable tangible and intangible assets. The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, could materially impact our results of operations.

Goodwill and intangible assets acquired in a business combination determined to have an indefinite useful life are not amortized, but are instead tested for impairment, and assessed for potential triggering events, at least annually in accordance with the provisions of the ASC 350 *Intangibles—Goodwill and Other* ("ASC 350"). Intangible assets with estimated useful lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment in accordance with ASC 350. We assess goodwill for impairment at the reporting unit level, which we have determined to be the same as our operating segments. Each reporting unit has goodwill relating to past acquisitions.

If the carrying value of a reporting unit exceeds its fair value, we measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit. Our goodwill annual test date is December 1 of each year.

Income taxes. We follow the guidance of ASC 740 *Income Taxes* ("ASC 740"), which requires that we use the asset and liability method of accounting for deferred income taxes and provide deferred income taxes for all significant temporary differences. As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax payable or receivable and related tax expense or benefit together with assessing temporary differences resulting from differing treatment of certain items, such as depreciation, for tax and accounting purposes. These differences can result in deferred tax assets and liabilities, which are included within our consolidated balance sheets.

In accordance with ASC 740, we are required to assess the likelihood that our deferred tax assets will be realized and, to the extent we believe it is more likely than not (a likelihood of more than 50%) that some portion or all of the deferred tax assets will not be realized, we must establish a valuation allowance. We consider all available evidence to determine whether, based on the weight of the evidence, a valuation allowance is needed. Evidence used includes the reversal of existing taxable temporary differences, taxable income in prior carryback years if carryback is permitted by tax law, information about our current financial position and our results of operations for the current and preceding years, as well as all currently available information about future years, including our anticipated future performance and tax planning strategies.

We regularly assess whether it is more likely than not that we will realize the deferred tax assets in the jurisdictions in which we operate. Management believes future sources of taxable income, reversing temporary differences and other tax planning strategies will be sufficient to realize the deferred tax assets for which no valuation allowance has been established. Our valuation allowance primarily relates to net operating loss carryforwards. While we have considered these factors in assessing the need for additional valuation allowance, there can be no assurance that additional valuation allowance would not need to be established in the future if information about future years change. Any changes in valuation allowance would impact our income tax provision and net income (loss) in the period in which such a determination is made.

Significant judgment is required in assessing the timing and amounts of deductible and taxable items for tax purposes. In accordance with ASC 740-10, we establish reserves for uncertain tax positions when, despite our belief that our tax return positions are supportable, we believe that it is not more likely than not that the position will be sustained upon challenge. When facts and circumstances change, we adjust these reserves through our provision for income taxes. To the extent interest and penalties may be assessed by taxing authorities on any related underpayment of income tax, such amounts have been accrued and are classified as a component of income tax expense (benefit) in our consolidated statements of operations.

Workers' compensation, auto, medical and general liability accruals. In accordance with ASC 450 *Contingencies* ("ASC 450"), we record a loss contingency when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We review our loss contingencies on an ongoing basis to ensure that we have appropriate reserves recorded on our balance sheet. These reserves are based on historical experience with claims incurred but not received, estimates and judgments made by management, applicable insurance coverage for litigation matters, and are adjusted as circumstances warrant. For workers' compensation, our self-insured retention is $1.0 million and our automobile liability self-insured retention is currently $1.0 million per occurrence. For general liability claims, we have an effective self-insured

retention of $1.0 million and a deductible of $2.0 million per occurrence. For medical claims, our self-insured retention is $400,000 per individual claimant determined on an annual basis. For environmental liability claims, our self-insured retention is $1.0 million per occurrence. We maintain insurance for claims that exceed such self-retention limits. The insurance is subject to terms, conditions, limitations, and exclusions that may not fully compensate us for all losses. Our estimates and judgments could change based on new information, changes in laws or regulations, changes in management's plans or intentions, or the outcome of legal proceedings, settlements, or other factors. If different estimates and judgments were applied with respect to these matters, it is likely that reserves would be recorded for different amounts.

Allowance for credit losses. In the ordinary course of business, a portion of our accounts receivable are not collected due to billing disputes, customer bankruptcies, dissatisfaction with the services we performed and other various reasons. We establish an allowance to account for those accounts receivable that we estimate will eventually be deemed uncollectible. The allowance for credit losses is based on a combination of our historical experience and management's review of long outstanding accounts receivable.

Concentration of credit risk. No single customer accounts for more than 10% of consolidated revenues.

Earnings (loss) per share. Basic earnings (loss) per share is computed by dividing income (loss) from continuing operations, income (loss) from discontinued operations or net income (loss) by the weighted-average number of shares of common stock outstanding during the year. Diluted earnings (loss) per share is computed by dividing income (loss) from continuing operations, income (loss) from discontinued operations or net income (loss) by the sum of (1) the weighted-average number of shares of common stock outstanding during the period, (2) the dilutive effect of the assumed exercise of share-based compensation using the treasury stock method and (3) the dilutive effect of the assumed conversion of our Notes under the treasury stock method. Our current intent is to settle the principal amount of our Notes in cash upon conversion. If the conversion value exceeds the principal amount, we may elect to deliver shares of our common stock with respect to the remainder of our conversion obligation in excess of the aggregate principal amount (the "conversion spread"). Accordingly, the conversion spread is included in the denominator for the computation of diluted earnings per common share using the treasury stock method and the numerator is adjusted for any recorded gain or loss, net of tax, on the embedded derivative associated with the conversion feature.

For the three months ended March 31, 2022 and 2021, all outstanding share-based compensation awards were excluded from the calculation of diluted loss per share because their inclusion would be antidilutive due to the loss from continuing operations in those periods. Also, for the three months ended March 31, 2022 and 2021, the Notes were excluded from the calculation of diluted earnings (loss) per share since the conversion price exceeded the average price of our common stock during the applicable periods. For information regarding our Notes and our share-based compensation awards, refer to Note 11 and Note 14, respectively.

Non-cash investing and financing activities. Non-cash investing and financing activities are excluded from the consolidated statements of cash flows and are as follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	
Assets acquired under finance lease	$ 23	$

Also, we had $3.6 million and $2.4 million of accrued capital expenditures as of March 31, 2022 and March 31, 2021, respectively, which are excluded from the consolidated statements of cash flows until paid.

***Foreign currency*.** For subsidiaries whose functional currency is not the U.S. Dollar, assets and liabilities are translated at period ending rates of exchange and revenues and expenses are translated at period average exchange rates. Translation adjustments for the asset and liability accounts are included as a separate component of accumulated other comprehensive loss in stockholders' equity. Foreign currency transaction gains and losses are included in our statements of operations.

We have historically executed a foreign currency hedging program to mitigate the foreign currency risk in countries where we have significant assets and liabilities denominated in currencies other than the functional currency. We historically utilized monthly foreign currency swap contracts to reduce exposures to changes in foreign currency exchange rates related to our largest exposures including, but not limited to the Brazilian Real, British Pound, Canadian Dollar, Euro, Malaysian Ringgit, Mexican Peso and Singapore Dollar. There were no foreign currency swap contracts outstanding during the three months ended March 31, 2022, and the impact from swap contracts was not material for the three months ended March 31, 2021.

Defined benefit pension plans. Pension benefit costs and liabilities are dependent on assumptions used in calculating such amounts. The primary assumptions include factors such as discount rates, expected investment return on plan assets, mortality rates and retirement rates. These rates are reviewed annually and adjusted to reflect current conditions. These rates are determined based on reference to yields. The expected return on plan assets is derived from detailed periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks (standard deviations) and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return. Mortality and retirement rates are based on actual and anticipated plan experience. In accordance with GAAP, actual results that differ from the assumptions are accumulated and are subject to amortization over future periods and, therefore, generally affect recognized expense in future periods. While we believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect the pension obligation and future expense.

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

Newly Adopted Accounting Standards

ASU No. 2019-12. In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes*, that simplifies the accounting for income taxes by eliminating some exceptions to the general approach in ASC 740, *Income Taxes* as well as clarifies aspects of existing guidance to promote more consistent application. ASU 2019-12 clarifies and amends existing guidance related to intraperiod tax allocation and calculations, recognition of deferred taxes for change in ownership group, evaluation of a step-up in the tax basis of goodwill and other clarifications. Our adoption of this ASU as of January 1, 2021 did not have a material impact to our consolidated financial statements.

ASU No. 2020-06. In August 2020, the FASB issued ASU 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for convertible instruments by eliminating certain separation models and will generally be reported as a single liability at its amortized cost. In addition, ASU 2020-06 eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. On January 1, 2022, we adopted the ASU using the modified retrospective method. We recognized a cumulative effect of initially applying the ASU as an adjustment to the January 1, 2022 opening accumulated deficit balance. The prior period consolidated financial statements have not been retrospectively adjusted and continue to be reported under the accounting standards in effect for those periods. Refer to Note 11 - Long-Term Debt for impact on the adoption of this ASU as of January 1, 2022.

Accounting Standards Not Yet Adopted

ASU No. 2020-04. In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The guidance in ASU 2020-04 and ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, which was issued in January 2021, provides optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships, subject to meeting certain criteria that reference LIBOR or another rate that is expected to be discontinued. The amendments in ASU 2020-04 are effective for all entities as of March 12, 2020 through December 31, 2022. While we are currently determining whether we will elect the optional expedients, we do not expect our adoption of these ASU's to have a significant impact on our consolidated financial position, results of operations, and cash flows.

2. REVENUE

In accordance with ASC Topic 606, *Revenue from Contracts with Customers*, ("ASC 606") we follow a five-step process to recognize revenue: 1) identify the contract with the customer, 2) identify the performance obligations, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations, and 5) recognize revenue when the performance obligations are satisfied.

Most of our contracts with customers are short-term in nature and billed on a time and materials basis, while certain other contracts are at a fixed price. Certain contracts may contain a combination of fixed and variable elements. We act as a principal and have performance obligations to provide the service itself or oversee the services provided by any subcontractors. Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, such as taxes assessed by governmental authorities. Generally, in contracts where the amount of consideration is variable, the amount is determinable each period based on our right to invoice (as discussed further below) the customer for services performed to date. As most of our contracts contain only one performance obligation, the allocation of a contract transaction price to multiple performance obligations is generally not applicable. Customers are generally billed as we satisfy our performance obligations and payment terms typically range from 30 to 90 days from the invoice date. Billings under certain

fixed-price contracts may be based upon the achievement of specified milestones, while some arrangements may require advance customer payment. Our contracts do not include significant financing components since the contracts typically span less than one year. Contracts generally include an assurance type warranty clause to guarantee that the services comply with agreed specifications. The warranty period typically is twelve months or less from the date of service.

Revenue is recognized as (or when) the performance obligations are satisfied by transferring control over a service or product to the customer. Revenue recognition guidance prescribes two recognition methods (over time or point in time). Most of our performance obligations qualify for recognition over time because we typically perform our services on customer facilities or assets and customers receive the benefits of our services as we perform. Where a performance obligation is satisfied over time, the related revenue is also recognized over time using the method deemed most appropriate to reflect the measure of progress and transfer of control. For our time and materials contracts, we are generally able to elect 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. For our fixed price contracts, we typically recognize revenue using the cost-to-cost method, which measures the extent of progress towards completion based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Under this method, revenue is recognized proportionately as costs are incurred. For contracts where control is transferred at a point in time, revenue is recognized at the time control of the asset is transferred to the customer, which is typically upon delivery and acceptance by the customer.

Disaggregation of revenue. A disaggregation of our revenue from contracts with customers by geographic region, by reportable operating segment and by service type is presented below (in thousands):

Geographic area:

	Three Months Ended March 31, 2022 (unaudited)			Three Months Ended March 31, 2021 (unaudited)		
	United States and Canada	Other Countries	Total	United States and Canada	Other Countries	Total
Revenue:						
IHT	$ 93,376	$ 2,219	$ 95,595	$ 89,225	$ 1,914	$ 91,139
MS	63,931	29,510	93,441	60,046	27,350	87,396
Quest Integrity	14,691	14,849	29,540	9,055	7,028	16,083
Total	$ 171,998	$ 46,578	$ 218,576	$ 158,326	$ 36,292	$ 194,618

	Three Months Ended March 31, 2022 (unaudited)				
	Non-Destructive Evaluation and Testing Services	Repair and Maintenance Services	Heat Treating	Other	Total
Revenue:					
IHT	$ 76,449	$ 24	$ 13,839	$ 5,283	$ 95,595
MS	—	91,770	57	1,614	93,441
Quest Integrity	29,540	—	—	—	29,540
Total	$ 105,989	$ 91,794	$ 13,896	$ 6,897	$ 218,576

	Three Months Ended March 31, 2021 (unaudited)				
	Non-Destructive Evaluation and Testing Services	Repair and Maintenance Services	Heat Treating	Other	Total
Revenue:					
IHT	$ 71,530	$ 81	$ 13,455	$ 6,073	$ 91,139
MS	—	85,976	689	731	87,396
Quest Integrity	16,083	—	—	—	16,083
Total	$ 87,613	$ 86,057	$ 14,144	$ 6,804	$ 194,618

For additional information on our reportable operating segments and geographic information, refer to Note 17.

Contract balances. The timing of revenue recognition, billings and cash collections results in trade accounts receivable, contract assets and contract liabilities on the 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 Notes 1 and 3 for additional information on our trade receivables and the allowance for credit losses. Contract assets include unbilled amounts typically resulting from sales under fixed-price contracts when the cost-to-cost method of revenue recognition is utilized, the revenue recognized exceeds the amount billed to the customer and the right to payment is conditional on something other than the passage of time. Amounts may not exceed their net realizable value. If we receive advances or deposits from our customers, a contract liability is recorded. Additionally, a contract liability arises if items of variable consideration result in less revenue being recorded than what is billed. Contract assets and contract liabilities are generally classified as current.

The following table provides information about trade accounts receivable, contract assets and contract liabilities as of March 31, 2022 and December 31, 2021 (in thousands):

	March 31, 2022 (unaudited)	December 31, 2021	Change
Trade accounts receivable, net[1]	$ 207,779	$ 188,772	$ 19,007
Contract assets[2]	$ 1,011	$ 1,602	$ (591)
Contract liabilities[3]	$ 1,588	$ 313	$ 1,275

1 Includes billed and unbilled amounts, net of allowance for credit losses. See Note 3 for details.
2 Included in the “Prepaid expenses and other current assets” line on the condensed consolidated balance sheets.
3 Included in the “Other accrued liabilities” line of the condensed consolidated balance sheets.

The $0.6 million decrease in our contract assets from December 31, 2021 to March 31, 2022 is due to less fixed price contracts in progress at March 31, 2022 as compared to December 31, 2021. Contract liabilities increased by $1.3 million as of March 31, 2022. The increase is associated with contracts under which customers have paid for all or a portion of the consideration in advance of the work being performed. Due to the short-term nature of our contracts, contract liability balances as of the end of any period are generally recognized as revenue in the following quarter. Accordingly, essentially all of the contract liability balance at December 31, 2021 was recognized as revenue during the quarter ended March 31, 2022.

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 recognized as assets primarily consist of labor and materials costs and generally relate to engineering and set-up costs incurred prior to 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 March 31, 2022 and December 31, 2021. 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 of March 31, 2022 and 2021, there were no material amounts of remaining performance obligations that are required to be disclosed. As permitted by ASC 606, 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.

3. RECEIVABLES

A summary of accounts receivable as of March 31, 2022 and December 31, 2021 is as follows (in thousands):

	March 31, 2022 (unaudited)	December 31, 2021
Trade accounts receivable	$ 170,654	$ 161,751
Unbilled receivables	45,295	35,933
Allowance for credit losses	(8,170)	(8,912)
Total	$ 207,779	$ 188,772

ASC 326, *Credit Losses*, 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. We have identified the following factors that primarily impact the collectability of our receivables and therefore determine the pools utilized to calculate expected credit losses: (i) the aging of the receivable, (ii) any identification of known collectability concerns with specific receivables, and (iii) variances in economic risk characteristics across geographic regions.

For trade receivables, customers typically are provided with payment due date terms of 30 days upon issuance of an invoice. We have tracked historical loss information for our trade receivables and compiled historical credit loss percentages for different aging categories. We believe that the historical loss information we have compiled is a reasonable basis on which to determine expected credit losses for trade receivables because the composition of the trade receivables is consistent with that used in developing the historical credit-loss percentages as typically our customers and payment terms do not change significantly. Generally, a longer outstanding receivable equates to a higher percentage of the outstanding balance as current expected credit losses. We update the historical loss information for current conditions and reasonable and supportable forecasts that affect the expected collectability of the trade receivable using a loss-rate approach. We have not seen a negative trend in the current economic environment that significantly impacts our historical credit-loss percentages; however, we will continue to monitor for changes that would indicate the historical loss information is no longer a reasonable basis for the determination of our expected credit losses. Our forecasted loss rates inherently incorporate expected macroeconomic trends. A loss-rate method for estimating expected credit losses on a pooled basis is applied for each aging category for receivables that continue to exhibit similar risk characteristics.

To measure expected credit losses for individual receivables with specific collectability risk, we identify specific factors based on customer-specific facts and circumstances that are unique to each customer. Customer accounts with different risk characteristics are separately identified and a specific reserve is determined for these accounts based on the assessed credit risk.

We have also identified the following geographic regions in which to distinguish our trade receivables: the (i) United States, (ii) Canada, (iii) the European Union, (iv) the United Kingdom, and (v) other countries. These geographic regions are considered appropriate as they each operate in different economic environments with different foreign currencies, and therefore share similar economic risk characteristics. For each geographic region we evaluate the historical loss information and determine credit-loss percentages to apply to each aging category and individual receivable with specific risk characteristics. We estimate future expected credit losses based on forecasted changes in gross domestic product and oil demand for each region.

We consider one year from the financial statement reporting date as representing a reasonable forecast period as this period aligns with the expected collectability of our trade receivables. Financial distress experienced by our customers could have an adverse impact on us in the event our customers are unable to remit payment for the products or services we provide or otherwise fulfill their obligations to us. In determining the current expected credit losses, we review macroeconomic conditions, market specific conditions, and internal forecasts to identify potential changes in our assessment.

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

	March 31, 2022 (unaudited)	December 31, 2021
Balance at beginning of period	$ 8,912	$ 9,918
Provision for expected credit losses	66	2,193
Write-offs	(830)	(3,143)
Foreign exchange effects	22	(56)
Balance at end of period	$ 8,170	$ 8,912

4. INVENTORY

A summary of inventory as of March 31, 2022 and December 31, 2021 is as follows (in thousands):

	March 31, 2022 (unaudited)	December 31, 2021
Raw materials	$ 8,050	$ 7,641
Work in progress	3,262	2,725
Finished goods	25,124	25,388
Total	$ 36,436	$ 35,754

5. PREPAID AND OTHER CURRENT ASSETS

A summary of prepaid and other current assets as of March 31, 2022 and December 31, 2021 is as follows (in thousands):

	March 31, 2022 (unaudited)	December 31, 2021
Insurance receivable	$ 39,000	$ 39,000
Prepaid expenses	13,763	12,645
Other current assets	13,707	8,223
Total	$ 66,470	$ 59,868

The insurance receivable relates to the receivable from our third-party insurance providers for a legal claim that is recorded in other accrued liabilities, refer to Note 9. These receivables will be covered by our third-party insurance providers for a litigation matter that has been settled or are pending settlements 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 current assets primarily include items such as contract assets, receivable from third party, and other accounts receivables.

6. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment as of March 31, 2022 and December 31, 2021 is as follows (in thousands):

	March 31, 2022 (unaudited)	December 31, 2021
Land	$ 5,208	$ 5,743
Buildings and leasehold improvements	57,902	58,972
Machinery and equipment	304,018	306,366
Furniture and fixtures	11,555	11,642
Capitalized ERP system development costs	45,917	45,917
Computers and computer software	22,281	22,243
Automobiles	4,326	4,356
Construction in progress	20,938	16,565
Total	472,145	471,804
Accumulated depreciation	(311,956)	(310,445)
Property, plant and equipment, net	$ 160,189	$ 161,359

Included in the table above are assets under finance leases of $6.7 million and $6.7 million, net of accumulated amortization of $1.7 million and $1.6 million as of March 31, 2022 and December 31, 2021, respectively. Depreciation expense for the three months ended March 31, 2022 and 2021 was $6.5 million and $7.5 million, respectively.

7. INTANGIBLE ASSETS

A summary of intangible assets as of March 31, 2022 and December 31, 2021 is as follows (in thousands):

	March 31, 2022 (unaudited)			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 175,130	$ (91,862)	$ 83,268	$ 175,156	$ (88,783)	$ 86,373
Non-compete agreements	5,509	(5,509)	—	5,503	(5,503)	—
Trade names	24,710	(22,367)	2,343	24,743	(22,252)	2,491
Technology	7,834	(6,933)	901	7,843	(6,885)	958
Licenses	847	(787)	60	850	(774)	76
Total	$ 214,030	$ (127,458)	$ 86,572	$ 214,095	$ (124,197)	$ 89,898

Amortization expense of intangible assets for the three months ended March 31, 2022 and March 31, 2021 was $3.5 million and $3.4 million, respectively. Amortization expense for intangible assets is forecast to be approximately $13 million per year from 2022 through 2025.

The weighted-average amortization period for intangible assets subject to amortization was 13.7 years as of March 31, 2022 and December 31, 2021.

8. GOODWILL AND IMPAIRMENT CHARGES

Goodwill and intangible assets acquired in a business combination determined to have an indefinite useful life are not amortized, but are instead tested for impairment, and assessed for potential triggering events, at least annually in accordance with the provisions of the ASC 350 *Intangibles-Goodwill and Other* ("ASC 350"). Intangible assets with estimated useful lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment in accordance with ASC 350. We assess goodwill for impairment at the reporting unit level, which we have determined to be the same as our operating segments. If the carrying value of a reporting unit exceeds its fair value, we measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

We test for impairment of our reporting units annually on December 1, and between annual tests if we become aware of an event or a change in circumstances that would indicate the carrying value may be impaired.

Management did not become aware of an event or a change in circumstances that would indicate the carrying value may be impaired for the period ended March 31, 2022. We will continue to evaluate our goodwill and long-lived assets for potential triggering events as conditions warrant.

During 2021, we determined that a triggering event had occurred as it was more likely than not that the carrying values of our reporting units exceeded their fair values as a result of the curtailment of operations and sustained declines in our stock price through September 30, 2021. Based upon our 2021 impairment assessment, we determined the carrying amount of our MS reporting unit exceeded the fair value in 2021. As a result, we recorded $55.8 million in goodwill impairment charges on our MS reporting unit during the three months ended September 30, 2021. The fair value of the Quest Integrity reporting unit exceeded its carrying value at September 30, 2021. Our IHT reporting unit has no goodwill associated as it was determined to be fully impaired on March 31, 2020. Additionally, based on the annual quantitative assessment performed on December 1, 2021, we concluded that the carrying amount of our Quest Integrity reporting unit exceeded the fair value. As a result, we recorded $8.8 million in goodwill impairment charges on our Quest Integrity reporting unit during the three months ended December 31, 2021.

There was $25.2 million of goodwill at March 31, 2022 and December 31, 2021. The following table presents a rollforward of goodwill for the three months ended March 31, 2022 as follows (in thousands):

	IHT			MS			Quest Integrity			Consolidated		
	Goodwill, Gross	Accumulated Impairment	Goodwill, Net	Goodwill, Gross	Accumulated Impairment	Goodwill, Net	Goodwill, Gross	Accumulated Impairment	Goodwill, Net	Goodwill, Gross	Accumulated Impairment	Goodwill, Net
Balance at December 31, 2021	$ 212,928	$ (212,928)	$ —	$ 109,938	$ (109,938)	$ —	$ 34,038	$ (8,795)	$ 25,243	$ 356,904	$ (331,661)	$ 25,243
FX Adjustments	—	—	—	—	—	—	6	—	6	6	—	6
Balance at March 31, 2022	$ 212,928	$ (212,928)	$ —	$ 109,938	$ (109,938)	$ —	$ 34,044	$ (8,795)	$ 25,249	$ 356,910	$ (331,661)	$ 25,249

9. OTHER ACCRUED LIABILITIES

A summary of other accrued liabilities as of March 31, 2022 and December 31, 2021 is as follows (in thousands):

	March 31, 2022 (unaudited)	December 31, 2021
Legal and professional accruals	$ 47,073	$ 46,762
Payroll and other compensation expenses	44,513	44,284
Insurance accruals	5,880	7,314
Property, sales and other non-income related taxes	6,658	8,018
Accrued commission	1,398	1,111
Accrued interest	7,165	6,469
Other	11,303	7,141
Total	$ 123,990	$ 121,099

Legal and professional accruals include accruals for legal and professional fees as well as accrued legal claims, refer to Note 16. Certain legal claims are covered by insurance and the related insurance receivable for these claims is recorded in

prepaid expenses and other current assets, refer to Note 5. 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 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 accrued liabilities includes items such as contract liabilities and other accrued expenses.

10. INCOME TAXES

We recorded an income tax provision of $0.4 million for the three months ended March 31, 2022 compared to a benefit of $0.4 million for the three months ended March 31, 2021. The effective tax rate, inclusive of discrete items, was a provision of 1.1% for the three months ended March 31, 2022, compared to a benefit of 1.0% for the three months ended March 31, 2021.

Our three months ended March 31, 2022 and 2021 effective tax rate differs from the statutory tax rate due to tax losses in jurisdictions in which the tax benefits have been offset by valuation allowances.

11. LONG-TERM DEBT

As of March 31, 2022 and December 31, 2021, our long-term debt and finance obligations are summarized as follows (in thousands):

	March 31, 2022 (unaudited)	December 31, 2021
ABL Facilities	$ 104,689	$ 62,000
Term Loan	216,043	214,191
Subordinated Term Loan	38,758	36,358
Total	$ 359,490	$ 312,549
Convertible Debt[1]	91,485	87,662
Finance lease obligations	5,510	5,649
Total debt and finance lease obligations	$ 456,485	$ 405,860
Current portion of long-term debt and finance lease obligations	(670)	(669)
Total long-term debt and finance lease obligations, less current portion	$ 455,815	$ 405,191

1 Comprised of principal amount outstanding, less unamortized discount and issuance costs. See *Convertible Debt* section below for additional information.

Future contractual maturities of long-term debt, excluding finance leases, are as follows (in thousands):

December 31	
2022	$ —
2023	95,209
2024	—
2025	104,689
2026	301,597
Thereafter	—
Total	$ 501,495

For information on our finance lease obligations, see footnote 12.

ABL Facilities

On December 18, 2020, we entered into an asset-based credit agreement (such agreement, as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”) led by Citibank, N.A., (“Citibank”), as agent, which provided for available borrowings up to $150.0 million (the “ABL Facility”). The ABL Facility was expected to mature and all outstanding amounts were to become due and payable on December 18, 2024. The Citi ABL Facility included a $50.0 million sublimit for letters of credit issuance and $35.0 million sublimit for swingline borrowings. Additionally, subject to certain conditions, including obtaining additional commitments, the Citi ABL Facility could have been increased by an amount not to exceed $50.0 million.

On December 7, 2021, the Company entered into Amendment No. 2 (the “Citi ABL Amendment No. 2”) to the Citi Credit Agreement. Citi ABL Amendment No. 2, among other things, (i) revised the applicable margin to 4.25% for LIBOR rate advances, (ii) provided that at all times beginning on the effective date of the Citi ABL Amendment No. 2 and ending on the date Citibank shall have received and approved the borrowing base certificate for the calendar month ending December 31, 2021, the borrowing base shall not exceed the lesser of (a) the borrowing base calculated as set forth in the borrowing base certificate for the calendar month ending December 31, 2021 and (b) $108,500,000, (iii) establishes an interest reserve account for certain payments due under the Term Loan Credit Agreement, (iv) provides that after giving effect to any borrowing and any disbursements to be made by the Company with the proceeds of such borrowing, within one business day of such borrowing, the Company and its U.S. subsidiaries may not have more than $5 million cash on hand, (v) provides for weekly variance testing to be delivered to Citibank, (vi) requires the Company to have used all of the proceeds borrowed under the Subordinated Term Loan Credit Agreement prior to borrowing under the Citi Credit Agreement, and (vii) increases the amount of subordinated debt available to be incurred by the Company to account for (a) the additional $27.5 million borrowed under the Subordinated Term Loan Credit Agreement, (b) any additional amount borrowed under the Subordinated Term Loan Credit Agreement not to exceed $75 million in the aggregate, and (c) the payment of interest in the form of payment-in-kind interest with respect to the Initial Term Loans (as defined in the Subordinated Term Loan Credit Agreement).

Our obligations under the Citi ABL Facility were guaranteed by certain of our direct and indirect subsidiaries, as set forth in the Citi ABL Facility agreement. The Citi ABL Facility was secured on a first priority basis by, among other things, our accounts receivable, deposit accounts, securities accounts and inventory, including those of our direct and indirect subsidiary guarantors, and on a second priority basis by substantially all other assets of our direct and indirect subsidiary guarantors. Borrowing availability under the ABL Facility was based on a percentage of the value of accounts receivable and inventory, reduced for certain reserves.

Borrowings under the Citi ABL Facility bore interest through maturity at a variable rate based upon, at our option, an annual rate of either a base rate (“Base Rate”) or a LIBOR rate, plus an applicable margin. The Base Rate is defined as a fluctuating interest rate equal to the greatest of (i) the federal funds rate plus 0.50%, (ii) Citibank’s prime rate, and (iii) the one-month LIBOR rate plus 1.00%. The applicable margin for LIBOR borrowings was 4.25% and for Base Rate borrowings was 3.25%. The all-in Base Rate floor was 1.75% and for LIBOR rate borrowings, the LIBOR rate, exclusive of spread, had a 0.75% LIBOR rate floor. Interest was payable either (i) monthly for Base Rate borrowings or (ii) the last day of the interest period for LIBOR rate borrowings, as set forth in the Citi ABL Facility agreement. The fee for undrawn amounts ranged from 0.375% to 0.5%, depending on usage and was due quarterly.

The Citi ABL Facility contained customary conditions to borrowings, events of default and covenants, including, but not limited to, covenants that restricted our ability to sell assets, make changes to the nature of our business, engage in mergers and acquisitions, incur, assume or permit to exist additional indebtedness and guarantees, create or permit to exist liens, pay dividends, issue equity instruments, make distribution or redeem or repurchase capital stock. In the event that our excess availability was less than the greater of (i) $15.0 million and (ii) 10.00% of the lesser of (1) the current borrowing base and (2) the commitments under the Citi ABL Facility then in effect, a consolidated fixed charge coverage ratio of at least 1.00 to 1.00 was required to be maintained. Upon the occurrence of certain events of default, an additional 2.0% interest could have been required on the outstanding loans under the Citi ABL Facility.

On February 11, 2022, we entered into the ABL Credit Agreement. Available funding commitments to us under the ABL Credit Agreement, subject to certain conditions, include the Revolving Credit Loans in an amount of up to $130.0 million, with a $35.0 million sublimit for swingline borrowings and a $26.0 million sublimit for issuances of letters of credit, and incremental Delayed Draw Term Loans of up to $35.0 million to be provided by Corre. We had approximately $10.0 million of available borrowing capacity under the Delayed Draw Term Loans. The ABL Credit Facility matures and all outstanding amounts become due and payable on February 11, 2025. The proceeds of the loans under the ABL Credit Facility were used to, among other things, pay off the amounts owed under the Citi Credit Agreement, which was repaid and terminated in full on February 11, 2022.

At March 31, 2022, we had $32.9 million of cash and cash equivalents and $20.8 million of restricted cash held as collateral for letters of credit and commercial card programs. About $2.3 million of cash is located in countries where currency restrictions exist. We had approximately $8.8 million of available borrowing capacity under the ABL Credit Facility. Direct and incremental costs associated with the issuance of the ABL Credit Facility were approximately $8.1 million and were capitalized as debt issuance costs. These costs are being amortized on a straight-line basis over the term of the ABL Facility.

On May 6, 2022, we entered into the ABL Credit Agreement Amendment No. 1 which, among other things, modifies the Maturity Reserve Trigger Date (as defined in the ABL Credit Agreement) such that the date on which a reserve must, subject to certain conditions, be put into place with respect to the outstanding principal amount of the 5.00% Convertible Senior Notes due 2023 (the “Notes”) is 75 days prior to their maturity date instead of 120 days prior to their maturity date.

Our obligations under the ABL Credit Agreement are guaranteed by certain of our direct and indirect subsidiaries (other than certain excluded subsidiaries) (the “ABL Guarantors” and, together with the Company, the “ABL Loan Parties”). Our obligations under the 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 under ABL Credit Facility is based on the percentage of the value of accounts receivable and inventory, as reduced by certain reserves.

Revolving Credit Loans under the ABL Credit Facility bear interest through maturity at a variable rate based upon an annual rate of a LIBOR Rate (or a Base Rate (as defined below) if the LIBOR Rate is unavailable for any reason), plus an applicable margin (“LIBOR Rate Loan” and “Base Rate Loan”, respectively). The “Base Rate” is defined as a fluctuating interest rate equal to the greatest of (1) the federal funds rate plus 0.50%, (2) Wells Fargo Bank, National Association’s prime rate, and (3) the one-month LIBOR Rate. The “applicable margin” is 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 LIBOR Rate Loans with a 1.00% LIBOR floor, in each case depending on the amount of EBITDA as of the most recent measurement period, as reported in a monthly compliance certificate. The Delayed Draw Term Loans shall bear interest through maturity at a rate of the LIBOR Rate plus 10.0%, with a 1.00% LIBOR floor. The fee for undrawn revolving amounts is 0.50% and the fee for undrawn Delayed Draw Term Loan amounts is 3.00%. Interest under the ABL Credit Facility is payable monthly. The Company will also be required to pay customary letter of credit fees, as necessary. The Company may make voluntary prepayments of the loans under the ABL Credit Facility from time to time, subject, in the case of the Delayed Draw Term Loans, 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 ABL Credit Facility to the sum of the delayed draw term loans plus revolving facility usage outstanding is less than 130%. Amounts repaid may be re-borrowed, subject to compliance with the borrowing base and the other conditions set forth in the ABL Credit Agreement, subject, in the case of the Delayed Draw Term Loan s to a maximum of four such borrowings in any 12-month period. Certain permanent repayments of the ABL Credit Facility loans are subject to the payment of a premium of 2.00% during the first year of the facility, 1.00% during the second year of the facility, and 0.50% in the last year of the facility.

The ABL Credit Agreement contains customary conditions to borrowings and covenants, including covenants that restrict our ability to sell assets, make changes to the nature of our business, engage in mergers or acquisitions, incur, assume or permit to exist additional indebtedness and guarantees, create or permit to exist liens, pay dividends, issue equity instruments, make distributions or redeem or repurchase capital stock or make other investments, engage in transactions with affiliates and make payments in respect of certain debt. The ABL Credit Agreement also requires that we will not exceed $20.0 million in unfinanced capital expenditures in any calendar year; provided that this requirement will not apply if we maintain a net leverage ratio of less than or equal to 4.00 to 1.00 as of the end of the second and fourth fiscal quarter of each calendar year. In addition, the ABL Credit Agreement includes customary events of default, the occurrence of which may require that we pay an additional 2.0% interest on the outstanding loans under the ABL Credit Agreement.

Atlantic Park Term Loan

On December 18, 2020, we also entered that certain Term Loan Credit Agreement with Atlantic Park Strategic Capital Fund, L.P., as agent (“APSC”), as lender (the “Term Loan Credit Agreement”), pursuant to which we borrowed a $250.0 million term loan (the “Term Loan”). The Term Loan was issued with a 3% original issuance discount (“OID”), such that total proceeds received were $242.5 million. The Term Loan matures, and all outstanding amounts become due and payable on December 18, 2026. However, certain conditions could result in an earlier maturity, including if the Notes have an aggregate principal amount outstanding of $10.0 million or more on the Maturity Trigger Date, in which case the Term Loan will terminate on the Maturity Trigger Date. As set forth in the Term Loan Credit Agreement, the Term Loan is secured by substantially all assets, other than those secured on a first lien basis by the ABL Credit Facility, and we may increase the Term Loan by an amount not to exceed $100.0 million.

The Term Loan bears an interest through maturity at a variable rate based upon, at our option, an annual rate of either a Base rate or a LIBOR rate, plus an applicable margin. The Base rate is defined as a fluctuating interest rate equal to the greatest of (i) the federal funds rate plus 0.50%, (ii), the prime rate as specified in the Term Loan Credit Agreement, and (iii) one-month LIBOR rate plus 1.00%. The applicable margin is defined as a rate of 6.50% for Base rate borrowings with a 2.00% Base rate floor and 7.50% for LIBOR rate borrowings with a 1.00% LIBOR rate floor. Interest is payable either (i) monthly for Base rate borrowings or (ii) the last day of the interest period for LIBOR rate borrowings, as set forth in the Term Loan Credit Agreement. The loans under the Term Loan were issued with an original issue discount of 3.00%, and are, in whole or in part, prepayable any time and from time to time, at a prepayment premium (including a make whole during the first two years) specified in the Term Loan Credit Agreement (subject to certain exceptions), plus accrued and unpaid interest. The effective interest rate on the Term Loan at March 31, 2022 and December 31, 2021 was 12.22% and 20.90%, respectively.

The Term Loan contains customary payment penalties, events of default and covenants, including but not limited to, covenants that restrict our ability to sell assets, make changes to the nature of our business, engage in mergers or acquisitions, incur additional indebtedness and guarantees, pay dividends, issue equity instruments and make distributions or redeem or repurchase capital stock.

On October 19, 2021, we entered into Amendment No. 1 (the “First Amendment”) to the Term Loan Credit Agreement with the financial institutions party thereto from time to time (the “Lenders”) and APSC, as agent. The First Amendment, among other things, (i) deferred an October 19, 2021 interest payment until October 29, 2021; (ii) required that the Company use commercially reasonable efforts to appoint an additional independent director to our Board of Directors who is acceptable to the agent; (iii) provided the Lenders with additional information rights; and (iv) tightened certain negative covenants included in the Term Loan Credit Agreement until the deferred interest is made current.

On October 29, 2021, we entered into Amendment No. 2 (the “Second Amendment”) to the Term Loan Credit Agreement with the Lenders and ASPC, as agent. The Second Amendment, among other things, (i) further deferred an October 29, 2021 interest payment until November 15, 2021; (ii) contained certain milestones; (iii) provided the Lenders with a ten-day right of first refusal regarding any refinancing of the Company’s obligations under the ABL Facility; (iv) obligated the Company to establish, pursuant to a charter to be adopted by the our Board of Directors and reasonably acceptable to the Agent, a special committee that shall have exclusive responsibility and authority to make recommendations to our Board of Directors regarding certain transactions; and (v) provided that the Company will not permit a covenant trigger event under the ABL Facility to occur.

On November 8, 2021, we entered into Amendment No.3 (the “Third Amendment”) to the Term Loan Credit Agreement. The Third Amendment, among other things, (i) waived certain covenants until September 30, 2022 and modified covenants thereafter to provide us with more flexibility and (ii) required us to seek shareholder approval (or an exception therefrom) to issue additional warrants to APSC, providing for the purchase of an aggregate of 1,417,051 shares of our common stock (the “APSC Warrants”), and to amend the warrants issued in December 2020 to APSC to purchase up to 3,582,949 shares of our common stock, which was initially exercisable at the holder’s option at any time, in whole or in part, until June 14, 2028, at an exercise price of $7.75 per share (the “Existing Warrant”), to provide for, an exercise price of $1.50 per share. The Third Amendment also reduced the amount of principal outstanding on the Notes on the Maturity Trigger Date from $50.0 million to $10.0 million.

On December 2, 2021, and December 7, 2021, respectively, we entered into Amendment No. 4 (the “Fourth Amendment”) to the Term Loan Credit Agreement and Amendment No. 5 (the “Fifth Amendment”) to the Term Loan Credit Agreement. The Fourth Amendment and the Fifth Amendment extended the date upon which the Company must issue the APSC Warrants to December 7, 2021, and December 8, 2021, respectively. The business purpose of these amendments was to further extend the Company’s liquidity runway while asset based lending field audit exams were completed in connection with the refinancing transactions completed on February 11, 2022.

On February 11, 2022, we entered into Amendment No. 6 (the “Sixth Amendment”) to the Term Loan Credit Agreement. The Sixth Amendment, among other things and subject to the terms thereof, (i) permitted the entry into the ABL Credit Agreement, (ii) permitted certain interest payments due under the Term Loan Credit Agreement to be paid in kind, (iii) permitted certain asset sales and requires certain related mandatory prepayments, subject to an applicable prepayment premium, and (iv) amended the financial covenants, such that the maximum net leverage ratio of 7.00 to 1.00 will not be tested until the fiscal quarter ending March 31, 2023, and the Company is not permitted to exceed $20.0 million in unfinanced capital expenditures in any calendar year; provided, that such unfinanced capital expenditures limitation will not apply if the Company maintains a net leverage ratio of less than or equal to 4.00 to 1.00 as of the end of the second and fourth fiscal quarter of each calendar year.

On May 6, 2022, we entered into Amendment No. 7 (the "Seventh Amendment") to the Term Loan Credit Agreement. The Seventh Amendment, among other things and subject to the terms thereof, (i) modifies the Maturity Trigger Date (as defined in the Term Loan Credit Agreement) such that the date on which the maturity of the Term Loan Credit Agreement is triggered as a result of there being an aggregate principal amount of more than $10.0 million outstanding under the Notes is 75 days prior to their maturity date instead of 120 days prior to their maturity date, and (ii) amends the financial covenants, such that the maximum net leverage ratio to be tested for the fiscal quarter ending March 31, 2023 will be increased from 7.00 to 1.00 to 12.00 to 1.00.

Subordinated Term Loan Credit Agreement

On November 9, 2021, we entered into a credit agreement (the "Subordinated Term Loan Credit Agreement") with Corre Credit Fund, LLC ("Corre Fund"), as agent, and the lenders party thereto providing for an unsecured $50.0 million delayed draw subordinated term loan facility (the "Subordinated Term Loan"). 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. The Subordinated Term Loan matures, and all outstanding amounts become due and payable, on the earlier of December 31, 2026 and the date that is two weeks later than the maturity or full repayment of the Term Loan. The stated interest rate on the Subordinated Term Loan is 12%.

Under the Subordinated Term Loan Credit Agreement, we are required to, among other things, (i) subject to certain conditions, issue the lenders Corre Warrants (described below), (ii) amend our charter, bylaws, and all other necessary corporate governance documents to reduce the size of our Board of Directors to seven directors, one of whom will include our Chief Executive Officer, and (iii) reconstitute our Board of Directors. The Subordinated Term Loan Credit Agreement also contains other customary prepayment provisions, events of default and covenants.

On November 30, 2021, we entered into Amendment No. 1 (the "Corre Amendment 1") to the Subordinated Term Loan Credit Agreement. The Corre Amendment 1 (i) extended the payment date for interest in the form of payment-in-kind interest ("PIK Interest")with respect to the Initial Term Loans (as defined in the Subordinated Term Loan Credit Agreement), (ii) extended the date upon which the Company must deliver a fully executed ABL Consent (as defined in the Subordinated Term Loan Credit Agreement) to, in each case, 11:59 P.M. on December 6, 2021, and (iii) extended the date upon which we must issue the Corre Warrants to 11:59 P.M. on December 7, 2021.

On December 6, 2021, we entered into Amendment No. 2 (the "Corre Amendment 2") to the Subordinated Term Loan Credit Agreement. The Corre Amendment 2 (i) extended the payment date in the form of PIK Interest with respect to the Initial Term Loans, and (ii) extended the date upon which we must deliver a fully executed ABL Consent to, in each case, 11:59 P.M. on December 7, 2021.

On December 7, 2021, we entered into Amendment No. 3 (the "Corre Amendment 3") to the Subordinated Term Loan Credit Agreement. The Corre Amendment 3, among other things, (i) extended the payment date for interest in the form of PIK Interest with respect to the Initial Term Loans, (ii) extended the date upon which we must deliver a fully executed ABL Consent and (iii) extended the date upon which we must issue the Corre Warrants to, in each case, 11:59 P.M. on December 8, 2021.

The business purpose of each of Corre Amendment 1, Corre Amendment 2 and Corre Amendment 3 was to further extend the liquidity runway of the Company and support ongoing negotiations of the financing transactions completed on February 11, 2022.

On December 8, 2021, we entered into Amendment No. 4 (the "Corre Amendment 4") to the Subordinated Term Loan Credit Agreement. The Corre Amendment 4 appointed Cantor Fitzgerald Securities as successor Agent.

In connection with the transactions contemplated by the ABL Credit Agreement on February 11, 2022, Corre, agreed to provide the Company with the Incremental Financing, totaling approximately $55.0 million, consisting of (i) $35.0 million Delayed Draw Term Loans under the ABL Credit Facility; (ii) $10.0 million from Corre in the form of the February 2022 Delayed Draw Term Loan (as defined in the Subordinated Term Loan Credit Agreement) on a pari passu basis with the existing loans issued pursuant to the Subordinated Term Loan Credit Agreement; and (iii) $10.0 million through an issuance the PIPE Shares to the Corre Holders at a price of $0.84 per share.

On February 11, 2022, we entered into Amendment No. 5 (the "Corre Amendment 5") to the Subordinated Term Loan Credit Agreement with the lenders from time to time party thereto (including Corre), and Cantor Fitzgerald Securities, as agent. The Corre Amendment 5, among other things, (i) provided for an additional commitment of $10.0 million in subordinated delayed draw term loans to be available for borrowing by the Company until July 1, 2022, (ii) permitted the entry into the ABL Credit Facility, (iii) permitted certain asset sales and requires certain related mandatory prepayments, subject to an applicable prepayment premium, and (iv) amended the financial covenants, such that the maximum net leverage ratio of 7.00 to 1.00 will

not be tested until the fiscal quarter ending March 31, 2023, and the Company is not permitted to exceed $20.0 million in unfinanced capital expenditures in any calendar year; provided, that such unfinanced capital expenditures limitation will not apply if the Company maintains a net leverage ratio of less than or equal to 4.00 to 1.00 as of the end of the second and fourth fiscal quarter of each calendar year.

On May 6, 2022, we entered into Amendment No. 6 (the “Corre Amendment No. 6”) to the Subordinated Term Loan Credit Agreement with the lenders from time to time party thereto (including Corre), and Cantor Fitzgerald Securities, as agent. The Corre Amendment No. 6, among other things, amends the financial covenants, such that the maximum net leverage ratio to be tested for the fiscal quarter ending March 31, 2023 will be increased from 7.00 to 1.00 to 12.00 to 1.00.

Our ability to maintain compliance with the financial covenants contained in the ABL Credit Agreement, the Term Loan Credit Agreement and the Subordinated 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. The effects of the COVID-19 pandemic and the resulting economic repercussions could have a significant adverse effect on our financial position and business condition, as well as 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, and affect our future need or ability to borrow under our ABL Credit Facility. In addition to our current sources of funding our business, the effects of such events may impact our liquidity or our need to revise our allocation or sources of capital, implement further cost reduction measures and/or change our business strategy. Although the COVID-19 pandemic and resulting economic repercussions could have a broad range of effects on our liquidity sources, the effects will depend on future developments and cannot be predicted at this time.

In order to secure our casualty insurance programs, and certain other obligations we are required to post letters of credit generally issued by a bank as collateral. A letter of credit commits the issuer to remit specified amounts to the holder, if the holder demonstrates that we failed to meet our obligations under the letter of credit. If this were to occur, we would be obligated to reimburse the issuer for any payments the issuer was required to remit to the holder of the letter of credit. Related to our domestic operations, we were contingently liable for outstanding stand-by letters of credit totaling $23.5 million at December 31, 2021, but due to the closing of the ABL Credit Facility on February 11, 2022 those letters of credit are now cash secured as of March 31, 2022, with cash funded at closing from draws on the ABL Credit Facility. As of March 31, 2022 we have no letters of credit outstanding under the ABL Credit Facility. Outstanding letters of credit reduce amounts available under our ABL Credit Facility and are considered as having been funded for purposes of calculating our financial covenants.

Internationally we have letters of credit outstanding in the amount of $0.3 million. Additionally, we have $1.2 million in Surety bonds outstanding and an additional $1.5 million in miscellaneous cash deposits securing leases or other required bank guarantees.

Warrants

On December 18, 2020, in connection with the execution of the Term Loan, we issued to APSC the Existing Warrant.

In connection with execution of the Subordinated Term Loan Credit Agreement and Third Amendment, on November 9, 2021, we entered into an Amended and Restated Common Stock Purchase Warrant (the “A&R Warrant”) with APSC Holdco II, L.P. (“APSC Holdco”) pursuant to which the Existing Warrant was amended and restated to provide for the purchase of up to 4,082,949 shares of our common stock (which includes 500,000 of the shares of common stock issuable pursuant to the APSC Warrant) and to reduce the exercise price to $1.50 per share.

In connection with execution of the Subordinated Term Loan Credit Agreement and the amendments to the Term Loan Credit Agreement, on December 8, 2021 we entered into the Second Amended and Restated Common Stock Purchase Warrant No. 1 (the “Second A&R Warrant”) with APSC Holdco, pursuant to which the A&R Warrant was amended and restated to provide for the purchase of up to 5,000,000 shares of our common stock (including 4,082,949 shares of our common stock issuable pursuant to the A&R Warrant) exercisable at the holder’s option at any time, in whole or in part, until December 8, 2028, at an exercise price of $1.50 per share, and (ii) entered into the Common Stock Purchase Warrants (together with the Second A&R Warrant, the “Warrants”) with each of Corre Opportunities Qualified Master Fund, LP, Corre Horizon Fund, LP, and Corre Horizon Fund II, LP providing for the purchase of an aggregate of 5,000,000 shares of our common stock, exercisable at such holder’s option at any time, in whole or in part, until December 8, 2028, at an exercise price of $1.50 per share.

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.

In connection with the Subscription Agreement discussed below, on February 11, 2022, the Company, the Corre Holders and APSC Holdco entered into those certain Team, Inc. Waivers of Anti-Dilution Adjustments and Cash Transaction Exercise (collectively, the "Warrant Waivers") with respect to each of the Warrants. Pursuant to the Warrant Waivers, the Corre Holders and APSC Holdco agreed with respect to such holders' Warrant, subject to certain terms and conditions set forth therein (and for only so long as the applicable provisions remain in effect), among other things, (i) to irrevocably waive certain anti-dilution adjustments set forth in such Warrant in connection with the Proposed Equity Financing (as defined in the Warrant Waivers); (ii) to not exercise such Warrant, in whole or in part, if the Company determines that such exercise will cause an ownership change within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (assuming, among other things, that the ownership change threshold is 47% rather than 50%); and (iii) to only exercise such Warrant in a "cashless" or "net-issue" exercise.

Subscription Agreement

In connection with the Incremental Financing and Equity Issuance, on February 11, 2022, we entered into a common stock subscription agreement (the "Subscription Agreement") with the Corre Holders, pursuant to which the Company issued and sold the PIPE Shares to the Corre Holders on February 11, 2022.

Pursuant to the Subscription Agreement, subject to certain exceptions, each of the Corre Holders has agreed not to sell its portion of the PIPE Shares until the earliest to occur of (i) the date that is 180 days from the date of the Subscription Agreement, and (ii) such date on which the Company completes a liquidation, merger, stock exchange, reorganization or other similar transaction that results in all of the Company's stockholders having the right to exchange their shares of our Common Stock for cash, securities or other property, without consent of the Company.

Pursuant to and subject to the terms and conditions of the Subscription Agreement, our Board of Directors is required to create a vacancy for one qualified nominee of the Corre Holders to the Board, who shall be designated by the Corre Holders and qualify as an independent director (a "Board Nominee"), and the Board is required to appoint such initial Board Nominee as a Class II director within seven business days of the date of the Subscription Agreement. For so long as the Corre Holders and their affiliates collectively beneficially own at least 10% of the outstanding shares of our common stock, pursuant to and subject to the terms and conditions of the Subscription Agreement, we will nominate the initial Board Nominee, or a successor Board Nominee chosen by the Corre Holders, for re-election as a Class II director at the first annual meeting of the Company's stockholders to be held after the Equity Issuance and at the end of each subsequent term of such Board Nominee. If at any time, the Corre Holders and their affiliates beneficially own less than 10% of the outstanding shares of our common stock, then, if requested by the Company, the Board Nominee then on the Board will resign from his or her directorship, effective as of our next annual meeting of stockholders or such earlier date reasonably requested by the Company.

Convertible Debt

Description of the Notes

On July 31, 2017, we issued $230.0 million principal amount of senior unsecured 5.00% Convertible Senior Notes due 2023 in a private offering to qualified institutional buyers (as defined in the Securities Act of 1933 (the "Securities Act")) pursuant to Rule 144A under the Securities Act (the "Offering"). In December 2020, we retired $136.9 million par value of our Notes, and as of March 31, 2022, the principal amount outstanding was $95.2 million.

The Notes bear interest at rate of 5.0% per year, payable semiannually in arrears on February 1 and August 1 of each year, beginning on February 1, 2018. The Notes mature on August 1, 2023 unless repurchased, redeemed or converted in accordance with their terms prior to such date. The Notes are convertible at an initial conversion rate of 46.0829 shares of our common stock per $1,000 principal amount of the Notes, which is equivalent to an initial conversion price of approximately $21.70 per share, which represents a conversion premium of 40% to the last reported sale price of $15.50 per share on the NYSE on July 25, 2017, the date the pricing of the Notes was completed. The conversion rate, and thus the conversion price, may be adjusted under certain circumstances as described in the indenture governing the Notes.

Holders may convert their Notes at their option prior to the close of business on the business day immediately preceding May 1, 2023, but only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on December 31, 2017 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

- during the five-business day period after any five consecutive trading day period (the “measurement period”) in which the trading price per $1,000 principal amount of Notes for each trading day of such measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on such trading day;

- if we call any or all of the Notes for redemption, at any time prior to the close of business on the business day immediately preceding the redemption date; or

- upon the occurrence of specified corporate events described in the indenture governing the Notes.

On or after May 1, 2023 until the close of business on the business day immediately preceding the maturity date, holders may, at their option, convert their Notes at any time, regardless of the foregoing circumstances.

The Notes were initially convertible into 10,599,067 shares of common stock. Previously, because the Notes could be convertible in full into more than 19.99% of our outstanding common stock, we were required by the listing rules of the NYSE to obtain the approval of the holders of our outstanding shares of common stock before the Notes could be converted. At our annual shareholders’ meeting, held on May 17, 2018, our shareholders approved the issuance of shares of common stock upon conversion of the Notes.

As a result of the redemption and extinguishment of the Notes in discussed above, the Notes are convertible into 4,291,705 shares of common stock. The Notes will be convertible into, subject to various conditions, cash or shares of our common stock or a combination of cash and shares of our common stock, in each case, at our election.

If holders elect to convert the Notes in connection with certain fundamental change transactions described in the indenture governing the Notes, we will, under certain circumstances described in the indenture governing the Notes, increase the conversion rate for the Notes so surrendered for conversion.

As per the agreement, we may not redeem the Notes prior to August 5, 2021. The agreement noted that we will have the option to redeem all or any portion of the Notes on or after August 5, 2021, if certain conditions are met (including that our common stock is trading at or above 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption) at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

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 the Credit Facility.

On January 13, 2022, we entered into a supplemental indenture with Truist Bank, as trustee, (the “Supplemental Indenture”) to the indenture (the “Indenture”) governing the Notes to effect certain amendments (the “Amendments”) to the Indenture and to modify the Notes held by consenting holders (the “Consenting Holders”) of $51,969,000 in aggregate principal amount of the Notes (such modified Notes, the “PIK Securities”).

The Supplemental Indenture amends the Indenture to, among other things: (i) allow for interest payable on the PIK Securities on February 1, 2022 to be paid in PIK Interest (as defined in the Supplemental Indenture) and on subsequent interest payment dates to be payable, at the Company’s option, at a rate of 5.00% per annum entirely in cash or at a rate of 8.00% per annum in PIK Interest; (ii) provide for additional changes to the Indenture to allow for the payment of PIK Interest and for the PIK Securities to be issued in denominations of $1,000 and integral multiples thereof (or if PIK Interest has been paid with respect to the PIK Securities, in minimum denominations of $1.00 and integral multiples of $1.00 in excess thereof); (iii) clarify that the unmodified Notes and PIK Securities will be treated as a single series of Notes for all purposes under the Indenture, other than the option of the Company to pay PIK Interest on the PIK Securities; and (iv) make certain conforming changes, including conforming modifications to certain definitions and cross-references as a result of such amendments. Notes held by holders other than the Consenting Holders were not modified and interest on such Notes will continue to be paid in cash at a rate of 5.00% per annum as set forth in the Indenture.

As of March 31, 2022 and December 31, 2021, the Notes were recorded in our condensed consolidated balance sheets as follows (in thousands):

	March 31, 2022 (unaudited)	December 31, 2021
Liability component:		
Principal	$ 95,209	$ 93,130
Unamortized issuance costs	(1,435)	(916)
Unamortized discount	(2,289)	(4,552)
Net carrying amount of the liability component[1]	$ 91,485	$ 87,662
Equity component:		
Carrying amount of the equity component, net of issuance costs[2]	$ —	$ 7,969
Carrying amount of the equity component, net of issuance costs[3]	$ 37,276	$ 37,276

1 Included in the “Long-term debt and finance lease obligations” line of the condensed consolidated balance sheets.
2 Relates to the portion of the Notes accounted for under ASC 470-20 (defined below) and is included in the “Additional paid-in capital” line of the condensed consolidated balance sheets.
3 Relates to the portion of the Notes accounted for under ASC 815-15 (defined below) and is included in the “Additional paid-in capital” line of the condensed consolidated balance sheets.

Under ASC 470-20, *Debt with Conversion and Other Options*, (“ASC 470-20”), an entity must separately account for the liability and equity components of convertible debt instruments that may be settled entirely or partially in cash upon conversion (such as the Notes) in a manner that reflects the issuer’s economic interest cost. However, entities must first consider the guidance in ASC 815-15, *Embedded Derivatives* (“ASC 815-15”), to determine if an instrument contains an embedded feature that should be separately accounted for as a derivative. As the Notes were initially convertible into more than 19.99% of our outstanding common stock and shareholder approval in accordance with the NYSE rules (as described above) had not yet been obtained at the time the Notes were issued, we concluded that embedded derivative accounting under ASC 815-15 was applicable to approximately 60% of the Notes, while the remaining 40% of the Notes were subject to ASC 470-20.

As a result of obtaining shareholder approval on May 17, 2018, the embedded derivative met the criteria to be classified in stockholders’ equity, effective on the date of the approval. Accordingly, we recorded the change in fair value of the embedded derivative liability in our results of operations through May 17, 2018 and then reclassified the embedded derivative liability, which totaled $45.4 million to stockholders’ equity during the second quarter of 2018. The related income tax effects of the reclassification charged directly to stockholders’ equity were $7.8 million. As a result of the reclassification to stockholders’ equity, the embedded derivative is no longer marked to fair value each period. Losses on the embedded derivative liability recognized in the consolidated statements of operations were $24.8 million for the twelve months ended December 31, 2018 (incurred in the first and second quarters of 2018).

The following table sets forth interest expense information related to the Notes (dollars in thousands):

	Three Months Ended March 31,	
	2022 (unaudited)	2021 (unaudited)
Coupon interest	$ 1,568	$ 1,164
Amortization of debt discount and issuance costs	627	766
Total interest expense	$ 2,195	$ 1,930
Effective interest rate	9.75 %	9.12 %

ASU 2020-06 Adoption

In August 2020, the FASB issued ASU 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*. The ASU simplifies the accounting for convertible instruments by removing certain separation models in ASC

470-20, *Debt—Debt with Conversion and Other Options, for convertible instruments.* The ASU updates the guidance on certain embedded conversion features that are not required to be accounted for as derivatives under Topic 815, *Derivatives and Hedging*, or that do not result in substantial premiums accounted for as paid-in capital, such that those features are no longer required to be separated from the host contract. The convertible debt instruments will be accounted for as a single liability measured at amortized cost. This will also result in the interest expense recognized for convertible debt instruments to be typically closer to the coupon interest rate when applying the guidance in Topic 835, Interest. Further, the ASU made amendments to the EPS guidance in Topic 260 for convertible debt instruments, the most significant impact of which is requiring the use of the if-converted method for diluted EPS calculation, and no longer allowing the net share settlement method. The ASU also made revisions to Topic 815-40, which provides guidance on how an entity must determine whether a contract qualifies for a scope exception from derivative accounting. The amendments to Topic 815-40 change the scope of contracts that are recognized as assets or liabilities. The ASU is effective for interim and annual periods beginning after December 15, 2021, with early adoption permitted for periods beginning after December 15, 2020. Adoption of the ASU can either be on a modified retrospective or full retrospective basis.

On January 1, 2022, we adopted the ASU using the modified retrospective method. We recognized a cumulative effect of initially applying the ASU as an adjustment to the January 1, 2022 opening balance of accumulated deficit. The prior period consolidated financial statements have not been retrospectively adjusted and continue to be reported under the accounting standards in effect for those periods.

Accordingly, the cumulative effect of the changes made on our January 1, 2022 condensed consolidated balance sheet for the adoption of the ASU was as follows (in thousands):

	Balances at December 31, 2021		Adjustments from Adoption of ASU 2020-06		Balances at Januar 2022	
Liabilities						
Long-term debt and finance lease obligations	$	405,191	$	1,827	$	407,
Equity						
Additional paid-in capital	$	444,824	$	(5,651)	$	439,
Accumulated deficit	$	(375,584)	$	3,824	$	(371,

The impact of adoption on our consolidated statements of operations for the three months ended March 31, 2022 was primarily to decrease net interest expense by $0.3 million. This had the effect of decreasing our basic and diluted net loss per share of common stock attributable to common stockholders for the three months ended March 31, 2022 by $0.01. The change in methodology by requiring the use of the if-converted method to determine the denominator used in the calculation of diluted net income per share of common stock attributable to common stockholders did not have an impact on the diluted EPS as the shares of common stock issuable upon conversion were not included in denominator because of antidilutive effect.

12. LEASES

We adopted ASC 842, *Leases*, effective January 1, 2019 and elected the modified retrospective transition method. We determine if an arrangement is a lease at inception. Operating leases are included in “Operating lease right-of-use (‘ROU’) assets”, “operating lease liabilities” and “current portion of operating lease obligations” on our consolidated balance sheets. Finance leases are included in “property, plant and equipment, net”, “current portion of long-term debt and finance lease obligations” and “long-term debt and finance lease obligations” on our consolidated balance sheets.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Operating lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Variable lease payments and short-term lease payments (leases with initial terms less than twelve months) are expensed as incurred.

We have lease agreements with lease and non-lease components for certain equipment, office, and vehicle leases. We have elected the practical expedient to not separate lease and non-lease components and account for both as a single lease component. We have operating and finance leases primarily for equipment, real estate, and vehicles. Our leases have remaining

lease terms of 1 year to 14 years, some of which may include options to extend the leases for up to 10 years, and some of which may include options to terminate the leases within 1 year.

The components of lease expense are as follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	(unaudited)
Operating lease costs	$ 6,687	$ 7,239
Variable lease costs	1,459	1,276
Finance lease costs:		
Amortization of right-of-use assets	194	117
Interest on lease liabilities	88	78
Total lease cost	$ 8,428	$ 8,710

Other information related to leases are as follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
Supplemental cash flow information:	(unaudited)	(unaudited)
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 5,405	$ 5,356
Operating cash flows from finance leases	90	80
Financing cash flows from finance leases	162	78
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	840	8,172
Finance leases	23	22

Amounts recognized in the condensed consolidated balance sheet are as follows (in thousands):

	March 31, 2022	December 31, 2021
Operating Leases:	(unaudited)	
Operating lease right-of-use assets	$ 56,403	$ 60,700
Current portion of operating lease obligations	15,306	16,176
Operating lease obligations (non-current)	45,742	49,221
Finance Leases:		
Property, plant and equipment, net	$ 4,949	$ 5,123
Current portion of long-term debt and finance lease obligations	670	669
Long-term debt and finance lease obligations	4,840	4,980
Weighted average remaining lease term:		
Operating leases	6.0 years	6.0 years
Finance leases	10.0 years	10.0 years
Weighted average discount rate:		
Operating leases	6.9 %	6.8 %
Finance leases	6.4 %	6.4 %

As of March 31, 2022, we have no material additional operating and finance leases that have not yet commenced.

As of March 31, 2022, future minimum lease payments under non-cancellable leases (including short-term leases) are as follows (in thousands):

	Operating Leases (unaudited)	Finance Leases (unaudited)
2022 (Remainder of the year)	$ 19,540	$ 990
2023	15,433	901
2024	12,183	740
2025	8,691	569
2026	6,869	555
Thereafter	18,397	4,003
Total future minimum lease payments	81,113	7,758
Less: Interest	(20,065)	(2,248)
Present value of lease liabilities	$ 61,048	$ 5,510

Total rent expense resulting from operating leases, including short-term leases, for the quarter ended March 31, 2022 and December 31, 2021 were $20.1 million and $39.4 million, respectively.

13. SHARE-BASED COMPENSATION

We have adopted stock incentive plans and other arrangements pursuant to which our Board of Directors (“the Board”) may grant stock options, restricted stock, stock units, stock appreciation rights, common stock or performance awards to officers, directors and key employees. At March 31, 2022, there were approximately 1.1 million restricted stock units, performance awards and stock options outstanding to officers, directors and key employees. The exercise price, terms and other conditions applicable to each form of share-based compensation under our plans are generally determined by the Compensation Committee of our Board at the time of grant and may vary.

In May 2021, our shareholders approved the amendment and restatement to the 2018 Team, Inc. Equity Incentive Plan (the “2018 Plan”). The 2018 Plan replaced the 2016 Team, Inc. Equity Incentive Plan. The amendment and restatement to the 2018 Plan increased the shares available for issuance by 3.0 million shares of Common Stock. Shares issued in connection with our share-based compensation are issued out of authorized but unissued common stock.

Compensation expense related to share-based compensation totaled a credit of $0.6 million and $2.3 million for the three months ended March 31, 2022 and 2021, respectively. The Company incurred a credit in the current period related to unvested share-based compensation associated with executive departures which exceeded the total costs expensed for the three month period ended March 31, 2022. Share-based compensation expense reflects an estimate of expected forfeitures. At March 31, 2022, $3.7 million of unrecognized compensation expense related to share-based compensation is expected to be recognized over a remaining weighted-average period of 1.5 years.

Stock units are settled with common stock upon vesting unless it is not legally feasible to issue shares, in which case the value of the award is settled in cash. We determine the fair value of each stock unit based on the market price on the date of grant. Stock units generally vest in annual installments over three or four years and the expense associated with the units is recognized over the same vesting period. We also grant common stock to our directors, which typically vests immediately. Compensation expense related to stock units and director stock grants totaled $0.6 million and $1.5 million for the three months ended March 31, 2022 and 2021. The weighted-average grant date fair value related to stock units and director stock grants during the periods ended March 31, 2022 and 2021 was $1.64 and $0.00, respectively, as no stock units were granted during the prior year period.

Transactions involving our stock units and director stock grants for the three months ended March 31, 2022 are summarized below:

	Three Months Ended March 31, 2022 (unaudited)	
	No. of Stock Units (in thousands)	Weighted Average Fair Value
Stock and stock units, beginning of year	804	$ 7.27
Changes during the period:		
Granted	219	$ 1.64
Vested and settled	—	$ —
Forfeited and cancelled	(39)	$ 6.28
Stock and stock units, end of period	984	$ 6.05

Performance stock units. We have a performance stock unit award program whereby we grant Long-Term Performance Stock Unit (“LTPSU”) awards to our executive officers. Under this program, we communicate “target awards” to the executive officers during the first year of a performance period. LTPSU awards cliff vest with the achievement of the performance goals and completion of the required service period. Settlement occurs with common stock as soon as practicable following the vesting date. LTPSU awards granted in 2019 (the “2019 Awards”), in 2020 (the “2020 Awards”) and in 2021 (the “2021 Awards”) are subject to a two-year performance period and a concurrent two-year service period. For the LTPSU awards, the performance goal is separated into two independent performance factors based on (i) relative shareholder return (“RTSR”) as measured against a designated peer group and (ii) results of operations over the two-year performance period, with possible payouts ranging from 0% to 200% of the target awards for each of the two performance factors. The 2019 Awards vested as of March 15, 2021 at the RTSR performance target level of 25% and the results of operations performance metric at 0% of the target level.

The RTSR and the stock price milestone factors are considered to be market conditions under GAAP. For performance units subject to market conditions, we determine the fair value of the performance units based on the results of a Monte Carlo simulation, which uses market-based inputs as of the date of grant to simulate future stock returns. Compensation expense for awards with market conditions is recognized on a straight-line basis over the longer of (i) the minimum required service period and (ii) the service period derived from the Monte Carlo simulation, separately for each vesting tranche. For performance units subject to market conditions, because the expected outcome is incorporated into the grant date fair value through the Monte Carlo simulation, compensation expense is not subsequently adjusted for changes in the expected or actual performance outcome. For performance units not subject to market conditions, we determine the fair value of each performance unit based on the market price of our common stock on the date of grant. For these awards, we recognize compensation expense over the vesting term on a straight-line basis based upon the performance target that is probable of being met, subject to adjustment for changes in the expected or actual performance outcome. Compensation expense related to performance awards totaled a credit of $1.2 million and $0.8 million for the three months ended March 31, 2022 and 2021, respectively.

Transactions involving our performance awards during the three months ended March 31, 2022 are summarized below:

	Three Months Ended March 31, 2022 (unaudited)			
	Performance Units Subject to Market Conditions		Performance Units Not Subject to Market Conditions	
	No. of Stock Units[1] (in thousands)	Weighted Average Fair Value	No. of Stock Units[1] (in thousands)	Weighted Average Fair Value
Performance stock units, beginning of period	684	$ 6.30	219	$ 9.91
Changes during the period:				
Granted	—	$ —	—	$ —
Vested and settled	—	$ —	—	$ —
Cancelled	(653)	$ 6.04	(188)	$ 9.61
Performance stock units, end of period	31	$ 11.69	31	$ 11.69

1 Performance units with variable payouts are shown at target level of performance.

Stock Options. We determine the fair value of each stock option at the grant date using a Black-Scholes model and recognize the resulting expense of our stock option awards over the period during which an employee is required to provide services in exchange for the awards, usually the vesting period. There was no compensation expense related to stock options for the periods ended March 31, 2022 or December 31, 2021. Our options typically vest in equal annual installments over a four-year service period. Expense related to an option grant is recognized on a straight-line basis over the specified vesting period for those options. Stock options generally have a ten-year term.

No stock options were granted during the periods ended March 31, 2022 or March 31, 2021, and no options were exercised, cancelled, or expired during the period ended March 31, 2022. Approximately 17 thousand options were exercisable at March 31, 2022 had a weighted-average remaining contractual life of 0.8 years, and exercise price of $37.27.

14. 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 March 31,	
	2022	2021
	(unaudited)	(unaudited)
Interest cost	$ 422	$ 322
Expected return on plan assets	(629)	(504)
Amortization of prior service cost	8	9
Net periodic pension credit	$ (199)	$ (173)

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: 2.1% overall, 4.6% for equities and 1.4% for debt securities. We expect to contribute $3.9 million to the U.K. Plan for 2022, of which $1.0 million has been contributed through March 31, 2022.

15. ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	Three Months Ended March 31, 2022 (unaudited)					Three Months Ended March 31, 2021 (unaudited)				
	Foreign Currency Translation Adjustments	Foreign Currency Hedge	Defined Benefit Pension Plans	Tax Provision	Total	Foreign Currency Translation Adjustments	Foreign Currency Hedge	Defined Benefit Pension Plans	Tax Provision	Total
Balance, beginning of period	$ (23,287)	$ —	$ (3,277)	$ (169)	$ (26,732)	$ (23,045)	$ 2,988	$ (8,021)	$ 400	$ (27,678)
Other comprehensive loss	346	—	—	—	346	217	—	—	102	319
Balance, end of period	$ (22,940)	$ —	$ (3,277)	$ (169)	$ (26,386)	$ (22,828)	$ 2,988	$ (8,021)	$ 502	$ (27,359)

The following table represents the related tax effects allocated to each component of other comprehensive income (loss) (in thousands):

	Three Months Ended March 31, 2022 (unaudited)			Three Months Ended March 31, 2021 (unaudited)		
	Gross Amount	Tax Effect	Net Amount	Gross Amount	Tax Effect	Net Amount
Foreign currency translation adjustments	346	—	346	217	102	319
Total	$ 346	$ —	$ 346	$ 217	$ 102	$ 319

16. 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 consolidated financial statements.

California Wage and Hour Litigation - On June 24, 2019 and August 26, 2020, two putative class action complaints were filed against Team Industrial Services, Inc. in the Superior Court for the County of Los Angeles, California. The plaintiff in the first filed action is Michael Thai (the "Thai action"). The plaintiff in the second filed action is Alex Esqueda (the "Esqueda action"). All of the claims pleaded in the Esqueda action were also pleaded in the Thai action. Each of the plaintiffs assert claims for alleged wage and hour violations under the California Labor Code (for alleged unpaid wages, failure to provide meal and rest breaks, and derivative related claims). The Thai action also asserts a putative class claim for violation of the Fair Credit Reporting Act. Both cases were stayed shortly after filing to allow the parties to mediate the claims. On February 23, 2021, the Los Angeles Superior Court designated the Thai and Esqueda actions as related cases. While the parties mediated on March 18, 2021, the cases did not settle. On April 16, 2021, Team Industrial Services, Inc. moved both the Thai and Esqueda actions to the United States District Court for the Central District of California. Plaintiff's motion for remand was denied, and these matters remain in federal court.

In November 2021, the parties agreed in principle to settle all claims in this litigation and all parties entered into a formal settlement agreement in March 2022. As part of the settlement agreement, the parties have agreed to remand the case to the Los Angeles Superior Court for approval of the settlement. All class action settlements of this nature are subject to approval of the court, which can take several months after the final settlement agreement is executed by the parties. The parties anticipate court approval of the settlement agreement in the third quarter of 2022.

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 relate to spent film developing solutions generated through our mobile radiographic inspection services and that the claims relate 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 million in compensatory damages.

We believe that the jury verdict is not supported by the facts of the case or applicable law, is the result of significant trial error, and there are strong grounds for appeal. We will seek to overturn the verdict in post-trial motions before the District Court and, if necessary, to appeal to the Court of Appeals for the State of Texas. We intend to vigorously challenge the judgment through all appropriate post-trial motions and appeal processes.

As a result, we believe that the likelihood that the amount of the judgment will be affirmed is not probable. We have taken into consideration the events that have occurred after the reporting period and before the financial statements were issued. We currently estimate a range of possible outcomes between $13 million and approximately $51 million, and we have accrued a liability as of March 31, 2022. 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 the corresponding liability of the same amount in other accrued 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 million self-insured retention and deductible. All retentions and deductibles have been met, 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.

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 court on April 22, 2022. 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.

Simon, Vige, and Roberts Matter – On February 19, 2019, a personal injury claim was filed by the plaintiffs against several counterparties including Team Industrial Services Inc., in the 295th District Court of Harris County, Texas. The plaintiffs filed the action seeking monetary damages for personal injury, and emotional and mental distress. This matter was settled in July 2021. This claim is covered by our general liability and excess insurance policies which are occurrence based and subject to an aggregate $3 million self-insured retention and deductible.

Accordingly, for all matters discussed above, we have accrued in the aggregate approximately $44 million as of March 31, 2022, of which approximately $5 million is not covered by our various insurance policies.

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

17. SEGMENT AND GEOGRAPHIC DISCLOSURES

ASC 280, *Segment Reporting*, requires we disclose certain information about our operating segments where 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 three segments: IHT, MS and Quest Integrity.

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

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	(unaudited)
Revenues:		
IHT	$ 95,595	$ 91,139
MS	93,441	87,396
Quest Integrity	29,540	16,083
Total	$ 218,576	$ 194,618

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	(unaudited)
Operating income (loss):		
IHT	$ 134	$ 364
MS	513	115
Quest Integrity	6,204	(252)
Corporate and shared support services	(23,054)	(24,527)
Total	$ (16,203)	$ (24,300)

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	(unaudited)
Capital expenditures[1]:		
IHT	$ 4,771	$ 2,714
MS	813	1,152
Quest Integrity	1,009	406
Corporate and shared support services	38	125
Total	$ 6,631	$ 4,397

1 Excludes finance leases. Totals may vary from amounts presented in the consolidated statements of cash flows due to the timing of cash payments.

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	(unaudited)
Depreciation and amortization:		
IHT	$ 3,254	$ 3,470
MS	4,884	5,439
Quest Integrity	577	712
Corporate and shared support services	1,316	1,338
Total	$ 10,031	$ 10,959

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 and our total long-lived assets for the three months ended March 31, 2022 and 2021 is as follows (unaudited, in thousands):

	Total Revenues[1]	Total Long-lived Assets[2]
Three months ended March 31, 2022		
United States	$ 151,679	$ 264,946
Canada	20,319	10,238
Europe	24,123	21,261
Other foreign countries	22,455	11,325
Total	$ 218,576	$ 307,770
Three months ended March 31, 2021		
United States	$ 141,832	$ 289,790
Canada	16,494	9,804
Europe	25,711	26,253
Other foreign countries	10,581	9,134
Total	$ 194,618	$ 334,981

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

2 Excludes goodwill, intangible assets not being amortized that are to be held and used, financial instruments and deferred tax assets.

18. RESTRUCTURING AND OTHER RELATED CHARGES

Our restructuring and other related charges, net for the periods ended March 31, 2022 and 2021 are summarized by segment as follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	(unaudited)
Operating Group Reorganization and other continuing restructuring measures		
Severance and related costs		
IHT	$ 16	$ 283
MS	—	139
Quest Integrity		233
Corporate and shared support services	—	1,222
Total	$ 16	$ 1,877

Operating Group Reorganization. In January 2021, we announced a new strategic organizational structure to better position ourselves for the recovery, continue sector diversification, and enhance client value (the "Operating Group Reorganization"). In connection with the Operating Group Reorganization, we announced certain executive leadership changes and the appointment of experienced new talent to our leadership team. For the three months ended March 31, 2022, we incurred severance charges of $0.02 million, which represents costs incurred in 2022 as a result of the Operating Group Reorganization. For the twelve months ended December 31, 2021, we incurred severance charges of $2.9 million, which brings the cumulative costs incurred to date as a result of the Operating Group Reorganization of $2.9 million.

A rollforward of our accrued severance liability associated with this reorganization is presented below (in thousands):

	Three Months Ended March 31, 2022
	(unaudited)
Balance, beginning of period	$ 712
Charges	16
Payments	(371)
Balance, end of period	$ 357

19. RELATED PARTY TRANSACTIONS

Alvarez & Marsal provides certain consulting services to the Company in connection with our Interim CFO position and other corporate support costs. The Company paid $8.0 million in fees to Alvarez & Marsal for the year ended December 31, 2021, and $3.8 million for the quarter ended March 31, 2022.

In connection with the Company's debt transactions, the Company engaged in transactions with Corre and Atlantic Park to provide funding as described in Note 11.

20. SUBSEQUENT EVENTS

Refer to Note 1 for information on the Recent Financing Transactions and Note 11 for information on the amendments to the various credit facilities we entered on May 6, 2022.

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

Overview

Unless otherwise indicated, the terms "Team, Inc.," "Team," "we," "our" and "us" are used in this report to refer to Team, Inc., to one or more of its consolidated subsidiaries or to all of them taken as a whole.

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in this report, and the consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, and Critical Accounting Policies, included in our Annual Report on Form 10-K for the year ended December 31, 2021 ("our Annual Report on Form 10-K").

Cautionary Note Regarding Forward-Looking Statements. This report contains "forward-looking statements" that are accompanied by meaningful cautionary statements so as to obtain the protections of the safe harbor established in the Private Securities Litigation Reform Act of 1995. Without limitation, you can generally identify our forward-looking statements by the words "anticipate," "believe," "expect," "plan," "intend," "estimate," "project," "projection," "predict," "budget," "forecast," "goal," "guidance," "target," "will," "could," "should," "may" and similar expressions. We based our forward-looking statements on our reasonable beliefs and assumptions, and our current expectations, estimates and projections about ourselves and our industry. In addition, we based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. We caution that these statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. 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.

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

- our ability to continue as a going concern;
- our ability to manage inflationary pressures in our operating costs;
- the impact to our business, financial condition, results of operations and cash flows due to negative market conditions, including from the impact of the COVID-19 pandemic, and future economic uncertainties, particularly in industries in which we are heavily dependent;
- delays in the commencement of major projects, whether due to the COVID-19 pandemic or other factors;
- our business may be affected by seasonal and other variations, including severe weather conditions 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;
- we have 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;
- the timing of new client contracts and termination of existing contracts may result in unpredictable fluctuations in our cash flows and financial results;
- risk of non-payment and/or delays in payment of receivables from our clients;
- our ability to generate sufficient cash from operations, access our ABL Credit Facility (defined below), or maintain our compliance with our ABL Credit Agreement (defined below), Term Loan Credit Agreement (defined below), and Subordinated Term Loan Credit Agreement (defined below) covenants;
- compliance with continued listing standards of the New York Stock Exchange;
- our financial forecasts are based upon estimates and assumptions that may materially differ from actual results;
- we may incur liabilities and suffer negative financial or reputational impacts relating to occupational health and safety matters, including costs incurred in connection with the implementation of preventative measures required in regard to mitigation of the spread of COVID-19;
- changes in laws or regulations in the local jurisdictions that we conduct our business;
- the inherently uncertain outcome of current and future litigation;
- if we fail to maintain effective internal controls, we may not be able to report our financial results accurately or timely or prevent or detect fraud, which could have a material adverse effect on our business; and
- acts of terrorism, war or political or civil unrest in the United States or elsewhere, including the current events involving Russia and Ukraine, changes in laws and regulations, or the imposition of economic or trade sanctions affecting international commercial transactions

General Description of Business

We are a global leading provider of integrated, digitally-enabled asset performance assurance and optimization solutions. 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 three segments: Inspection and Heat Treating ("IHT"), Mechanical Services ("MS") and Quest Integrity. Through the capabilities and resources in these three segments, we believe that Team we are uniquely qualified to provide integrated solutions involving: inspection to assess condition; engineering assessment to determine fitness for purpose in the context of industry standards and regulatory codes; and mechanical services to repair, rerate or replace based upon the 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 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 ("NDT") services primarily for the process, pipeline and power sectors, pipeline integrity management services, and field heat treating and thermal services, tank management solutions, and pipeline integrity solutions, 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. IHT also provides advanced digital imaging including remote digital video imaging, laser scanning and laser profilometry-enabled reformer care services.

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.

Quest Integrity provides integrity and reliability management solutions for the process, pipeline and power sectors. These solutions encompass two broadly-defined disciplines: (1) highly specialized in-line inspection services for historically unpiggable process piping and pipelines using proprietary in-line inspection tools and analytical software; and (2) advanced engineering and condition assessment services through a multi-disciplined engineering team and related lab support.

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

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

In January 2021, we announced a strategic reorganization (the "Operating Group Reorganization"). The new streamlined structure supports our global operations with greater focus on further improving operational and financial performance through three new operating groups: Inspection and Heat Treating Group (the "IHT Group"), Mechanical & Onstream Services group (the "MOS Group") and Asset Integrity & Digital (the "AID Group"). The IHT Group, which included in the IHT segment, is dedicated to growing its stable nested footprint as regulatory compliance requirements increase, expanding turnaround activity, and diversifying its end markets globally, such as through increased investment in the Aerospace business line. The MOS Group, which is included the MS segment, continues to target turnarounds and capital projects, and improve performance, efficiency, and longevity of aging critical assets. The MOS Group is primed to grow with the industry recovery led by the high demand of maintenance and call-out work. The AID Group, which is included in our Quest Integrity segment, will focus on expanding mechanical and pipeline integrity, risk-based inspection, remote visual inspection, and digital platform. The AID Group will also optimize our research and development activities, including product and technology development. These changes had no effect on our reportable segments.

Significant Factors Impacting Results and Recent Developments

Our revenues, gross margins and other results of operations can be influenced by a variety of factors in any given period, including those described in Cautionary Note Regarding Forward-Looking Statements above and Part 1, Item 1A of our Annual Report on Form 10-K. “Risk Factors” included in our Annual Report on Form 10-K include items which have caused fluctuations in our results in the past and are expected to cause fluctuations in our results in the future. See Note 1 to our unaudited condensed consolidated financial statements and the notes thereto included in this report for a description of our Recent Financing Transactions. Additional information with respect to certain factors are described below.

COVID-19 Pandemic and Market Conditions Update. The impact of COVID-19 and variants of the COVID-19 virus had less effect on our workforce and operations during the first quarter of 2022, as well as the operations of our clients, suppliers and contractors. The proliferation and acceptance of COVID-19 vaccines, and the level of social and economic restrictions lifted in the United States and abroad has improved market conditions. The ultimate duration and economic impact of the COVID-19 pandemic remains unclear.

Under the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), we qualified to defer the employer portion of social security taxes incurred through the end of calendar 2020. As of March 31, 2022, we have deferred employer payroll taxes of $7.1 million. As of December 31, 2021 we had $14.1 million outstanding and we paid $7.0 million of the deferred payroll taxes in January 2022, the remaining balance of $7.1 million is due at the end of 2022. Additionally, other governments in jurisdictions where we operate passed legislation to provide employers with relief programs, which include wage subsidy grants, deferral of certain payroll related expenses and tax payments and other benefits. We elected to treat qualified government subsidies from Canada and other governments as offsets to the related expenses. We recognized $0.6 million and $0.1 million as a reduction to operating expenses and selling, general and administrative expenses, respectively during the three months ended March 31, 2022 and $2.0 million and $0.4 million as a reduction for operating expenses and selling, general and administrative expenses, respectively, during the three months ended March 31, 2021.

Recent Financing Transactions. On February 11, 2022, we entered into a new credit agreement with the lender parties thereto, and Eclipse Business Capital, LLC, a Delaware limited liability company, as agent, (“Eclipse”) (such agreement, the “ABL Credit Agreement”). Available funding commitments to us under the 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 Eclipse (the “Revolving Credit Loans”), with a $35.0 million sublimit for swingline borrowings and 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 Loans”) to be provided by Corre Partners Management, LLC and certain of its affiliates (“Corre”) (collectively, the “ABL Credit Facility”). The ABL Credit Facility matures and all outstanding amounts become due and payable on February 11, 2025. The proceeds of the loans under the ABL Credit Facility were used to, among other things, pay off the amounts owed under the Citi Credit Agreement, which was repaid and terminated in full on February 11, 2022.

On May 6, 2022, we entered into Amendment No. 1 (the “ABL Credit Agreement Amendment No. 1”) to the ABL Credit Agreement. The ABL Credit Agreement Amendment No. 1, among other things, modifies the Maturity Reserve Trigger Date (as defined in the ABL Credit Agreement) such that the date on which a reserve must, subject to certain conditions, be put into place with respect to the outstanding principal amount of 5.00% Convertible Senior Notes due 2023 (the “Notes”) is 75 days prior to their maturity date, instead of 120 days prior to their maturity date.

Revolving Credit Loans bear interest through maturity at a variable rate based upon an annual rate of a LIBOR Rate (or a Base Rate (as defined below) if the LIBOR Rate is unavailable for any reason), plus an applicable margin (“LIBOR Rate Loan” and “Base Rate Loan”, respectively). The “Base Rate” is defined as a fluctuating interest rate equal to the greatest of (1) the federal funds rate plus 0.50%, (2) Wells Fargo Bank, National Association’s prime rate, and (3) the one-month LIBOR Rate. The “applicable margin” is 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 LIBOR Rate Loans with a 1.00% LIBOR floor, in each case depending on the amount of EBITDA as of the most recent measurement period, as reported in a monthly compliance certificate. The Delayed Draw Term Loans shall bear interest through maturity at a rate of the LIBOR Rate plus 10.0%, with a 1.00% LIBOR floor. The fee for undrawn revolving amounts is 0.50% and the fee for undrawn Delayed Draw Term Loan amounts is 3.00%. Interest under the ABL Credit Facility is payable monthly. We will also be required to pay customary letter of credit fees, as necessary. The Company may make voluntary prepayments of the loans under the ABL Credit Facility from time to time, subject, in the case of the Delayed Draw Term Loans, 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 ABL Credit Facility to the sum of the delayed draw term loans plus revolving facility usage outstanding is less than 130%. Amounts repaid may be re-borrowed, subject to compliance with the borrowing base and the other conditions set forth in the ABL Credit Agreement, subject, in the case of the Delayed Draw Term Loans to a maximum of four such borrowings in any 12-month

period. Certain permanent repayments of the ABL Credit Facility loans are subject to the payment of a premium of 2.00% during the first year of the facility, 1.00% during the second year of the facility, and 0.50% in the last year of the facility.

The ABL Credit Agreement contains customary conditions to borrowings and covenants, including covenants that restrict our ability to sell assets, make changes to the nature of our business, engage in mergers or acquisitions, incur, assume or permit to exist additional indebtedness and guarantees, create or permit to exist liens, pay dividends, issue equity instruments, make distributions or redeem or repurchase capital stock or make other investments, engage in transactions with affiliates and make payments in respect of certain debt. The ABL Credit Agreement also requires that we will not exceed $20.0 million in unfinanced capital expenditures in any calendar year; provided that this requirement will not apply if we maintain a net leverage ratio of less than or equal to 4.00 to 1.00 as of the end of the second and fourth fiscal quarter of each calendar year. In addition, the ABL Credit Agreement includes customary events of default, the occurrence of which may require that we pay an additional 2.0% interest on the outstanding loans under the ABL Credit Agreement.

On December 18, 2020, we also entered into a credit agreement with Atlantic Park Strategic Capital Fund, L.P., as agent, and APSC Holdco II, L.P. (“APSC”), as lender (the “Term Loan Credit Agreement”), pursuant to which we borrowed a $250.0 million term loan (the “Term Loan”). The Term Loan matures, and all outstanding amounts become due and payable on December 18, 2026, provided that certain conditions could result in an earlier maturity, including if the Notes have an aggregate principal amount outstanding of $10.0 million or more on the Maturity Trigger Date, in which case the Term Loan will terminate on the Maturity Trigger Date.

On February 11, 2022, we entered into Amendment No. 6 (the “Sixth Amendment”) to the Term Loan Credit Agreement. The Sixth Amendment, among other things and subject to the terms thereof, (i) permitted the entry into the ABL Credit Agreement, (ii) permitted certain interest payments due under the Term Loan Credit Agreement to be paid in kind, (iii) permits certain asset sales and requires certain related mandatory prepayments, subject to an applicable prepayment premium, and (iv) amended the financial covenants, such that the maximum net leverage ratio of 7.00 to 1.00 will not be tested until the fiscal quarter ending March 31, 2023, and the Company is not permitted to exceed $20.0 million in unfinanced capital expenditures in any calendar year; provided, that such unfinanced capital expenditures limitation will not apply if the Company maintains a net leverage ratio of less than or equal to 4.00 to 1.00 as of the end of the second and fourth fiscal quarter of each calendar year.

On May 6, 2022, we entered into Amendment No. 7 (the “Seventh Amendment”) to the Term Loan Credit Agreement. The Seventh Amendment, among other things and subject to the terms thereof, (i) modifies the Maturity Trigger Date (as defined in the Term Loan Credit Agreement) such that the date on which the maturity of the Term Loan Credit Agreement is triggered as a result of there being an aggregate principal amount of more than $10.0 million outstanding under the Notes is 75 days prior to their maturity date instead of 120 days prior to their maturity date, and (ii) amends the financial covenants, such that the maximum net leverage ratio to be tested for the fiscal quarter ending March 31, 2023 will be increased from 7.00 to 1.00 to 12.00 to 1.00.

On November 9, 2021, we entered into a credit agreement (the “Subordinated Term Loan Credit Agreement”) with Corre Credit Fund, LLC (“Corre Fund”), as agent, and the lenders party thereto providing for an unsecured $50.0 million delayed draw subordinated term loan facility (the “Subordinated Term Loan”). 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. The Subordinated Term Loan matures, and all outstanding amounts become due and payable, on the earlier of December 31, 2026 and the date that is two weeks later than the maturity or full repayment of the Term Loan. The stated interest rate on the Subordinated Term Loan is 12%.

On February 11, 2022, we entered into Amendment No. 5 (the “Corre Amendment 5”) to the Subordinated Term Loan Credit Agreement with the lenders from time to time party thereto (including Corre), and Cantor Fitzgerald Securities, as agent. The Corre Amendment 5, among other things, (i) provided for an additional commitment of $10.0 million in subordinated delayed draw term loans to be available for borrowing by the Company until July 1, 2022, (ii) permitted the entry into the ABL Credit Facility, (iii) permitted certain asset sales and requires certain related mandatory prepayments, subject to an applicable prepayment premium, and (iv) amended the financial covenants, such that the maximum net leverage ratio of 7.00 to 1.00 will not be tested until the fiscal quarter ending March 31, 2023, and the Company is not permitted to exceed $20.0 million in unfinanced capital expenditures in any calendar year; provided, that such unfinanced capital expenditures limitation will not apply if the Company maintains a net leverage ratio of less than or equal to 4.00 to 1.00 as of the end of the second and fourth fiscal quarter of each calendar year.

On May 6, 2022, we entered into Amendment No. 6 (the “Corre Amendment No. 6”) to the Subordinated Term Loan Credit Agreement with the lenders from time to time party thereto (including Corre), and Cantor Fitzgerald Securities, as agent. The Corre Amendment No. 6, among other things, amends the financial covenants, such that the maximum net leverage ratio to be tested for the fiscal quarter ending March 31, 2023 will be increased from 7.00 to 1.00 to 12.00 to 1.00.

Our ability to maintain compliance with the financial covenants is dependent upon our future operating performance and future financial condition, both of which are subject to various risks and uncertainties. The effects of the COVID-19 pandemic

and the related economic repercussions could have a significant adverse effect on our financial position and business condition, as well as 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, and affect our future need or ability to borrow under our ABL Credit Facility. In addition to our current sources of funding our business, the effects of such events may impact our liquidity or our need to revise our allocation or sources of capital, implement further cost reduction measures and/or change our business strategy. Although the COVID-19 pandemic and related economic repercussions could have a broad range of effects on our liquidity sources, the effects will depend on future developments and cannot be predicted at this time.

We rely primarily on cash flows from our operations to make required interest and principal payments on our debt. If we are unable to generate sufficient cash flows from our operations, we may be unable to pay interest and principal obligations on our debt when they become due. Failure to comply with these obligations or failure to comply with the financial covenants discussed above could result in an event of default, which would permit our lenders to accelerate the repayment of the debt. If our lenders accelerate the repayment of debt, there is no assurance that we could refinance such debt on terms favorable to us or at all.

Our ABL Credit Facility and Term Loan bear interest at variable market rates. If market interest rates increase, our interest expense and cash flows could be adversely impacted. Based on borrowings outstanding at December 31, 2021, an increase in market interest rates of 100 basis points would increase our interest expense and decrease our operating cash flows by approximately $3.1 million on an annual basis.

Our ABL Credit Facility and Term Loan restrict our ability to, among other items, incur additional indebtedness, engage in mergers, acquisitions and dispositions and alter the business conducted by us. These restrictions could adversely affect our ability to operate our businesses and may limit our ability to take advantage of potential business opportunities as they arise.

Team Regains Compliance with NYSE Continue Listings Standards. On February 2, 2022, we were notified by the NYSE that the average closing price of our common stock, over a prior 30 consecutive trading day period was below $1.00 per share, which is the minimum average closing price per share required to maintain listing on the NYSE under Section 802.01C of the NYSE Listed Company Manual. On April 1, 2022, we were notified by the NYSE that we have regained compliance with the NYSE continued listing standard. Accordingly, the ".bc" indicator following the Company's symbol "TISI" was subsequently removed by the NYSE.

Results of Operations

The following is a comparison of our results of operations for the three months ended March 31, 2022 compared to March 31, 2021.

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

The following table sets forth the components of revenue and operating loss from our operations for the period ended March 31, 2022 and 2021 (in thousands):

	Three Months Ended March 31,		Increase (Decrease)	
	2022	2021	$	%
	(unaudited)	(unaudited)		
Revenues by business segment:				
IHT	$ 95,595	$ 91,139	$ 4,456	4.9 %
MS	93,441	87,396	6,045	6.9 %
Quest Integrity	29,540	16,083	13,457	83.7 %
Total revenues	$ 218,576	$ 194,618	$ 23,958	12.3 %
Operating income (loss):				
IHT	$ 134	$ 364	$ (230)	NM
MS	513	115	398	NM
Quest Integrity	6,204	(252)	6,456	NM
Corporate and shared support services	(23,054)	(24,527)	1,473	6.0 %
Total operating loss	$ (16,203)	$ (24,300)	$ 8,097	33.3 %
Interest expense, net	(18,605)	(9,396)	(9,209)	98.0 %
Other income (expense), net	2,702	(950)	3,652	NM
Loss before income taxes	$ (32,106)	$ (34,646)	$ 2,540	7.3 %
(Provision) benefit for income taxes	(356)	355	(711)	NM
Net loss	$ (32,462)	$ (34,291)	$ 1,829	5.3 %

NM = Not meaningful

Revenues. Total revenues increased $24.0 million or 12.3% from the prior year quarter. IHT revenues increased by $4.5 million, MS revenue increased by $6.0 million and Quest Integrity revenue increased by $13.5 million. IHT segment's first quarter revenue grew 4.9% more than the prior year quarter, primarily driven by higher domestic activity levels in the Western U.S. and increases in Canadian turnarounds. Our capital project activity increased in March 2022 as our clients began to return to a more stable operating environment. The MS segment delivered first quarter revenue growth of 6.9% over the prior year quarter, primarily from increases in Canadian call-outs as well as higher activity levels in Latin America. The increased revenue for Quest Integrity was due to approximately $6 million of projects deferred by customers in 2021 that were executed in the period ending March 31, 2022, including subsea projects in Africa and increased activity for multiple areas in the U.S.

Operating income (loss). Overall operating loss was $16.2 million in the current year quarter compared to operating loss of $24.3 million in the prior year quarter. The overall decrease in operating loss is primarily attributable to Quest Integrity, which experienced an increase in operating income of $6.5 million due to return in demand by clients across all regions and end markets as well as the widespread relaxation of pandemic-related international travel requirements. IHT experienced a decrease of $0.2 million in operating income due to inflationary costs pressures associated with the increased economic activity and the absence of temporary cost containment actions. MS continued to focus on enhancing margins and capturing market share in its product and service lines. Corporate operating loss improved due to the credit in non cash compensation, partially off set by the increase in professional fees. Additionally, we continue to realize cost inflation in several areas across all segments, such as raw materials, transportation, and labor costs.

For the three months ended March 31, 2022, operating loss includes net expenses totaling $7.2 million that we do not believe are indicative of our core operating activities, the prior year quarter included $5.7 million of such items, as detailed by segment in the table below (in thousands):

Expenses reflected in operating income (loss) that are not indicative of our core operating activities (unaudited):

	IHT	MS	Quest Integrity	Corporate and shared support services	Total
Three Months Ended March 31, 2022					
Professional fees and other[1]	$ —	$ —	$ —	$ 5,344	$ 5,344
Legal costs[2]	—	—	—	528	528
Severance charges, net[3]	16	—	—	1,334	1,350
Total	$ 16	$ —	$ —	$ 7,206	$ 7,222
Three Months Ended March 31, 2021					
Professional fees and other[1]	$ —	$ —	$ —	$ 1,146	$ 1,146
Legal costs[2]	—	—	—	2,475	2,475
Severance charges, net[3]	475	139	209	1,224	2,047
Total	$ 475	$ 139	$ 209	$ 4,845	$ 5,668

1 For the three months ended March 31, 2022, includes $4.7 million related to costs associated with the debt financing and $0.6 million of corporate support costs. For the three months ended March 31, 2021, includes $0.8 million of costs associated with the Operating Group Reorganization (exclusive of restructuring costs).
2 For the three months ended March 31, 2022, primarily relates to accrued legal matters and legal fees associated with the debt financing. For March 31, 2021, primarily relates to accrued legal matters and other legal fees.
3 For the three months ended March 31, 2022, $1.3 million primarily related to customary severance costs associated with executive departures. For the three months ended March 31, 2021, includes $1.9 million related to the Operating Group Reorganization and $0.2 million associated with other severances.

e detail of operating income (loss) excluding non-core expenses are as follows (unaudited) (in thousands):

	Three Months Ended March 31,		Increase (Decrease)	
	2022	2021	$	%
erating income (loss), excluding non-core expenses:				
IHT	$ 150	$ 839	(689)	NM
MS	513	254	259	NM
Quest Integrity	6,204	(43)	6,247	NM
Corporate and shared support services	(15,848)	(19,682)	3,834	19.5 %
Total operating loss, excluding non-core expenses	$ (8,981)	$ (18,632)	9,651	51.8 %

I - Not Meaningful

Excluding the impact of these identified non-core items in both periods, operating loss decreased by $9.7 million, consisting of lower operating income at IHT of $0.7 million, higher operating income at MS and Quest Integrity of $0.3 million and $6.2 million respectively and a decrease in corporate and shared support services expenses of $3.8 million. The lower operating income in IHT is due to project delays, and increases in inflationary cost pressures associated with the ramp up in economic activity.

Interest expense, net. Interest expense increased $9.2 million, or 98.0% compared to the prior year quarter, primarily due to the increased outstanding debt amounts, from the new debt instruments executed in the period ended March 31, 2022. Additionally, due to the debt extinguishment of the Citi ABL Facility on February 11, 2022, during the three months ended March 31, 2022, the Company recognized in interest expense $2.7 million of financing costs previously capitalized.

Other income (expense), net. Other income, net increased $3.7 million from the prior year quarter expense of $1.0 million to a gain of $2.7 million primarily on the sale of equipment and inventory, which was completed on March 7, 2022 with Superior Plant Rentals (“SPR”) for $3.0 million in cash.

Taxes. The provision for income tax was $0.4 million on the pre-tax loss from continuing operations of $32.1 million in the current year quarter, compared to a $0.4 million income tax benefit on a pre-tax loss of $34.6 million in the prior year quarter. The effective tax rate, inclusive of discrete items, was a provision of 1.1% for the three months ended March 31, 2022,

compared to a benefit of 1.0% for the three months ended March 31, 2021. The effective tax rate change from the prior year quarter compared to the current year quarter is due to tax losses being offset by valuation allowances.

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 diluted share, earnings before interest and taxes ("EBIT"); adjusted EBIT (defined below); 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), adjusted net income (loss) per diluted share and adjusted EBIT to exclude the following items: costs associated with our our past integration and transformation program, costs associated with the Operating Group Reorganization, non-routine legal costs and settlements, restructuring charges, certain severance charges, goodwill impairment charges 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, 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 our our past integration and transformation program, costs associated with the Operating Group Reorganization, non-routine legal costs and settlements, restructuring charges, certain severance charges, goodwill impairment charges and certain other items as determined by management. 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 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 diluted 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 is also used as a basis for the Chief Operating Decision Maker to evaluate the performance of our reportable segments. Free cash flow is used by our management and investors to analyze our ability to service and repay debt and return value directly to stakeholders.

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

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

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

	Three Months Ended March 31,	
	2022	**2021**
Adjusted Net Income (Loss):		
Net loss	$ (32,462)	$ (34,291)
Professional fees and other[1]	5,344	1,146
Legal costs[2]	528	2,475
Severance charges, net[3]	1,350	2,047
Tax impact of adjustments and other net tax items[4]	(4)	(1,190)
Adjusted net loss	$ (25,244)	$ (29,813)
Adjusted net loss per common share:		
Basic and diluted	$ (0.67)	$ (0.97)
Consolidated Adjusted EBIT and Adjusted EBITDA:		
Net loss	$ (32,462)	$ (34,291)
Provision (benefit) for income taxes	356	(355)
Gain on equipment sale	(2,314)	$ —
Interest expense, net	18,605	9,396
Foreign currency (gain) loss[5]	(185)	1,123
Pension credit[6]	(203)	(173)
Professional fees and other[1]	5,344	1,146
Legal costs[2]	528	2,475
Severance charges, net[3]	1,350	2,047
Consolidated Adjusted EBIT	(8,981)	(18,632)
Depreciation and amortization		
Amount included in operating expenses	4,579	5,514
Amount included in SG&A expenses	5,451	5,445
Total depreciation and amortization	10,030	10,959
Non-cash share-based compensation costs	(624)	2,330
Consolidated Adjusted EBITDA	$ 425	$ (5,343)
Free Cash Flow:		
Cash used in operating activities	$ (50,006)	$ (17,183)
Capital expenditures	(7,068)	(3,413)
Free Cash Flow	$ (57,074)	$ (20,596)

1 For the three months ended March 31, 2022, includes $4.7 million related to costs associated with the debt financing and $0.6 million of corporate support costs. For the three months ended March 31, 2021, includes $0.8 million of costs associated with the Operating Group Reorganization (exclusive of restructuring costs).

2 For the three months ended March 31, 2022, primarily relates to accrued legal matters and legal fees associated with the debt financing. For March 31, 2021, primarily relates to accrued legal matters and other legal fees.

3 For the three months ended March 31, 2022, $1.3 million primarily related to customary severance costs associated with executive departures. For the three months ended March 31, 2021, includes $1.9 million related to the Operating Group Reorganization and $0.2 million associated with other severances.

4 Represents the tax effect of the adjustments. Beginning in Q2 2021, we now use the statutory tax rate, net of valuation allowance by legal entity to determine the tax effect of the adjustments. Prior to Q2 2021, we used an assumed marginal tax rate of 21% except for the adjustment of the goodwill impairment charge in Q1 2020 for which the actual tax impact was used. We have restated the prior period tax impact to use the statutory tax rate by legal entity, net of valuation allowance.

5 Represents foreign currency (gain) in current period primarily due to strengthening USD against EUR, GBP, and AUD.

6 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 has had no new participants added since the plan was frozen in 1994 and accruals for future benefits ceased in connection with a plan curtailment in 2013.

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

	Three Months Ended March 31,	
	2022	**2021**
Segment Adjusted EBIT and Adjusted EBITDA:		
IHT		
Operating income	$ 134	$ 364
Severance charges, net[1]	16	475
Adjusted EBIT	150	839
Depreciation and amortization	3,254	3,470
Adjusted EBITDA	$ 3,404	$ 4,309
MS		
Operating income	$ 513	$ 115
Severance charges, net[1]	—	139
Adjusted EBIT	513	254
Depreciation and amortization	4,884	5,439
Adjusted EBITDA	$ 5,397	$ 5,693
Quest Integrity		
Operating income (loss)	$ 6,204	$ (252)
Severance charges, net[1]	—	209
Adjusted EBIT	6,204	(43)
Depreciation and amortization	577	712
Adjusted EBITDA	$ 6,781	$ 669
Corporate and shared support services		
Net loss	$ (41,628)	$ (34,518)
Provision (benefit) for income taxes	356	(355)
Interest expense, net	18,605	9,396
Foreign currency (gain) losses[2]	(185)	1,123
Pension credit[3]	(203)	(173)
Professional fees and other[4]	5,344	1,146
Legal costs[5]	528	2,475
Severance charges, net[1]	1,334	1,224
Adjusted EBIT	(15,849)	(19,682)
Depreciation and amortization	1,316	1,338
Non-cash share-based compensation costs	(624)	2,330
Adjusted EBITDA	$ (15,157)	$ (16,014)

1 For the three months ended March 31, 2022, $1.3 million primarily related to customary severance costs associated with executive departures. For the three months ended March 31, 2021, includes $1.9 million related to the Operating Group Reorganization and $0.2 million associated with other severances.

2 Represents foreign currency (gain) in current period primarily due to strengthening USD against EUR, GBP, and AUD.

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 has had no new participants added since the plan was frozen in 1994 and accruals for future benefits ceased in connection with a plan curtailment in 2013.

4 For the three months ended March 31, 2022, includes $4.7 million related to costs associated with the debt financing and $0.6 million of corporate support costs. For the three months ended March 31, 2021, includes $0.8 million of costs associated with the Operating Group Reorganization (exclusive of restructuring costs).

5 For the three months ended March 31, 2022, primarily relates to accrued legal matters and legal fees associated with the debt financing. For March 31, 2021, primarily relates to accrued legal matters and other legal fees.

Liquidity and Capital Resources

Financing for our operations consists primarily of our ABL Credit Facility, Term Loan, Subordinated Term Loan (defined below) and cash flows attributable to our operations. Our principal uses of cash are for working capital needs and operations. We have suffered recurring operating losses related to COVID-19 pandemic and related economic repercussions, and difficult market conditions. In response to the above, (i) we have entered into the Recent Financing Transactions (as further described in Note 1 - Summary of Significant Accounting Policies and Practices) to address our near-term liquidity needs; and (ii) we have taken definitive actions to reduce costs, improve operations, profitability, and liquidity, and position the Company for future growth.

Our ability to maintain compliance with the financial covenants contained in the ABL Credit Facility, Term Loan Credit Agreement, and Subordinated 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. The effects of the COVID-19 pandemic and related economic repercussions could have a significant adverse effect on our financial position and business condition, as well as 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, and affect our future need or ability to borrow under our ABL Credit Facility. In addition to our current sources of funding our business, the effects of such events may impact our liquidity or our need to revise our allocation or sources of capital, implement further cost reduction measures and/or change our business strategy.

ABL Facility

On December 18, 2020, we entered into an asset-based credit agreement (such agreement, as amended, restated, supplemented or otherwise modified from time to time, the “Citi Credit Agreement”) led by Citibank, N.A. (“Citibank”), as agent, which provided for available borrowings up to $150.0 million (the “Citi ABL Facility”). The Citi ABL Facility was expected to mature and all outstanding amounts were to become due and payable on December 18, 2024. The Citi ABL Facility included a $50.0 million sublimit for letters of credit issuance and $35.0 million sublimit for swingline borrowings. Additionally, subject to certain conditions, including obtaining additional commitments, the Citi ABL Facility could have been increased by an amount not to exceed $50.0 million.

On December 8, 2021, the Company entered into Amendment No. 2 (the “Citi ABL Amendment No. 2”) to the Citi Credit Agreement. Citi ABL Amendment No. 2, among other things, (i) revised the applicable margin to 4.25% for LIBOR rate advances, (ii) provided that at all times beginning on the effective date of the Citi ABL Amendment No. 2 and ending on the date Citibank shall have received and approved the borrowing base certificate for the calendar month ending December 31, 2021, the borrowing base shall not exceed the lesser of (a) the borrowing base calculated as set forth in the borrowing base certificate for the calendar month ending December 31, 2021 and (b) $108,500,000, (iii) established an interest reserve account for certain payments due under the Term Loan Credit Agreement, (iv) provided that after giving effect to any borrowing and any disbursements to be made by the Company with the proceeds of such borrowing, within one business day of such borrowing, the Company and its U.S. subsidiaries may not have more than $5 million cash on hand, (v) provided for weekly variance testing to be delivered to Citibank, (vi) required the Company to have used all of the proceeds borrowed under the Subordinated Term Loan Credit Agreement prior to borrowing under the Citi Credit Agreement, and (vii) increased the amount of subordinated debt available to be incurred by the Company to account for (a) the additional $27.5 million borrowed under the Subordinated Term Loan Credit Agreement, (b) any additional amount borrowed under the Subordinated Term Loan Credit Agreement not to exceed $75 million in the aggregate, and (c) the payment of interest in the form of payment-in-kind interest with respect to the Initial Term Loans (as defined in the Subordinated Term Loan Credit Agreement).

Our obligations under the Citi ABL Facility were guaranteed by certain of our direct and indirect subsidiaries, as set forth in the Citi ABL Facility agreement. The Citi ABL Facility was secured on a first priority basis by, among other things, our accounts receivable, deposit accounts, securities accounts and inventory, including those of our direct and indirect subsidiary guarantors, and on a second priority basis by substantially all other assets of our direct and indirect subsidiary guarantors. Borrowing availability under the Citi ABL Facility were based on a percentage of the value of accounts receivable and inventory, reduced for certain reserves.

Borrowings under the Citi ABL Facility bore interest through maturity at a variable rate based upon, at our option, an annual rate of either a base rate (“Base Rate”) or a LIBOR rate, plus an applicable margin. The Base Rate is defined as a fluctuating interest rate equal to the greatest of (i) the federal funds rate plus 0.50%, (ii) Citibank’s prime rate, and (iii) the one-month LIBOR rate plus 1.00%. The applicable margin for LIBOR borrowings was 4.25% and for Base Rate borrowings was 3.25%. The all-in Base Rate floor was 1.75% and for LIBOR rate borrowings, the LIBOR rate, exclusive of spread, had a 0.75% LIBOR rate floor. Interest was payable either (i) monthly for Base Rate borrowings or (ii) the last day of the interest

period for LIBOR rate borrowings, as set forth in the Citi ABL Facility agreement. The fee for undrawn amounts ranged from 0.375% to 0.5%, depending on usage and was due quarterly.

On February 11, 2022, we entered into a new credit agreement (such agreement, the ABL Credit Agreement) with the lender parties thereto, and Eclipse Business Capital, LLC, a Delaware limited liability company, as agent, (“Eclipse”). Available funding commitments to us under the 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 Eclipse (the “Revolving Credit Loans”), with a $35.0 million sublimit for swingline borrowings and 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 Loans”) to be provided by Corre Partners Management, LLC and certain of its affiliates (“Corre”) (the “ABL Credit Facility”). The ABL Credit Facility matures and all outstanding amounts become due and payable on February 11, 2025. The proceeds of the loans under the ABL Credit Facility were used to, among other things, pay off the amounts owed under the Citi Credit Agreement, which was repaid and terminated in full on February 11, 2022.

At March 31, 2022, we had $32.9 million of cash on hand, of which, about $2.3 million of cash is located in countries where currency restrictions exist. We had approximately $8.8 million of available borrowing capacity under the ABL Credit Facility. Direct and incremental costs associated with the issuance of the ABL Credit Facility were approximately $8.1 million and were capitalized as debt issuance costs. These costs are being amortized on a straight-line basis over the term of the ABL Credit Facility.

On May 6, 2022, we entered into Amendment No. 1 (the “ABL Credit Agreement Amendment No. 1”) to the ABL Credit Agreement. The ABL Credit Agreement Amendment No. 1, among other things, modifies the Maturity Reserve Trigger Date (as defined in the ABL Credit Agreement) such that the date on which a reserve must, subject to certain conditions, be put into place with respect to the outstanding principal amount of the 5.00% Convertible Senior Notes due 2023 (the “Notes”) is 75 days prior to their maturity date, instead of 120 days prior to their maturity date.

Our obligations under the ABL Credit Facility are guaranteed by certain of our direct and indirect subsidiaries (other than certain excluded subsidiaries) (the “ABL Guarantors” and, together with the Company, the “ABL Loan Parties”). Our obligations under the 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 under ABL Credit Facility is based on the percentage of the value of accounts receivable and inventory, as reduced by certain reserves.

Revolving Credit Loans under the ABL Credit Facility bear interest through maturity at a variable rate based upon an annual rate of a LIBOR Rate (or a Base Rate (as defined below) if the LIBOR Rate is unavailable for any reason), plus an applicable margin (“LIBOR Rate Loan” and “Base Rate Loan”, respectively). The “Base Rate” is defined as a fluctuating interest rate equal to the greatest of (1) the federal funds rate plus 0.50%, (2) Wells Fargo Bank, National Association’s prime rate, and (3) the one-month LIBOR Rate. The “applicable margin” is 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 LIBOR Rate Loans with a 1.00% LIBOR floor, in each case depending on the amount of EBITDA as of the most recent measurement period, as reported in a monthly compliance certificate. The Delayed Draw Term Loans shall bear interest through maturity at a rate of the LIBOR Rate plus 10.0%, with a 1.00% LIBOR floor. The fee for undrawn revolving amounts is 0.50% and the fee for undrawn Delayed Draw Term Loan amounts is 3.00%. Interest under the ABL Credit Facility is payable monthly. We will also be required to pay customary letter of credit fees, as necessary. We may make voluntary prepayments of the loans under the ABL Credit Facility from time to time, subject, in the case of the Delayed Draw Term Loans, 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 ABL Credit Facility to the sum of the Delayed Draw Term Loans plus revolving facility usage outstanding is less than 130%. Amounts repaid may be re-borrowed, subject to compliance with the borrowing base and the other conditions set forth in the ABL Credit Facility, subject, in the case of the Delayed Draw Term Loans to a maximum of four such borrowings in any 12-month period. Certain permanent repayments of the ABL Credit Facility loans are subject to the payment of a premium of 2.00% during the first year of the facility, 1.00% during the second year of the facility, and 0.50% in the last year of the facility.

The ABL Credit Agreement contains customary conditions to borrowings and covenants, including covenants that restrict our ability to sell assets, make changes to the nature of our business, engage in mergers or acquisitions, incur, assume or permit to exist additional indebtedness and guarantees, create or permit to exist liens, pay dividends, issue equity instruments, make distributions or redeem or repurchase capital stock or make other investments, engage in transactions with affiliates and make payments in respect of certain debt. The ABL Credit Agreement also requires that we will not exceed $20.0 million in unfinanced capital expenditures in any calendar year; provided that this requirement will not apply if we maintain a net leverage ratio of less than or equal to 4.00 to 1.00 as of the end of the second and fourth fiscal quarter of each calendar year. In addition,

the ABL Credit Agreement includes customary events of default, the occurrence of which may require that we pay an additional 2.0% interest on the outstanding loans under the ABL Credit Agreement.

Atlantic Park Term Loan

On December 18, 2020, we also entered into that certain Term Loan Credit Agreement ("Term Loan Credit Agreement") with the financial institutions from time to time party thereto, and APSC, as agent, pursuant to which we borrowed a $250.0 million term loan (the "Term Loan"). The Term Loan was issued with a 3.00% original issuance discount ("OID"), such that total proceeds received were $242.5 million. The Term Loan matures, and all outstanding amounts become due and payable on December 18, 2026. However, certain conditions could result in an earlier maturity, including if the Notes have an aggregate principal amount outstanding of $10.0 million or more on the Maturity Trigger Date, in which case the Term Loan will terminate on the Maturity Trigger Date. As set forth in the Term Loan Credit Agreement, the Term Loan is secured by substantially all assets, other than those secured on a first lien basis by the ABL Credit Facility, and we may increase the Term Loan by an amount not to exceed $100 million.

The Term Loan bears interest through maturity at a variable rate based upon, at our option, an annual rate of either a Base rate or a LIBOR rate, plus an applicable margin. The Base rate is defined as a fluctuating interest rate equal to the greatest of (i) the federal funds rate plus 0.50%, (ii), the prime rate as specified in the Term Loan Credit Agreement, and (iii) one-month LIBOR rate plus 1.00%. The applicable margin is defined as a rate of 6.50% for Base rate borrowings with a 2.00% Base rate floor and 7.50% for LIBOR rate borrowings with a 1.00% LIBOR rate floor. Interest is payable either (i) monthly for Base rate borrowings or (ii) the last day of the interest period for LIBOR rate borrowings, as set forth in the Term Loan Credit Agreement. The loans under the Term Loan were issued with an original issue discount of 3.00%, and are, in whole or in part, prepayable any time and from time to time, at a prepayment premium (including a make whole during the first two years) specified in the Term Loan Credit Agreement (subject to certain exceptions), plus accrued and unpaid interest. The effective interest rate on the Term Loan at December 31, 2021 was 20.90%.

The Term Loan contains customary payment penalties, events of default and covenants, including but not limited to, covenants that restrict our ability to sell assets, make changes to the nature of our business, engage in mergers or acquisitions, incur additional indebtedness and guarantees, pay dividends, issue equity instruments and make distributions or redeem or repurchase capital stock.

On October 19, 2021, we entered into Amendment No. 1 (the "First Amendment") to the Term Loan Credit Agreement with the financial institutions party thereto from time to time (the "Lenders") and APSC, as agent. The First Amendment, among other things, (i) deferred an October 19, 2021 interest payment until October 29, 2021; (ii) required that the Company use commercially reasonable efforts to appoint an additional independent director to our Board of Directors who is acceptable to the agent; (iii) provided the Lenders with additional information rights; and (iv) tightened certain negative covenants included in the Term Loan Credit Agreement until the deferred interest is made current.

On October 29, 2021, we entered into Amendment No. 2 (the "Second Amendment") to the Term Loan Credit Agreement. The Second Amendment, among other things, (i) further deferred an October 29, 2021 interest payment until November 15, 2021; (ii) contained certain milestones; (iii) provided the Lenders with a 10-day right of first refusal regarding any refinancing of the Company's obligations under the Citi ABL Facility; (iv) obligated the Company to establish, pursuant to a charter to be adopted by the our Board of Directors and reasonably acceptable to the Agent, a special committee that shall have exclusive responsibility and authority to make recommendations to our Board of Directors regarding certain transactions; and (v) provided that the Company will not permit a covenant trigger event under the Citi ABL Facility to occur.

On November 8, 2021, we entered into Amendment No.3 (the "Third Amendment") to the Term Loan Credit Agreement. The Third Amendment, among other things, (i) waived certain covenants until September 30, 2022 and modified covenants thereafter to provide us with more flexibility and (ii) required us to seek shareholder approval (or an exception therefrom) to issue the APSC Warrants, and to amend the Existing Warrants, to provide for, an exercise price of $1.50 per share.

The Third Amendment also reduced the amount of principal outstanding on the Notes on the Maturity Trigger Date from $50.0 million to $10.0 million.

On December 2, 2021 and December 7, 2021, respectively, we entered into Amendment No. 4 (the "Fourth Amendment") to the Term Loan Credit Agreement and Amendment No. 5 (the "Fifth Amendment") to the Term Loan Credit Agreement, respectively. The Fourth and Fifth Amendments extended the date upon which the Company must issue the APSC Warrants to December 7, 2021 and December 8, 2021, respectively. The business purpose of these amendments was to further extend the Company's liquidity runway while field audit exams were completed in connection to the transactions completed on February 11, 2022.

On December 8, 2021 we entered into the Second Amended and Restated Common Stock Purchase Warrant No. 1 (the "Second A&R Warrant") with APSC Holdco, pursuant to which the A&R Warrant was amended and restated to provide for the purchase of up to 5,000,000 shares of our common stock (including 4,082,949 shares of our common stock issuable pursuant to the A&R Warrant) exercisable at the holder's option at any time, in whole or in part, until December 8, 2028, at an exercise price of $1.50 per share, and (ii) entered into the Common Stock Purchase Warrants with each of Corre Opportunities Qualified Master Fund, LP, Corre Horizon Fund, LP and Corre Horizon Fund II, LP providing for the purchase of an aggregate of 5,000,000 shares of our common stock, exercisable at such holder's option at any time, in whole or in part, until December 8, 2028, at an exercise price of $1.50 per share (the "Corre Warrants").

On February 11, 2022, we entered into Amendment No. 6 (the "Sixth Amendment") to the Term Loan Credit Agreement. The Sixth Amendment, among other things and subject to the terms thereof, (i) permitted the entry into the ABL Credit Agreement, (ii) permitted certain interest payments due under the Term Loan Credit Agreement to be paid in kind, (iii) permitted certain asset sales and requires certain related mandatory prepayments, subject to an applicable prepayment premium, and (iv) amended the financial covenants, such that the maximum net leverage ratio of 7.00 to 1.00 will not be tested until the fiscal quarter ending March 31, 2023, and the Company is not permitted to exceed $20.0 million in unfinanced capital expenditures in any calendar year; provided, that such unfinanced capital expenditures limitation will not apply if the Company maintains a net leverage ratio of less than or equal to 4.00 to 1.00 as of the end of the second and fourth fiscal quarter of each calendar year.

On May 6, 2022, we entered into Amendment No. 7 (the "Seventh Amendment") to the Term Loan Credit Agreement. The Seventh Amendment, among other things and subject to the terms thereof, (i) modifies the Maturity Trigger Date (as defined in the Term Loan Credit Agreement) such that the date on which the maturity of the Term Loan Credit Agreement is triggered as a result of there being an aggregate principal amount of more than $10.0 million outstanding under the Notes is 75 days prior to their maturity date instead of 120 days prior to their maturity date, and (ii) amends the financial covenants, such that the maximum net leverage ratio to be tested for the fiscal quarter ending March 31, 2023 will be increased from 7.00 to 1.00 to 12.00 to 1.00.

Subordinated Term Loan Credit Agreement. On November 9, 2021, we entered into a credit agreement (the "Subordinated Term Loan Credit Agreement") with Corre Credit Fund, LLC ("Corre Fund"), as agent, and the lenders party thereto providing for an unsecured $50.0 million delayed draw subordinated term loan facility (the "Subordinated Term Loan"). 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. The Subordinated Term Loan matures, and all outstanding amounts become due and payable, on the earlier of December 31, 2026 and the date that is two weeks later than the maturity or full repayment of the Term Loan. The stated interest rate on the Subordinated Term Loan is 12%.

Under the Subordinated Term Loan Credit Agreement, we are required to, among other things, (i) subject to certain conditions, issue the lenders Corre Warrants, (ii) amend our charter, bylaws, and all other necessary corporate governance documents to reduce the size of our Board of Directors to seven directors, one of whom will include our Chief Executive Officer, and (iii) reconstitute our Board of Directors. The Subordinated Term Loan also contains other customary prepayment provisions, events of default and covenants.

On November 30, 2021, we entered into Amendment No. 1 (the "Corre Amendment 1") to the Subordinated Term Loan Credit Agreement. The Corre Amendment 1 (i) extended the payment date for interest in the form of payment-in-kind interest ("PIK Interest") with respect to the Initial Term Loans (as defined in the Subordinated Term Loan Credit Agreement), (ii) extended the date upon which the Company must deliver a fully executed ABL Consent (as defined in the Subordinated Term Loan Credit Agreement) to, in each case, 11:59 P.M. on December 6, 2021 and (iii) extended the date upon which we must issue the Corre Warrants to 11:59 P.M. on December 7, 2021.

On December 6, 2021, we entered into Amendment No. 2 (the "Corre Amendment 2") to the Subordinated Term Loan Credit Agreement. The Corre Amendment 2 (i) extended the payment for interest in the PIK Interest with respect to the Initial Term Loans, and (ii) extended the date upon which we must deliver a fully executed ABL Consent to, in each case, 11:59 P.M. on December 7, 2021.

On December 7, 2021, we entered into Amendment No. 3 (the "Corre Amendment 3") to the Subordinated Term Loan Credit Agreement. The Corre Amendment 3, among other things, (i) extended the payment date for interest in the form of PIK Interest with respect to the Initial Term Loans, (ii) extended the date upon which we must deliver a fully executed ABL Consent and (iii) extended the date upon which we must issue the Corre Warrants to, in each case, 11:59 P.M. on December 8, 2021.

The business purpose of each of Corre Amendment 1, Corre Amendment 2, and Corre Amendment 3 was to further extend the liquidity runway of the Company and support ongoing negotiations of the financing transactions completed on February 11, 2022.

On December 8, 2021, we entered into Amendment No. 4 (the "Corre Amendment 4") to the Subordinated Term Loan Credit Agreement. The Corre Amendment 4 appointed Cantor Fitzgerald Securities as successor Agent.

In connection with the transactions contemplated by the ABL Credit Agreement on February 11, 2022, Corre agreed to provide the Company incremental financing (the "Incremental Financing"), totaling $55.0 million, consisting of (i) $35.0 million Delayed Draw Term Loans; (ii) $10.0 million from Corre in the form of the February 2022 Delayed Draw Term Loan (as defined in the Subordinated Term Loan Credit Agreement) on a pari passu basis with the existing loans issued pursuant to the Subordinated Term Loan Credit Agreement; and (iii) $10.0 million through an issuance of 11,904,762 shares (the "PIPE Shares") of the our common stock, to Corre Opportunities Qualified Master Fund, LP, Corre Horizon Fund, LP and Corre Horizon II Fund, LP (the "Corre Holders") at a price of $0.84 per share (the "Equity Issuance").

In connection with the Incremental Financing and Equity Issuance, on February 11, 2022, we entered into a common stock subscription agreement (the "Subscription Agreement") with the Corre Holders, pursuant to which we issued and sold the PIPE Shares to the Corre Holders on February 11, 2022.

Pursuant to the Subscription Agreement, subject to certain exceptions, each of the Corre Holders has agreed not to sell its portion of the PIPE Shares until the earliest to occur of (i) the date that is 180 days from the date of the Subscription Agreement, and (ii) such date on which we complete a liquidation, merger, stock exchange, reorganization or other similar transaction that results in all of our stockholders having the right to exchange their shares of our common stock for cash, securities or other property, without our consent.

On February 11, 2022, we entered into Amendment No. 5 (the "Corre Amendment 5") to the Subordinated Term Loan Credit Agreement with the lenders from time to time party thereto (including Corre), and Cantor Fitzgerald Securities, as agent. The Corre Amendment 5, among other things, (i) provides for the February 2022 Delayed Draw Term Loan in the form of an additional commitment of $10.0 million in subordinated delayed draw term loans to be available for borrowing by the Company until July 1, 2022, (ii) permits the entry into the ABL Credit Agreement, (iii) permits certain asset sales and requires certain related mandatory prepayments, subject to an applicable prepayment premium, and (iv) amends the financial covenants, such that the maximum net leverage ratio of 7.00 to 1.00 will not be tested until the fiscal quarter ending March 31, 2023, and the Company is not permitted to exceed $20.0 million in unfinanced capital expenditures in any calendar year; provided, that such unfinanced capital expenditures limitation will not apply if the Company maintains a net leverage ratio of less than or equal to 4.00 to 1.00 as of the end of the second and fourth fiscal quarter of each calendar year.

On May 6, 2022, we entered into Amendment No. 6 (the "Corre Amendment No. 6") to the Subordinated Term Loan Credit Agreement with the lenders from time to time party thereto (including Corre), and Cantor Fitzgerald Securities, as agent. The Corre Amendment No.6, among other things, amends the financial covenants, such that the maximum net leverage ratio to be tested for the fiscal quarter ending March 31, 2023 will be increased from 7.00 to 1.00 to 12.00 to 1.00.

Our ability to maintain compliance with the financial covenants contained in the ABL Credit Agreement, the Term Loan Credit Agreement and the Subordinated 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. The effects of the COVID-19 pandemic and the resulting economic repercussions could have a significant adverse effect on our financial position and business condition, as well as 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, and affect our future need or ability to borrow under our ABL Credit Facility. In addition to our current sources of funding our business, the effects of such events may impact our liquidity or our need to revise our allocation or sources of capital, implement further cost reduction measures and/or change our business strategy. Although the COVID-19 pandemic and resulting economic repercussions could have a broad range of effects on our liquidity sources, the effects will depend on future developments and cannot be predicted at this time.

In order to secure our casualty insurance programs, we are required to post letters of credit generally issued by a bank as collateral. A letter of credit commits the issuer to remit specified amounts to the holder, if the holder demonstrates that we failed to meet our obligations under the letter of credit. If this were to occur, we would be obligated to reimburse the issuer for any payments the issuer was required to remit to the holder of the letter of credit. We were contingently liable for outstanding stand-by letters of credit totaling $23.5 million at December 31, 2021 and $19.5 million at December 31, 2020. Outstanding

letters of credit reduced amounts available under our ABL Credit Facility and are considered as having been funded for purposes of calculating our financial covenants.

Debt Issuance Costs. Direct and incremental costs associated with the issuance of the Term Loan were approximately $6.5 million and were capitalized as debt issuance costs. Direct and incremental costs associated with the Subordinated Term Loan were approximately $14.8 million and were capitalized as debt issuance costs. The debt issuance costs and the OID will be amortized using the effective interest method over the term of the Term Loan and Subordinated Term Loan.

Convertible Senior Notes. On July 31, 2017, we issued $230.0 million principal amount of senior unsecured 5.00% Convertible Senior Notes due 2023 in a private offering to qualified institutional buyers (as defined in the Securities Act) pursuant to Rule 144A under the Securities Act. As discussed above, in December 2020, we retired $136.9 million par value of the Notes, and as of March 31, 2022, the principal amount outstanding was $95.2 million.

The Notes bear 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. The Notes mature on August 1, 2023 unless repurchased, redeemed or converted in accordance with their terms prior to such date. The Notes are convertible at an initial conversion rate of 46.0829 shares of our common stock per $1,000 principal amount of the Notes, which is equivalent to an initial conversion price of approximately $21.70 per share, which represents a conversion premium of 40% to the last reported sale price of $15.50 per share on the NYSE on July 25, 2017, the date the pricing of the Notes was completed. The conversion rate, and thus the conversion price, may be adjusted under certain circumstances as described in the indenture governing the Notes.

Holders may convert their Notes at their option prior to the close of business on the business day immediately preceding May 1, 2023, but only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on December 31, 2017 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

- during the five business day period after any five consecutive trading day period (the “measurement period”) in which the trading price per $1,000 principal amount of Notes for each trading day of such measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on such trading day;

- if we call any or all of the Notes for redemption, at any time prior to the close of business on the business day immediately preceding the redemption date; or;

- upon the occurrence of specified corporate events described in the indenture governing the Notes.

On or after May 1, 2023 until the close of business on the business day immediately preceding the maturity date, holders may, at their option, convert their Notes at any time, regardless of the foregoing circumstances.

As a result of the redemption and extinguishment of the Notes discussed above, the Notes are convertible into 4,291,705 shares of common stock. The Notes will be convertible into, subject to various conditions, cash or shares of our common stock or a combination of cash and shares of common stock, in each case, at our election.

If holders elect to convert the Notes in connection with certain fundamental change transactions described in the indenture governing the Notes, we will, under certain circumstances described in the indenture governing the Notes, increase the conversion rate for the Notes so surrendered for conversion.

As per the agreement, we may not redeem the Notes prior to August 5, 2021. The agreement noted that we will have the option to redeem all or any portion of the Notes on or after August 5, 2021, if certain conditions were met (including that our common stock is trading at or above 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Net proceeds received from the Offering were approximately $222.3 million after deducting discounts, commissions and expenses.

On January 13, 2022, we entered into a supplemental indenture with Truist Bank, as trustee, (the "Supplemental Indenture") to the indenture (the "Indenture") governing the Notes to effect certain amendments (the "Amendments") to the Indenture and to modify the Notes held by consenting holders (the "Consenting Holders") of $51,969,000 in aggregate principal amount of the Notes (such modified Notes, the "PIK Securities").

The Supplemental Indenture amends the Indenture to, among other things: (i) allow for interest payable on the PIK Securities on February 1, 2022 to be paid in PIK Interest (as defined in the Supplemental Indenture) and on subsequent interest payment dates to be payable, at the Company's option, at a rate of 5.00% per annum entirely in cash or at a rate of 8.00% per annum in PIK Interest; (ii) provide for additional changes to the Indenture to allow for the payment of PIK Interest and for the PIK Securities to be issued in denominations of $1,000 and integral multiples thereof (or if PIK Interest has been paid with respect to the PIK Securities, in minimum denominations of $1.00 and integral multiples of $1.00 in excess thereof); (iii) clarify that the unmodified Notes and PIK Securities will be treated as a single series of Notes for all purposes under the Indenture, other than the option of the Company to pay PIK Interest on the PIK Securities; and (iv) make certain conforming changes, including conforming modifications to certain definitions and cross-references as a result of such amendments. Notes held by holders other than the Consenting Holders were not modified and interest on such Notes will continue to be paid in cash at a rate of 5.00% per annum as set forth in the Indenture.

Cash and cash equivalents. Our cash and cash equivalents at March 31, 2022 totaled $53.7 million, of which $20.8 million was pledged as cash collateral for letters of credit and other obligations. Additionally, $17.0 million of the $53.7 million of cash and cash equivalents was in foreign accounts, primarily in the Europe, Canada and Australia including $2.3 million of cash located in countries where currency restrictions exist.

Cash flows attributable to our operating activities. For the three months ended March 31, 2022, net cash used in operating activities was $50.0 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 $32.5 million. Overall, the decline in cash generated from operations, in addition to the net loss for the period, were driven by adjustments to depreciation and amortization of $10.0 million, changes in working capital of $33.7 million, non-cash compensation cost $0.6 million, amortization of debt issuance costs and debt discount of $8.4 million, gain on disposal of assets of $2.3 million and deferred income taxes of $0.8 million primarily due to net tax refunds, resulted in negative operating cash flow.

For the three months ended March 31, 2021, net cash provided by operating activities was $17.2 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 $34.3 million for the period. Overall, the decline in cash generated from operations was driven primarily by the impacts of inclement weather and COVID-19 on our operations which generated reduced revenue and receipts during the period. Partially offsetting the net loss for the period were adjustments of $13.0 million for depreciation and amortization, $2.3 million in non-cash compensation cost and $2.5 million in positive cash flows derived from changes in operating assets and liabilities.

Cash flows attributable to our investing activities. For the three months ended March 31, 2022, net cash used in investing activities was $4.0 million, consisting primarily $7.1 million of capital expenditures which were partially offset by $3.0 million of asset sales.

For the three months ended March 31, 2021, net cash used in investing activities was $3.4 million, primarily for capital expenditures.

Cash flows attributable to our financing activities. For the three months ended March 31, 2022, net cash provided by financing activities was $42.0 million consisting primarily of net borrowings under our ABL Credit Facility of $42.7 million partially offset by $10.3 million in payments of debt issuance costs, and issuance of common stock amounting to $9.8 million under the PIPE Shares.

On February 11, 2022 we completed a capital structure refinancing, including a new $165.0 million credit facility, consisting of $130.0 million revolving facility and $35.0 million delayed draw term loan, plus $10.0 million of incremental unsecured funding, and an additional $10.0 million equity investment.

For the three months ended March 31, 2021, net cash provided by financing activities was $16.8 million consisting primarily of net borrowings under our ABL Credit Facility $19.0 million partially offset by $2.0 million in payments of debt issuance costs.

Effect of exchange rate changes on cash and cash equivalents. For the three months ended March 31, 2022 and 2021, the effect of foreign exchange rate changes on cash was a negligible impact and a negative impact of $1.5 million, respectively. The impact of exchange rates on cash and cash equivalents is primarily attributable to fluctuations in U.S. Dollar exchange rates with the Canadian Dollar, the Euro, the British Pound the Australian Dollar and Mexican Peso.

Critical Accounting Policies

A discussion of our critical accounting policies is included in the 2021 Form 10-K. Except for the item referenced below, there were no material changes to our critical accounting policies during the three months ended March 31, 2022.

ASU 2020-06 Adoption. In August 2020, the FASB issued ASU 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The ASU simplifies the accounting for convertible instruments by removing certain separation models in ASC 470-20, *Debt—Debt with Conversion and Other Options, for convertible instruments.* On January 1, 2022, we adopted the ASU using the modified retrospective method. We recognized a cumulative effect of initially applying the ASU as an adjustment to the January 1, 2022 opening balance of accumulated deficit. The prior period consolidated financial statements have not been retrospectively adjusted and continue to be reported under the accounting standards in effect for those periods. Refer to Note 11. Long-Term Debt for additional details.

New Accounting Principles

For information about newly adopted accounting principles as well as information about new accounting principles pending adoption, see Note 1 to the condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our market risk sensitive instruments and positions have been determined to be “other than trading.” We have operations in foreign countries with functional currencies that are not the U.S. Dollar. We are exposed to market risk, primarily related to foreign currency fluctuations related to these operations. Subsidiaries with asset and liability balances denominated in currencies other than their functional currency are remeasured in the preparation of their financial statements using a combination of current and historical exchange rates, with any resulting remeasurement adjustments included in net income (loss) for the period. Net foreign currency transaction losses for the three months ended March 31, 2022 were $0.2 million.

We have historically executed a foreign currency hedging program to mitigate the foreign currency risk in countries where we have significant assets and liabilities denominated in currencies other than the functional currency. We historically utilized monthly foreign currency swap contracts to reduce exposures to changes in foreign currency exchange rates related to our largest exposures including, but not limited to the Brazilian Real, British Pound, Canadian Dollar, Euro, Malaysian Ringgit, Mexican Peso and Singapore Dollar. There were no foreign currency swap contracts outstanding during the three months ended March 31, 2022, and the impact from swap contracts was not material for the three months ended March 31, 2021.

Translation adjustments for the assets and liability accounts are included as a separate component of accumulated other comprehensive loss in shareholders’ equity. Foreign currency translation gains recognized in other comprehensive loss were $0.3 million for the three months ended March 31, 2022.

We had foreign currency-based revenues and operating income of approximately $65.6 million and $1.3 million, respectively, for the three months ended March 31, 2022. A hypothetical 10% adverse change in all applicable foreign currencies would result in a change in revenues and operating loss of $6.5 million and $0.1 million, respectively.

The ABL Credit Facility, Term Loan, and Delayed Draw Term Loan bear interest at variable market rates. If market interest rates increase, our interest expense and cash flows could be adversely impacted. Based on borrowings outstanding at March 31, 2022, an increase in market interest rates of 100 basis points would increase our interest expense and decrease our operating cash flows by approximately $3.6 million on an annual basis.

Our Notes bear interest at a fixed rate, but the fair value of the Notes is subject to fluctuations as market interest rates change. In addition, the fair value of the Notes is affected by changes in our stock price. As of March 31, 2022, the outstanding principal balance of the Notes was $95.2 million. The carrying value of the liability component of the Notes, net of the unamortized discount and issuance costs, was $91.5 million as of March 31, 2022, while the estimated fair value of the Notes was $86.1 million (inclusive of the fair value of the conversion option), which was determined based on the observed trading price of the Notes. See Note 11 to the condensed consolidated financial statements for additional information regarding the Notes.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. Under the supervision and with the participation of our management, including the Interim Chief Executive Officer, Interim Chief Financial Officer and Chief Accounting Officer, 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 Securities Exchange Act of 1934, as amended (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 Interim Chief Executive Officer, Interim Chief Financial Officer and Chief Accounting Officer have concluded as of March 31, 2022, 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) identified in connection with the evaluation of our internal control performed during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information on legal proceedings, see Note 16 to the condensed consolidated financial statements included this report.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties. There have been no material changes in our risk factors as previously disclosed in Part I, Item 1A, “Risk Factors” in the 2021 Form 10-K and in Part II, Item 1A, “Risk Factors” in the Quarterly Report on Form 10-Q for the period ended March 31, 2022.

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

On May 6, 2022, we entered into the ABL Credit Agreement Amendment No. 1. The ABL Credit Agreement Amendment No. 1, among other things, modifies the Maturity Reserve Trigger Date (as defined in the ABL Credit Agreement) such that the date on which a reserve must, subject to certain conditions, be put into place with respect to the outstanding principal amount of the Notes is 75 days prior to their maturity date, instead of 120 days prior to their maturity date.

On May 6, 2022, we entered into the Seventh Amendment to the Term Loan Credit Agreement. The Seventh Amendment, among other things and subject to the terms thereof, (i) modifies the Maturity Trigger Date (as defined in the Term Loan Credit Agreement) such that the date on which the maturity of the Term Loan Credit Agreement is triggered as a result of there being an aggregate principal amount of more than $10.0 million outstanding under the Notes is 75 days prior to their maturity date instead of 120 days prior to their maturity date, and (ii) amends the financial covenants, such that the maximum net leverage ratio to be tested for the fiscal quarter ending March 31, 2023 will be increased from 7.00 to 1.00 to 12.00

On May 6, 2022, we entered into the Corre Amendment No. 6. The Corre Amendment No. 6, among other things, amends the financial covenants, such that the maximum net leverage ratio to be tested for the fiscal quarter ending March 31, 2023 will be increased from 7.00 to 1.00 to 12.00 to 1.00.

The foregoing summaries of the ABL Credit Agreement Amendment No. 1, the Seventh Amendment and the Corre Amendment No. 6 do not purport to be complete and are subject to, and qualified in their entirety, by the full text of the ABL Credit Agreement Amendment No. 1, the Seventh Amendment and the Corre Amendment No. 6, which are filed as Exhibit 10.1, Exhibit 10.2 and Exhibit 10.3, respectively, and are incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 2, 2011, incorporated herein by reference.
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of the Company, dated October 24, 2013 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 25, 2013, incorporated herein by reference).
3.3	Amended and Restated Bylaws of the Company (filed as Exhibit 3.3 to the Company's Annual Report on Form 10-K for year ended December 31, 2017, incorporated herein by reference).
3.4	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 filed on February 2, 2022, incorporated by reference herein).
10.1	Ninth Amendment to Third Amended and Restated Credit Agreement, dated as of June 17, 2020, among Team, Inc., certain Team, Inc. Subsidiary Guarantors, Bank of America N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and other Lenders party thereto (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed June 19, 2020 incorporated by reference herein).
10.1a	Amendment No. 2 to Credit Agreement, dated December 18, 2020, among Team, Inc., as Borrower, the financial institutions party thereto from time to time and Atlantic Park Strategic Capital Fund, L.P., as Agent (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K on November 5, 2021, incorporated by reference herein).
4.1	Form of Amended and Restated Common Stock Purchase Warrant No. 1 dated November 10, 2021, between Team, Inc. and APSC Holdco II, L.P. (filed as Exhibit 4.1 to Team, Inc.'s Current Report on From 8-K filed on November 12, 2021, incorporated by reference herein).
4.2	Team, Inc. Corporate Executive Officer Compensation and Benefits Continuation Policy (as amended, February 9, 2022).
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)

Note: Unless otherwise indicated, documents incorporated by reference are located under Securities and Exchange Commission file number 001-08604.

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: May 10, 2022

/s/ Keith D. Tucker

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

/s/ Matthew E. Kvarda

Matthew E. Kvarda
Interim Chief Financial Officer
(Principal Financial Officer)

/s/ MATTHEW E. ACOSTA

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

Team, Inc. Corporate Executive Officer
Compensation and Benefits Continuation Policy
(as amended, February 9, 2022)

WHEREAS, Team, Inc., a Delaware corporation, ("Team") and together with its subsidiaries (as hereinafter defined) (together, the "Company") recognize that the Team's Corporate Executive Officers play key leadership roles that are critical to the Company's success; and

WHEREAS, the Company desires to provide members of its corporate executive management with reasonable assurances of compensation continuation in the event of an Involuntary Separation from Service without Cause (as hereinafter defined) or a Voluntary Separation from Service for Good Reason (as hereinafter defined), as well as additional assurances of compensation in the event of an Involuntary Separation from Service without Cause or a Voluntary Separation from Service for Good Reason in connection with a Change in Control (as hereinafter defined);

NOW, THEREFORE, the Company hereby amends and restates the Team, Inc. Senior Management
Compensation and Benefits Continuation Policy, hereinafter the Team, Inc. Corporate Executive Officer Compensation and Benefits Continuation Policy (the "Policy"), effective February 9, 2022, for Separations from Service (as hereinafter defined) after such effective date.

I. Defined Terms

Section X defines certain capitalized terms that are used in this Policy.

II. Severance Benefits for Involuntary Separation from Service Without Cause or Voluntary Separation from Service for Good Reason not Related to Change in Control

Events covered under this Section II consist of Involuntary Separations from Service without Cause and Voluntary Separations from Service for Good Reason that do not occur within 90 calendar days before or within 360 calendar days following a Change in Control.

Upon an Employee's Involuntary Separation from Service without Cause or Voluntary Separation from Service for Good Reason that does not occur within 90 calendar days before or within 360 calendar days following a Change in Control, and in consideration of the Employee entering into a general release and non-compete agreement with the Company for a period of one year in a form acceptable to the Company, except as provided in the final paragraph of this Section II, the following benefits shall be provided to the Employee under this Section II:

• Continuation of the Employee's base monthly salary at the Employee's base monthly salary level immediately prior to Separation from Service (disregarding any reductions in the Employee's base monthly salary level that might have occurred) for the following period:

o Eligible Chief Executive Officer of Team (Category I) – 18 months.
o Eligible Presidents and Executive Vice Presidents of Team (Category II) – 15 months.
o Designated Business Unit Presidents, designated Corporate Executive Vice Presidents and designated Senior Vice Presidents of Team (Category III) – 12 months.

If such base salary continuation payments do not exceed the Employee's Compensation Limit, such payments shall be made in equal installments (the number of such installments to be determined by multiplying the number of months for which the Employee's salary is to be continued by two, e.g., for an Eligible Category II Designated Officer of Team, by multiplying 15 by two to arrive at 30 installments) payable on the 15th and again on the last day of each month beginning on the last day of the second month following the month in which the
Employee Separates from Service. If such base salary continuation payments exceed the Employee's Compensation Limit, (a) a separate payment equal to the difference between the Employee's base salary

continuation payments and the Employee's Compensation Limit shall be paid to the Employee on or before the later of the 15th day of the third month following the end of the Employee's taxable year in which the Employee Separates from Service or the 15th day of the third month following the end of the Company's taxable year in which the Employee Separates from Service, and (b) those salary continuation payments that do not exceed the Employee's Compensation Limit shall be made in equal installments (the number of such installments to be determined by multiplying the number of months for which the Employee's salary is to be continued by two) payable on the 15th and again on the last day of each month beginning on the last day of the second month following the month in which the Employee Separates from Service. For purposes of Code Section 409A, an Employee's right to a series of installment payments shall be treated as a right to a series of separate payments.

- On the 60th day following the Employee's Separation from Service covered under this Section II, a single sum payment to the Employee shall be made in the following amount:

  - Eligible Chief Executive Officer of Team (Category I) – $19,000.
  - Eligible Presidents and Executive Vice Presidents (Category II) and designated Business Unit Presidents, Corporate Executive Vice Presidents and Senior Vice Presidents of Team (Category III) - $15,500.

- Access to reasonable outplacement assistance (six month program) paid by the Company.

Unless the Employee enters into a general release and non-compete agreement for a period of one year in a form acceptable to the Company and unless such agreement becomes irrevocable in accordance with its terms, no benefits will be provided to the Employee under this Section II. If the Employee enters into a general release and non-compete agreement in a form acceptable to the Company that becomes irrevocable, and then breaches such agreement prior to its expiration, the Employee shall not be entitled to any further benefits under this Section II, and the Employee shall restore to the Company all benefits previously paid or made available to the Employee under this Section II.

Upon an Employee's Involuntary Separation from Service without Cause or Voluntary Separation from Service for Good Reason that does not occur within 90 calendar days before or within 360 calendar days following a Change in Control, the benefits described in the preceding provisions of this Section II shall be reduced by:

(a) other severance or termination benefits (if any) paid or payable by the Company, or any direct or indirect affiliate of the Company, to the Employee under an employment contract or other arrangement in connection with the Employee's termination of employment with the Company or any direct or indirect affiliate of the Company; and

(b) other required benefits (if any) paid or payable by the Company, or any direct or indirect affiliate of the Company, to the Employee under any federal or state law, including, without limitation, the Worker Adjustment Retraining Notification Act of 1988, as amended (with the exception of employment benefits payable under state law and payments for accrued but unused vacation) and

(c) notwithstanding anything contained herein, the Section II benefits shall not be reduced by any payments made in exchange for services under a consulting or transition services agreement, in a form acceptable to the Company, entered into by and between Team and the Employee.

III. Severance Benefits for Involuntary Separation from Service Without Cause or Voluntary Separation from Service for Good Reason Related to Change in Control

Events covered under this Section III consist of Involuntary Separations from Service without Cause and Voluntary Separations from Service for Good Reason that occur within 90 calendar days before or within 360 calendar days following a Change in Control. Benefits under this Section III are available only in those cases where both a Change in Control and a covered Separation from Service (i.e., an Involuntary Separation from Service

without Cause or a Voluntary Separation from Service for Good Reason) occur. Unless the Employee enters into a general release and noncompete agreement with the Company for a period of six (6) months in a form reasonably
acceptable to the Company and unless such agreement becomes irrevocable in accordance with its terms, no benefits will be provided to the Employee under this Section III.

Upon an Employee's Involuntary Separation from Service without Cause or Voluntary Separation from Service for Good Reason that occurs within 90 calendar days before or within 360 calendar days following a Change in Control, and in consideration of the Employee entering into a general release and non-compete agreement with the Company for a period of six (6) months in a form reasonably acceptable to the Company, except as provided in the final paragraph of this Section III, the following benefits shall be provided to the Employee under this Section III:

• Supplemental salary payment equal to the Employee's base monthly salary immediately prior to Separation from Service (disregarding any reductions in the Employee's base monthly salary level that might have occurred) multiplied by the following number of months:

o Eligible Chief Executive Officer of Team (Category I) – 36 months.

o Eligible Presidents and Executive Vice Presidents of Team (Category II) – 30 months.
o Designated Business Unit Presidents, Corporate Executive Vice Presidents and Senior Vice Presidents of Team (Category III) – 24 months.

This supplemental salary payment shall be made in a single sum payment on the 91st day following the Employee's Separation from Service; provided, however, that such payment must be made on or before the later of (a) the 15th day of the third month following the end of the Employee's taxable year in which the later of the Employee's Separation from Service or the Change in Control occurs, or (b) the 15th day of the third month following the end of the Company's taxable year in which the later of the Employee's Separation from Service or the Change in Control occurs.

• Supplemental compensation payment related to forgone annual incentive or bonus. Based on the period of months upon which an Employee's supplemental salary payment is determined under this Section III, the Employee shall receive a supplemental compensation payment computed using the higher of the most recent year's paid bonus or the average bonus paid for the last three years, or for the number of years that the Employee has been eligible for a bonus if less than three years (e.g., for an Eligible Category II Designated Officer of Team whose "higher of" bonus as so calculated is $100,000, a supplemental compensation payment equal to $250,000, or $100,000 multiplied by two and 1/2 years). This supplemental compensation payment shall be made in a single sum payment on the same date that the Employee's supplemental salary payment is required to be paid under this Section III. This supplemental compensation payment shall be in addition to any other incentive or bonus compensation earned, but not yet paid, prior to the Change in Control.

• On the same date that the Employee's supplemental salary payment is required to be paid under this Section III, a single sum payment to the Employee shall be made in the following amount:

o Eligible Chief Executive Officer of Team (Category I) – $66,000.
o Eligible Presidents, Executive Vice Presidents of Team (Category II) and designated Business Unit Presidents, designated Corporate Executive Vice Presidents and designated Senior Vice Presidents of Team (Category III) of Team (Category II) - $55,000.

• Access to reasonable outplacement assistance (six month program) paid by the Company.

Upon an Employee's Involuntary Separation from Service without Cause or Voluntary Separation from Service for Good Reason that occurs within 90 calendar days before or within

360 calendar days following a Change in Control, the benefits described in the preceding provisions of this Section III shall be reduced by:

(a) other severance or termination benefits (if any) paid or payable by the Company, or any direct or indirect affiliate of the Company, to the Employee under an employment contract or other arrangement in connection with the Employee's termination of employment with the Company or any direct or indirect affiliate of the Company; and

(b) other required benefits (if any) paid or payable by the Company, or any direct or indirect affiliate of the Company, to the Employee under any federal or state law, including, without limitation, the Worker Adjustment Retraining Notification Act of 1988, as amended (with the exception of employment benefits payable under state law and payments for accrued but unused vacation).

(c) notwithstanding anything contained herein, the Section III benefits shall not be reduced by any payments made in exchange for services under a consulting or transition services agreement, in a form acceptable to the Company, entered into by and between Team and the Employee.

IV. Future Changes to Policy

Except as required to comply with applicable law, including requirements necessary to comply with exceptions to the Code Section 409A requirements, the benefits available under this Policy shall not be reduced at any time that the Board of Directors is aware of any specific prospective Change in Control. Beyond this limitation, the Board of Directors shall provide one year prior written notice to any affected Employee of any future reduction of the Employee's benefits under this Policy. Any successor in interest to the Company must agree to assume and maintain this Policy in accordance with its terms for a period of 18 months following a Change in Control.

V. Board of Directors Responsibilities

The Compensation Committee of the Board of Directors shall have the authority to interpret, construe and administer this Policy in accordance with its terms, and must use good faith judgment in its determinations. In accordance with this standard, any determination by the Board of Directors regarding whether or not an Employee has experienced an Involuntary Separation from Service without Cause or a Voluntary Separation from Service for Good Reason will be final. However, consistent with Code Section 409A, the occurrence of a Change in Control event must be objectively determinable in order to qualify as a Change in Control under this Policy and any certification by the Board of Directors regarding the occurrence of a Change in Control must be strictly ministerial and not involve any discretionary authority.

VI. Effect on Other Compensation Programs

This Policy has no effect on other compensation programs maintained by the Company, the vesting of an Employee's stock options or restricted stock units or the ability of an Employee to exercise stock options. Stock options and restricted stock units continue to be governed by the plans and agreements under which they are granted.

VII. Withholding

The Company may withhold from all payments due an Employee hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

VIII. Code Section 409A

This Policy is and has from its inception been intended to comply with, and has been operated in good faith compliance with, the short-term deferral and separation pay plan exceptions to Code Section 409A, and shall be construed in this manner.

IX. Governing Law

Except to the extent superseded by federal law, the laws of the State of Texas shall be controlling in all matters relating to this Policy, including the construction and performance hereof, notwithstanding the principles of conflicts of laws.

X. Definitions

As used in this Policy, the words set forth below shall have the meaning indicated unless the context clearly requires a different meaning.

Board of Directors – the Board of Directors of Team, Inc.

Change in Control – any "Change of Control" as defined in the Team, Inc. 2018 Equity Incentive Plan, as amended and restated May 2021.

Code – the Internal Revenue Code, as amended.

Compensation Limit – for any Employee, two times the lesser of (1) the maximum amount that may be taken into account under a qualified plan pursuant to Code Section 401(a)(17) for the year in which the Employee Separates from Service, and (2) the sum of the Employee's annualized compensation based on the annual rate of pay for services provided to the Company for the taxable year of the Employee preceding the taxable year of the Employee in which the Employee Separates from Service with the Company (adjusted for any increase during that year that was expected to continue indefinitely if the Employee had not Separated from Service).

Eligible Chief Executive Officer of Team (Category I) – the Chief Executive Officer of Team.

Eligible Presidents and Executive Vice Presidents of Team (Category II) - the current Business Unit residents and Corporate Executive Vice Presidents of Team and other designated Business Unit Presidents and Corporate Executive Vice Presidents.

Designated Business Unit Presidents, Corporate Executive Vice Presidents and Senior Vice Presidents of Team (Category III) – the current Senior Vice Presidents of Team and other designated Business Unit Presidents, Corporate Executive Vice Presidents and Senior Vice Presidents of Team (Category III).

Eligible Corporate Executive Officers – an executive officer of Team, who is permanently residing in the United States at the time of his or her Termination of Employment, who is listed as the Eligible Chief Executive Officer of Team (Category I) or an Eligible President or Executive Vice President of Team (Category II) or a designated Business Unit President, designated Corporate Executive Vice President or designated Senior Vice President of Team (Category III).

By resolution of the Compensation Committee of the Board of Directors or the Board of Directors, Employees in eligible senior management positions under the Policy may be added (designated) or, subject to the limitations of Section IV, removed.

Employee – an Eligible Corporate Executive Officer, as described under the above Eligible Corporate Executive Officers paragraph.

Involuntary Separation from Service Without Cause – Termination of Employment by Team or the Company, due to the unilateral exercise of its independent authority, other than due to the Employee's implicit or explicit request, where the Employee was willing and able to continue providing services, where such Termination of Employment is not the result of

- A good faith determination by the Compensation Committee of the Board of Directors that the Employee knowingly committed material acts involving fraud, dishonesty or violations of criminal or other statutes; or
- A good faith determination by the Compensation Committee of the Board of Directors that the Employee knowingly violated Team's Code of Business Conduct and Ethics.

Separation from Service/Termination of Employment – An Employee experiences a Separation from Service or a Termination of Employment (or Separates from Service or Terminates Employment) under this Policy where the level of bona fide services that the Company and the Employee reasonably anticipate that the Employee will continue to perform (either as an Employee or an independent contractor) decreases to no more than 20 percent of the average level of bona fide services performed (either as an Employee or an independent contractor) by the Employee during the immediately preceding 36-month period (or the full period of service to the Company if the Employee has been providing services for less than 36 months).

Voluntary Separation from Service for Good Reason – Termination of Employment by the Employee upon the occurrence of any of the following events without the consent of the Employee

- A material diminution in the base compensation of the Employee;
- A material change in geographic work location for an Employee to a location more than 50 miles from the Employee's current work location; or
- A material diminution in the Employee's authorities, duties or responsibilities, and position within the leadership team of Team; provided, however, that a Voluntary Separation from Service for Good Reason shall not be considered to occur solely because an Employee's authorities, duties or responsibilities, and position are reallocated to other Employees based on a good faith determination by the Compensation Committee of the Board of Directors that such reallocation is necessary in order to adequately address material growth and/or expansion of the business of the Company.

The preceding provisions of this Voluntary Separation from Service for Good Reason paragraph notwithstanding, in order to experience a Voluntary Separation from Service for Good Reason under this Policy, (1) the Employee must provide notice to the Company of the event that would give rise to a Voluntary Separation from Service for Good Reason within 90 days of the initial existence of the condition, upon notice of which Team will be allowed 30 days in which to remedy the condition and not be required to pay benefits upon a Voluntary Separation from Service for Good Reason under this Policy, and (2) the Employee must Separate from Service within two years following the initial existence of one of the three above-listed unfavorable conditions arising without the consent of the Employee and required to receive benefits upon a Voluntary Separation from Service for Good Reason under this Policy.

Exhibit 31.1

I, Keith 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 officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: May 10, 2022

/S/ KEITH TUCKER

Keith Tucker
Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

I, Matthew Kvarda, 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 officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: May 10, 2022

/S/ MATTHEW KVARDA

Matthew Kvarda
Interim Chief 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 officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: May 10, 2022

/S/ MATTHEW E. ACOSTA

Matthew E. Acosta
Vice President and Chief 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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Keith Tucker, Interim 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 TUCKER

Keith Tucker
Interim Chief Executive Officer
(Principal Executive Officer)

May 10, 2022

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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Matthew Kvarda, Interim 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/ Matthew Kvarda

Matthew Kvarda
Interim Chief Financial Officer

May 10, 2022

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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Matthew E. Acosta, Vice President and Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/S/ MATTHEW E. ACOSTA

Matthew E. Acosta
Vice President and Chief Accounting Officer

May 10, 2022