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

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2021

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)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $0.30 par value	TISI	New York Stock Exchange
Preferred Stock Purchase Rights	N/A	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑
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 emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑
The aggregate market value of the voting stock held by non-affiliates on June 30, 2021 was approximately $146 million, determined using the closing price of shares of common stock on the New York Stock Exchange on that date of $6.70.
For purposes for the foregoing calculation only, all directors, executive officers, the Team, Inc. Salary Deferral Plan and Trust and known 10% or greater beneficial owners have been deemed affiliates.
The Registrant had 43,124,362 shares of common stock, par value $0.30, outstanding as of March 11, 2022.

Documents Incorporated by Reference

Portions of our Definitive Proxy Statement for the 2022 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

ANNUAL REPORT ON FORM 10-K INDEX

Certain items required in Part III of this Annual Report on Form 10-K can be found in our 2022 Proxy Statement and are incorporated herein by reference. A copy of the 2022 Proxy Statement will be provided, without charge, to any person who receives a copy of this Annual Report on Form 10-K and submits a written request to Team, Inc., Attn: Corporate Secretary, 13131 Dairy Ashford, Suite 600, Sugar Land, Texas 77478.

PART I

CAUTIONARY STATEMENT FOR THE PURPOSE OF SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

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

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

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

- our ability to 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

ITEM 1. BUSINESS

General Development of Business

Introduction. 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 our consolidated subsidiaries or to all of them taken as a whole. Our stock is traded on the New York Stock Exchange (“NYSE”) under the symbol “TISI”.

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 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 services, as well as associated engineering and condition assessment services. These services can be offered while facilities are running (on-stream), during facility turnarounds or during new construction or expansion activities. 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 three 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, 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.

Description of Business

Inspection and Heat Treating Segment:

IHT offers standard to specialty inspection services as well as heat treating services and digital imaging services. Heat treating services are generally associated with turnaround, project and new construction activities. IHT also offers advanced digital imaging services enabled by specialized local and wide area laser scanning and video equipment and land-based and aerial robotics platforms in the form of drones. A description of these core IHT services is as follows:

Non-Destructive Evaluation and Testing Services. Machined parts, industrial piping and structures can be complex systems that experience extreme loads and fatigue during their lifetime. Our Non-Destructive Evaluation and Testing ("NDE/NDT") services enable the inspection of these components without permanently altering the equipment. It is a highly valuable technique that is often used to validate the integrity of materials, detect instabilities, discover performance outside of tolerances, identify failed components, or highlight an inadequate control system. Inspection services frequently require industry recognized training and certification. We employ training and certification programs, which are designed to meet or exceed industry standards. As assets continue to age and remain in service often beyond the original design life, and compliance regulations advance in parallel, inspection and assessment techniques are playing a critical role in safely monitoring fitness-for-service and where practical, extending the useful life of this aging infrastructure.

Radiographic Testing. Radiographic Testing ("RT") is used to detect discontinuities in ferrous and nonferrous castings, welds or forgings using X-ray or gamma ray radiation. RT reveals both external and internal defects, internal assembly details and changes in thickness. Our licensed technicians utilize conventional, computed and real-time radiography testing techniques depending upon the complexity and needs of our clients.

Ultrasonic Testing. Ultrasonic Testing ("UT") uses high frequency ultrasonic waves to detect surface breaking and internal imperfections, measure material thickness and determine acceptance or rejection of a test object based on a reference code or standard. We offer ten different types of UT methods, including traditional scans as well as automated and high speed ultrasonic Electro Magnet Acoustic Transducer testing. Each method is utilized to meet a specific material or process application requirement.

Magnetic Particle Inspection. Magnetic Particle Inspection is an NDT process for detecting surface and slight subsurface discontinuities in ferroelectric materials such as iron, nickel, cobalt, and some of their alloys. The process puts a magnetic field into the test object. When the part is magnetized, flaws perpendicular to the magnetic field direction cause flux leakage. If a lapse or a crack is present, the magnetic particles will be attracted to the flawed area, providing our technician with what is called an indication. Our technician will then evaluate the indication to assess the location, size, shape and extent of these imperfections.

Liquid Penetrant Inspection. Liquid Penetrant Inspection is one of the most widely used NDE/NDT methods. Its popularity can be attributed to two main factors: its relative ease of use and its flexibility. Liquid Penetrant Inspection can be used to inspect almost any material. We utilize Liquid Penetrant Inspection to detect surface discontinuities in both ferromagnetic and non-ferromagnetic materials. In castings and forgings, there may be cracks or leaks in new products or fatigue cracks in in-service components.

Positive Material Identification. Positive Material Identification ("PMI") quickly and accurately identifies the composition of more than 100 different metallurgical alloys onsite. We can perform PMI on virtually any size or shape of pipe, plate, weld, welding materials, machined parts or castings.

Electromagnetic Testing. Electromagnetic Testing applies to a family of test methods that use magnetism and electricity to detect or measure cracks, flaws, corrosion or heat damage in conductive materials. Magnetic properties and geometric analysis are used to determine the best technique to identify defects. Our electromagnetic services enable our technicians to evaluate small cracks, pits, dents and general thinning in tubing with small diameters, large steel surfaces such as storage tank floors, and everything in between.

Alternating Current Field Measurement. Originally developed for inspection of fatigue cracking, our Alternating Current Field Measurement ("ACFM") is an advanced technique for detecting surface cracks and pinpointing the location, length and depth of the defect. Our ACFM works through paint and coatings and in a wide range of temperatures. Results are automatically recorded and accepted by certification authorities.

Eddy Current Testing. Eddy Current Testing ("ECT") is ideal for nonferrous materials such as heat exchanger tubes, condensers, boilers, tubing and aircraft surfaces. Our ECT uses electromagnetic induction to detect flaws in conductive materials, displaying the presence of very small cracks, pits, dents and general thinning.

Long-Range Guided Ultrasonics. Guided wave inspection is a method of ultrasonic testing that enables the detection and location of pipe defects above and below ground without disruption of service. This technique only requires a small area of excavation to perform the testing where applicable. Guided ultrasonics sends a bilateral signal over hundreds of feet allowing long ranges of piping to be inspected at one time.

Phased Array Ultrasonic Testing. Phased Array Ultrasonics Testing (“PAUT”) provides enhanced detection, characterization and sizing capability of flaws in manufactured materials like welds. PAUT applies computer-controlled excitation to individual elements in a multi-element probe. By varying the timing of the excitation, the sound beam can be swept through a range of angles to a specific area of interest.

Terminals and Storage Inspection and Management Programs. Our above ground storage tank (“AST”) inspection and management team, Team Tank Consultants (“TTC”), specializes in performing inspections, condition assessment and selected repair services across the United States (“U.S.”) for AST and related infrastructure. Backed by our in-house engineering, documentation and certification services – including American Petroleum Institute 653, 510 & 570 evaluations – TTC’s on-site inspections, repair and maintenance services help keep clients’ tanks fully operational and compliant with stringent industry standards.

Rope Access. We provide a range of innovative and cost-effective solutions to suit the client’s individual requirements for inspection and maintenance services for the energy and industrial markets. Our rope access solutions allow for work to be carried out safely and is quicker than traditional methods using scaffolding, keeping costs and operational disruption to a minimum. We provide these services under full accreditation by the Industrial Rope Access Trade Association, whose guidelines are recognized by the industry as the safest method of working at heights.

Mechanical Integrity Services. Maintaining the integrity of equipment is more than simply performing inspections. A well-implemented Mechanical Integrity (“MI”) program involves multiple components that improve the safety and reliability of a facility’s equipment. Our MI programs are designed to ensure the continued integrity and fitness-for-service of piping systems, pressure vessels, tanks and related components. Our mechanical integrity engineers are trained on pertinent codes and standards of the Occupational Safety and Health Administration’s (“OSHA”) process safety management and the U.S. Environmental Protection Agency’s (the “EPA”) risk management program regulations.

Pipeline Integrity Services. We assist pipeline operators in regard to their regulatory compliance, ongoing inspection and maintenance activities that verify the safety, integrity and life expectancy of their pipeline systems. Pipeline Integrity (“PI”) services can include engineering and consulting services that review the program, prior inspection data and advise in threat planning and monitoring. Most midstream piping systems are below ground, and environmental assessments are necessary to understand the threats from topography and soil and to determine the effectiveness of the coating/cathodic protection systems. We apply the appropriate conventional and advanced NDE methods to provide the most accurate identification, characterization and sizing of pipeline anomalies and then apply engineering service to assist with repair recommendations. Standard, accurate and timely documentation and reporting along with quality reviews with our PI services are necessary to support our clients’ regulation compliance.

Robotics and Inspection Services. Utilizing a combination of proprietary and advanced third party equipment, including video, laser scanning, robotic crawlers and aerial drones, to remotely capture digital images in difficult or dangerous to access locations in and around energy industry infrastructure. We often deliver such services as part of an integrated solution where ADI may complement or further inform other inspection and condition assessment techniques.

Heat Treating Services. Heat Treating Services include electric resistance and gas-fired combustion, primarily utilized by industrial clients to enhance the metallurgical properties of their process piping and equipment. Electric resistance heating is the transfer of high energy power sources through attached heaters to the plant component to preheat weld joints, to remove contaminants and moisture prior to welding, for post-weld heat treatments and to relieve metal thermal stresses induced by the welding process. Specialty heat treating processes are performed using gas-fired combustion on large pressure vessels for stress relieving to bake specialty paint coatings and controlled drying of abrasion and temperature resistant refractories. Special high frequency heating, commonly called induction heating, is used for expanding metal parts for assembly or disassembly, expanding large bolting for industrial turbines and stress relieving projects which are cost prohibitive for electric resistance or gas-fired combustion.

Mechanical Services Segment:

MS provides onstream services engineered to keep client assets on-line and producing, and specialty maintenance, turnaround and outage services, which are performed while assets are off-line, and are designed to reduce client downtime. These core MS services described below are delivered in on-call, project-managed, and full-time nested capacities.

Leak Repair Services. Our leak repair services consist of onstream repairs of leaks in pipes, valves, flanges and other parts of piping systems, pipelines and related assets. Our onstream repairs utilize field-ready craft repairs; standardized modular clamps and leak enclosures; as well as customized engineered solutions, manufactured to critical tolerances with our in-house computer numerical control (“CNC”) technology. We use specially developed techniques and equipment, along with our proprietary sealants for all repairs. Many of our repairs are furnished as interim measures which allow assets to continue operating until more permanent repairs can be made during plant shutdowns. Our leak repair solutions involve inspection of the leak by our highly-trained field technicians who record pertinent information about the faulty part of the system and transmit the information to our in-house engineering department for determination of appropriate repair techniques. Repair materials such as clamps and enclosures can be custom designed and manufactured at our International Organization for Standardization (“ISO”)-9001 certified manufacturing centers and then delivered to the job site for installation by our technicians. We maintain an inventory of raw materials and semi-finished clamps and enclosures to reduce the time required to manufacture the finished product. We have a diverse global supply chain with a network of alternate suppliers. We routinely perform due diligence on our suppliers and sources of raw materials and finished products and are continuing to pursue responsible sourcing of all materials used in our products, regardless of the country of origin.

Engineered Composite Repair. Our custom engineered composite repair solutions utilize advanced carbon and glass fiber-reinforced epoxy resin materials, to restore the integrity of impaired client assets such as piping systems, pipelines, storage tanks and structures. Composites can be engineered to suit specific applications using our highly tested and proven methods so that a high-performance adhesive bond is created, enabling the composite material to work in conjunction with the original component. They can be installed to systems while on-line, requiring no impact on asset uptime or performance, and used as either interim measures until a more permanent solution can be implemented or as a fully engineered permanent solution themselves. We provide a single-source solution to our clients that includes specification of materials, engineering support, technician oversight and/or installation. We utilize our proprietary repair systems as well as others to offer our clients the greatest quality and value combinations to suit their needs. We have been recognized as an industry leader in third-party led test programs to validate innovative new composite application solutions, where our material and service have been verified to comply with international standards, as well as for use as a permanent solution.

Emissions Control/Compliance Services. We provide fugitive volatile organic compound (“VOC”) emission leak detection and methane reduction solutions that include identification, monitoring, data management and reporting; primarily for the upstream, midstream and downstream sectors. These services are designed to monitor and record VOC emissions from specific assets as required by environmental regulations and client environmental programs. Typically, we assist the client in enhancing an ongoing maintenance program and/or complying with present and/or future environmental regulations. We provide technicians, specially trained in the use of portable organic chemical analyzers, data loggers, and drone technology, to measure potential leaks at designated client assets maintained in client or our proprietary databases. The measured data is used to prepare reports required for compliance with EPA and local regulatory requirements.

Hot Tapping Services. Our hot tapping services consist of a full range of hot tapping and Line-stop™ services. Hot tapping services involve utilizing specialized equipment to machine a hole in a pressurized piping system so that a new branch pipe can be connected onto the existing pipe, or pipeline, without interrupting operations. Line-stop™ services involve inserting a mechanical isolation device, through the tapped area, to stop the process flow, permitting the line to be isolated and depressurized downstream, so that maintenance work can be performed on the pipeline, piping system, or other client asset. The Hi-stop™ is a proprietary service solution that allows stopping of process flows under typically more extreme pressures and temperatures where standard industry equipment is unable to operate. Our patent pending SmartStop™ double block and bleed technology allows a dual-stop Line-stop™ head to be inserted through a single tap, with the ability to bleed between the seals, ensuring the integrity of the isolation. In some cases, we may use line freezing processes by injecting liquid nitrogen into specialized equipment with external chambers around the pipe to stop the process flow. Inflatable stops are used in low-pressure applications where a pipe is out of round or inside surface conditions of the pipe prevent a standard line stop. In support of our hot tapping and other repair solutions, we supply specialty and in-service welding solutions, certified in accordance with American Society of Mechanical Engineers (“ASME”) codes, and are authorized by National Board of Boiler and Pressure Vessel Inspectors (the “NBBI”) for the repair of nuclear components, boilers, and other pressure containing components.

Valve Insertion Services. We offer professional installation services for our patented InsertValve™. The valve can be installed onstream, eliminating the need for line shut downs during planned or emergency valve tie-ins. Designed for a wide range of line sizes and types, the InsertValve™ wedge gate sits on the valve body, not the pipe bottom. This unique feature prevents the seat from coming into contact with the cut pipe edges to significantly extend valve life. We believe its ability to be introduced and, if ever needed, repaired, while the asset to which it is applied to is in service, makes it truly unique in the market.

Field Machining Services. We design and market our own lines of industry leading portable machining equipment that we utilize in the field to essentially bring the machine shop to our clients' assets. Ideal for new construction projects, modifications, planned shutdowns, and emergency repairs, our comprehensive equipment fleet includes laser guided and CNC milling, CNC boring, trepanning, facing, turning, cutting and drilling equipment operated by our highly-trained technicians who are dedicated to minimizing client downtime and ensuring a quality repair that meets or surpasses OEM specifications.

Bolted Joint Integrity Services. We perform all bolting activity from break out to assembly with technical compliance procedures designed in accordance with ASME PCC-1. These services are provided by highly trained technicians utilizing specialized hydraulic or pneumatic equipment to achieve reliable and leak-free connections following client asset maintenance and/or prior to startup. Our joint integrity engineers are active members of ASME working to increase the industry's knowledge and provide our clients with the most up-to-date policies and procedures. With capabilities including flange management and bolt load analysis; controlled tightening methods of torqueing and tensioning; bolt load validation; proprietary equipment such as Flange Safe™, that we engineered and manufactured to provide the industry's safest option for under pressure/temperature single stud replacement, we ensure the integrity of critical industrial infrastructure.

Vapor Barrier Plug and Weld Testing Services. We install vapor barriers into piping systems to prevent potentially hazardous vapors from transferring down or upstream, without having to purge the entire piping system, where mechanical repair operations, such as machining, welding, and heat treating, are taking place. The mechanical barriers expand to seal on the inside pipe surface and provide a venting system to prevent pressure from building up in the piping system, while keeping the work area and environment free of potentially hazardous emissions. Weld test equipment is used to verify the integrity of welded joints by providing sealing surfaces on both sides of the weld and pressuring the void cavity in between. The integrity test allows the client to comply with the ASME hydrostatic test requirements for welded joints without having to pressurize the whole system, which may result in shutdown of other systems, or environmental issues with the test medium.

Valve Management Solutions. We perform on-site and shop-based repairs to isolation, control, pressure and safety relief valves, as well as specialty valve actuator diagnostics and repair. We are certified and authorized to assemble new valves for sale and perform testing and repairs to pressure and safety relief valves by NBBI. This certification requires specific procedures, testing and documentation to maintain the safe operation of these essential industry asset valves. We provide special transportable trailers to clients' sites, which contain specialty machines and test equipment to perform on-site valve repairs and testing. Our trained technicians can also service large valves without removing the valve from the client's asset. In addition, we provide preventive maintenance programs for VOC-specific valves and valve data management programs. We also represent selected valve manufacturers and distribute their products where complementary to our clients' valve supply and management needs.

Quest Integrity Segment:

Quest Integrity offers integrity and reliability management solutions in the form of advanced quantitative inspection, engineering and condition assessment services and products. Quest Integrity's advanced quantitative inspection services utilize proprietary NDT and NDE instrumentation and technology to provide in-line inspections to critical infrastructure in the downstream, midstream, upstream and power industries. Additionally, Quest Integrity offers engineering assessment services enabled by proprietary software and other analytical tools, and complemented by lab testing resources.

Furnace Tube Inspection System-Enabled Services. Furnace Tube Inspection System ("FTIS™") in-line inspection service provides an untethered 360-degree 100% coverage ultrasonic inspection of the internal and external surfaces of serpentine coils of fired heaters, which are found in refineries and other process plant environments. FTIS™ allows us to detect and quantify internal/external pipe/tube wall loss, deformation and fouling and thereby identify weak points in such heaters in order to provide clients with timely, actionable information to better manage their infrastructure.

InVista™-Enabled Services. Our proprietary InVista™ in-line inspection service provides an untethered 360-degree 100% coverage ultrasonic inspection of the internal and external surfaces of pipelines and process piping that are considered "unpiggable" or too challenging to inspect by traditional in-line inspection methods, due to a number of factors. InVista™ allows us to detect and quantify pipe/tube internal/external wall loss, deformation, pitting and fouling in such pipelines and process piping. Our standard InVista™ deliverable also provides a fitness-for-service assessment on the pipe and displays the information in a highly intuitive format, providing an integrated inspection plus condition assessment solution for clients.

Pipeline Integrity Management Services. We offer turn-key Pipeline Integrity Management services, including project management, integrity engineering and integrity management development services, in-line inspection support such as cleaning and launching/receiving, pig tracking and materials equipment selection and procurement. We offer these resources on an integrated basis with our InVista™ in-line inspection services and engineering assessment capabilities, or individually as applicable.

Advanced Engineering and Condition Assessment Services. Employing a multi-disciplined engineering team, supported by proprietary software, other analytical tools and complementary lab testing capability, we offer a variety of advanced engineering assessment services to clients in the process, power, pipeline, petrochemical and alternative energy industries including fitness-for-service, computational mechanics, failure analysis, risk-based asset management and materials consulting.

Marketing, Clients and Competition

Our industrial services are marketed principally by personnel based at our service locations. We believe that these service locations are situated to facilitate timely responses to client needs with on-call expertise, which is an important feature of selling and providing our services. The capacity and capability scope of our discrete and integrated services also allows us to benefit from the procurement trends of many of our clients who are seeking to reduce the number of contractors and vendors in their facilities, as well as to outsource more of such services. No single client accounted for 10% or more of consolidated revenues during the years ended December 31, 2021, 2020 or 2019.

Generally, clients are billed on a time and materials basis, although some work may be performed pursuant to a fixed-price bid. Services are usually performed pursuant to purchase orders issued under written client agreements. While most purchase orders provide for the performance of a single job, some provide for services to be performed on a run-and-maintain basis. Substantially all our agreements and contracts may be terminated by either party on short notice. The agreements generally specify the range of services to be performed and the hourly rates for labor. While many contracts cover specific plants or locations, we also enter into multiple-site regional or national contracts which cover multiple plants or locations.

In general, competition stems from a large number of other outside service contractors. More than 100 different competitors are currently active in our markets. We believe we have a competitive advantage over most service contractors due to the quality, training and experience of our technicians, our North America and increasingly international service capability, the breadth and depth of our services, our ability to provide such services on an integrated, more turnkey basis, and our technical engineered support coupled with our manufacturing capabilities supporting the service network.

Seasonality

We experience some seasonal fluctuations. Historically, the refining industry has scheduled plant shutdowns (commonly referred to as “turnarounds”) for the fall and spring seasons. The power industry follows a similar seasonal schedule for their plant maintenance. The timing of large turnarounds or outages can significantly impact our revenues. The pipeline industry follows and depends in part on weather conditions where the ability to access pipeline infrastructure for or after inspections may be impeded by more severe cold weather conditions.

Compliance with Government Regulations

A significant portion of our business activities are subject to foreign, federal, state and local laws and regulations. These regulations are administered by various foreign, federal, state and local health and safety and environmental agencies and authorities, including OSHA of the U.S. Department of Labor and the EPA. Failure to comply with these laws and regulations may involve civil and criminal liability. From time to time, we are also subject to a wide range of reporting requirements, certifications and compliance as prescribed by various federal and state governmental agencies that include, but are not limited to, the EPA, the Nuclear Regulatory Commission, the Chemical Safety Board, the Department of Transportation and the Federal Aviation Administration. Expenditures relating to such regulations are made in the normal course of our business and are neither material nor place us at any competitive disadvantage. We do not currently expect that compliance with such laws and regulations will require us to make material expenditures.

From time to time, during the operation of our environmental consulting and engineering services, the assets of which were sold in 1996, we handled small quantities of certain hazardous wastes or other substances generated by our clients. Under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (the “Superfund Act”), the EPA is authorized to take administrative and judicial action to either cause parties who are responsible under the Superfund Act for cleaning up any unauthorized release of hazardous substances to do so, or to clean up such hazardous substances and to seek reimbursement of the costs thereof from the responsible parties, who are jointly and severally liable for such costs under the Superfund Act. The EPA may also bring suit for treble damages from responsible parties who unreasonably refuse to voluntarily participate in such a clean-up or funding thereof. Similarly, private parties who bear the costs of cleanup may seek to recover all or part of their costs from responsible parties in cost recovery or contribution actions. Responsible parties include anyone who owns or operates the facility where the release occurred (either currently and/or at the time such hazardous substances were disposed of), or who by contract arranges for disposal, treatment, transportation for disposal or treatment of a hazardous substance, or who accepts hazardous substances for transport to disposal or treatment facilities selected by such person from which there is a release. We believe that our risk of liability is minimal since our environmental consulting and engineering services consisted solely of maintaining and storing small samples of materials for laboratory analysis that are classified as hazardous. Due to its prohibitive costs, we accordingly do not currently carry insurance to cover our potential liabilities under the Superfund Act or similar environmental statutes.

Human Capital

At December 31, 2021, we had approximately 5,200 employees, with approximately 4,100 employed in the United States and 1,100 internationally. Human capital management, combined with our core values and talent management initiatives, is a key driver of our employee retention program. We invest in our talent by providing our employees with targeted training, mentoring and career development opportunities, all of which enable us to hire and retain talented, high-performing employees. Through our safety first culture and our diversity and inclusion initiatives, we seek to retain employees through our employee engagement efforts and our competitive compensation and benefits packages.

Business ethics and core values

Our core values anchor every aspect of our business in a set of commonly-held beliefs and commitments. They represent what we stand for, what values our employees embody, and what our services and products contribute to the market. These statements are deeply ingrained in our culture, guiding employee behavior and company decisions and actions.

- Safety First/Quality Always – In everything we do;
- Integrity – Uncompromising standards of integrity and ethical conduct;
- Service Leadership – Leading service quality, professionalism and responsiveness;
- Innovation – Supports continuous growth and improvement;
- Pride and Respect – For our clients, for each other and for all of our stakeholders; and
- Teamwork – Global teamwork and collaboration.

Diversity and inclusion

A diverse and engaged workforce is critical to our success, and we work hard to create an environment where our employees feel valued, engaged and inspired to do their best work. We are proud that a diverse group of people from all backgrounds, religions, nationalities, gender identity, sexual orientations and races make up our team. It continues to be our goal to knock down barriers and eliminate bias wherever it exists through strategic employee-engaged initiatives.

While we continue to focus on maintaining or improving the gender diversity among our executive leadership and corporate populations, we are also committed to improving our gender diversity amongst our technician population, which comprises more than 75% of our overall global workforce.

	Executive Leadership	General & Administrative	Global Workforce[1]
Female	15%	51%	12%
Male	85%	49%	88%

1 Global workforce includes technicians

As part of our university recruiting efforts, we have developed diversity focused strategies through collaboration with the career centers at the universities where we recruit. We recruit diverse candidate populations through collaborations with the Society of Women Engineers (SWE), Society of Hispanic Engineering's (SHPE) and National Society of Black Engineers (NSBE) programs, as well as recruiting at Historically Black Colleges and Universities such as Prairie View A&M University.

Health, safety and training

In 2020, we introduced our “12 Life Saving Rules” across our organization to further enhance our safety focused culture. The 12 Life Saving Rules are clear and simple rules designed to address those activities that put our employees at the greatest risk. The rules include both encouraged behaviors as well as discouraged behaviors. All our employees receive online training on the rules and must acknowledge that they have read them. The rules are posted internally, communicated throughout our organization through our safety bulletins, and are printed in multiple languages.

In assessing safety performance, we measure our annual total recordable incident rate (“TRIR”), which is defined as the number of recordable injuries per 200,000 working hours. This metric is also used by others in our industry, which allows for a more objective comparison of our performance. In 2021, our TRIR was 0.39. Our vehicle safety performance system (VSPS) has helped improve our motor vehicle accident rate by 20% since the prior year. The VSPS is monitored centrally where parameters such as speed, seat belt, hard breaking, and engine diagnostics can be monitored by the driver’s supervisor such that they can manage unsafe driving before an accident occurs.

Accelerated by our response to the COVID-19 pandemic, we have several online training and distance learning classes to our curriculum to help meet the needs of a rapidly changing workplace environment. These are administered and tracked globally though our Learning Management System. We prepared and led several topics to support employees during COVID-19 including a session on helping parents cope with the pandemic while working remotely, helping managers to lead remote workers and supporting employees as they safely moved to working remotely where necessary. We also launched STAMP, TEAM’s Stress and Anxiety Management Program that included several tools and resources to help employees effectively manage stress and prevent depression and other mental illnesses. This program included several sessions focused on mindfulness and we coordinated this program with our Employee Assistance Program that offered mental health and depression resources for our employees and their families. This program has received much praise and support from our employees, their families and our clients.

We recognize the importance of providing training to continually support career growth and development. Our talent management and professional development programs including our CREW Engineering and Business rotational and Technician Apprentice programs empower and inspire our team members to personalize their career journeys by building critical job skills, gaining hands-on experience, providing ongoing access to world class training, assigning relevant career mentors and paving the way toward career paths that provide long-term advancement within our organization.

In 2019, our professional development efforts were expanded to include our Leadership Journey Program that takes participating employees through a highly interactive training and development program. Participants in the leadership program receive a behavioral DISC (Dominance, Influence, Steadiness, Conscientiousness) assessment and work together in teams as they gain self-awareness of their behavioral style. Participants interact throughout the three day training session while learning about and increasing their leadership skills. During the Leadership Journey Program, our subject matter experts lead unique training sessions to share information and knowledge on safety, quality and financial acumen applicable to our business.

As we navigated through the impact of the COVID-19 pandemic, we proactively introduced more flexibility in our work environment by offering eligible employees the ability to work remotely or on-site, flexible working schedules, and restricting in person meetings. All of these measures were driven by the safety and health of our employees, their family members, clients and other contractors at the forefront.

Employee engagement

Periodically, our employees participate in our engagement survey which provides us with valuable insight as we seek to improve our overall employee engagement and satisfaction. Acting upon employee feedback generated from the engagement survey, we continually review our regional health benefits, communication strategy and training efforts. We believe the significant response rate to our survey is indicative of the intensity of our employee’s connection to our organization, marked by a committed effort to achieve goals in environments that support productivity and maintain personal well-being.

Wages and benefits

Across the globe, we provide our employees with competitive wages, salaries and benefits based upon employee skills, experience and job levels. Additionally, we provide employees with a comprehensive set of benefits, including health and welfare benefits, wellness benefits, employee assistance plans, defined contribution and defined benefit retirement benefits, paid time off, educational support and a variety of other ancillary employee benefits.

Environmental, social and governance

We are committed to conducting our business in a manner that protects the environment and the health and safety of our employees and the public including supporting career growth opportunities to our diverse team of employees; and actively contributing to the local communities. We will work with the government, industry, and public in support of laws, regulations, standards and other programs that safeguard the community, workplace and the environment. To meet this commitment, we maintain management systems designed to ensure compliance with all applicable laws, regulations and internal requirements, as well as to facilitate the continuous improvement of our processes, products, and personnel. Our highest priority is the safety of our employees, clients, and other contractors. We also intend to set an example of leadership in the field of health, safety and environmental management, and will promote resource conservation, the reduction of waste and pollution prevention.

Available Information

Our internet website address is *www.teaminc.com*. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments and exhibits to these reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are available on our website, free of charge, as soon as reasonably practicable after such reports are filed with, or furnished to, the SEC. Alternatively, you may access these reports at the SEC's website at http://www.sec.gov. We post our code of ethical conduct, our governance principles, our social responsibility policy and the charters of our Board committees on our website. Our governance documents are available in print to any stockholder that submits a written request to Team, Inc., Attn: Corporate Secretary, 13131 Dairy Ashford, Suite 600, Sugar Land, Texas 77478. Information contained on our website is not part of this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

Our business, financial condition, results of operations, cash flows and/or stock price could be materially adversely affected by any of the risks and uncertainties described below.

Risks Related to Market Conditions

The COVID-19 pandemic and related economic repercussions have had, and are expected to continue to have, a significant impact on our business, and depending on the duration of the pandemic and its effect on the oil and gas industry, could have a material adverse effect on our business, liquidity, consolidated results of operations, and consolidated financial condition. Our clients in the oil and gas industry have historically accounted for a substantial portion of our revenues. The COVID-19 pandemic and related economic repercussions have created significant volatility, uncertainty and turmoil in the oil and gas industry in the past two years. Since the onset of the pandemic in early 2020, these events have directly affected our business and have exacerbated the potential negative impact from many of our risks, including those relating to the worldwide demand for oil and natural gas, our clients' capital spending and trends in oil and natural gas prices. In addition, the pandemic and efforts to mitigate its spread have resulted in logistical challenges to our operations, including travel restrictions that prevent our personnel from commuting to certain facilities and job sites. These logistical challenges could increase if the pandemic worsens or persists.

Oil demand during 2020 and 2021 was substantially less than demand in 2019 as a result of the virus and corresponding measures taken around the world to mitigate its spread. Though demand began to increase during the latter part of 2021, a worsening of the virus could result in an increase in mitigation efforts and a reduction in demand for oil and gas and our services and products. Given the nature and significance of the events described above, we are not able to enumerate all related potential risks to our business; however, we believe that in addition to the impacts described above, other current and potential impacts of these recent events include, but are not limited to: greater supply chain disruption, which could have an adverse impact on volumes and make it more difficult for us to serve our clients; liquidity challenges, including impacts related to delayed customer payments and payment defaults associated with customer liquidity issues and bankruptcies; notices from customers, suppliers, and other third parties arguing that their non-performance under our contracts with them is permitted as a result of force majeure or other reasons; cybersecurity issues, as digital technologies may become more vulnerable and experience a higher rate of cyberattacks in the current environment of remote connectivity; litigation risk and possible loss contingencies related to COVID-19 and its impact, including with respect to commercial contracts, employee matters, and insurance arrangements; infections and quarantining of our employees and the personnel of our customers, suppliers, and other third parties in areas in which we operate; actions undertaken by national, regional, and local governments and health officials to contain COVID-19 or treat its effects; and structural shift in the global economy and its demand for oil and natural gas as a result of changes in the way people work, travel, and interact, or in connection with a global recession or depression.

Given the dynamic nature of these events, we cannot reasonably estimate the period of time that the COVID-19 pandemic and related market conditions will persist or any changes in their severity, the full extent of the impact they will have on our business, liquidity, results of operations, and financial condition or the pace or extent of any recovery. To the extent COVID-19 adversely affects our business, liquidity, results of operations, and financial condition, it may also have the effect of heightening other risks.

The economic environment may affect client demand for our services. Future economic and political uncertainty may reduce the availability of liquidity and credit and, in many cases, reduce demand for our clients' products. Disruption of the credit markets could also adversely affect our clients' ability to finance ongoing maintenance and new capital projects, resulting in contract cancellations or suspensions, capital project delays, repurposing of infrastructure, and infrastructure closures. An extended or deep recession may result in plant closures or other contractions in our client base. These factors may also adversely affect our ability to collect payment for work we have previously performed. Furthermore, our ability to expand our business could be limited if, in the future, we are unable to increase our credit capacity under favorable terms or at all. Such disruptions, should they occur, could materially impact our results of operations, financial position or cash flows.

Extended periods of low prices for crude oil can have a material adverse impact on our results of operations, financial condition and liquidity. While we continue to expand our market presence in the areas of aerospace and defense, construction, chemical processing, manufacturing, power generation, and public infrastructure, among other industries, economic downturns within the oil and gas industry including crude oil prices have, and could continue to, result in reduction in demand for our services.

Our revenues are heavily dependent on certain industries. Sales of our services are dependent on clients in certain industries, particularly the refining and petrochemical industries. As we have experienced in the past, and as we expect to occur in the future, downturns characterized by diminished demand for services in these industries as well as potential changes due to consolidation or changes in client businesses or governmental regulations, could have a material impact on our results of operations, financial position or cash flows. Certain clients have employees represented by unions and could be subject to temporary work stoppage which could impact our activity level.

We sell our services in highly competitive markets, which places pressure on our profit margins and limits our ability to maintain or increase the market share of our services. Our competition generally stems from other outside service contractors, many of whom offer a similar range of services. Future economic uncertainty could generally reduce demand for industrial services and thus create a more competitive bidding environment for new and existing work. No assurances can be made that we will continue to maintain our pricing model and our profit margins or increase our market share.

Our ongoing investments in new client markets involve significant risks, could disrupt our current operations and may not produce the long-term benefits that we expect. Our ability to compete successfully in new client markets depends on our ability to continue to deliver innovative, relevant and useful services to our clients in a timely manner. As a result, we have invested, and expect to continue to invest resources in developing products and services to new clients. Such investments may not prioritize short-term financial results and may involve significant risks and uncertainties, including encountering new competitors. We may fail to generate sufficient revenue, operating margin or other value to justify our investments in such new client markets, thereby harming our ability to generate revenue.

If we cannot regain compliance with the NYSE's continuing listing requirements and rules, the **NYSE** ***may*** **delist** ***our common stock, which could negatively affect our company, the price of our common stock and your ability to sell our common stock.***

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. We have a period of six months following the receipt of the notice to regain compliance with the minimum share price requirement, with the possibility of extension at the discretion of the NYSE. In order to regain compliance, on the last trading day in any calendar month during the cure period, our common stock must have: (i) a closing price of at least $1.00 per share; and (ii) an average closing price of at least $1.00 per share over the 30 trading day period ending on the last trading day of such month. If we fail to regain compliance with Section 802.01C of the NYSE Listed Company Manual by the end of the cure period, our common stock will be subject to the NYSE's suspension and delisting procedures. We are closely monitoring the closing share price of our common stock and are considering all available options. We intend to regain compliance with the NYSE listing standards by pursuing measures that are in the best interests of the Company and our shareholders, including potentially through the consummation of a reverse stock split, subject to Board of Director and shareholder approval.

A delisting of our common stock could negatively impact us by, among other things, reducing the liquidity and market price of our common stock; reducing the number of investors willing to hold or acquire our common stock, which could negatively impact our ability to raise equity financing; limiting our ability to issue additional securities or obtain additional financing in the future; decreasing the amount of news and analyst coverage of us; and causing us reputational harm with investors, our employees, and parties conducting business with us. A delisting of our common stock could constitute a "fundamental change" under the terms of our 5.00% Convertible Notes due 2023 (the "Notes"), requiring us to make an offer to repurchase the Notes at par. There can be no assurance we would have sufficient funds available to us to repurchase the Notes if required to do so. Failure to repurchase the Notes also could cause a cross-default under our ABL Credit Facility and Term Loans, which would permit the holders of the indebtedness to accelerate the maturity thereof and proceed against their collateral and could have a material adverse effect on our business and financial condition.

Risks Related to Our Operations

If we are not able to implement commercially competitive services in a timely manner in response to changes in the market, client requirements, competitive pressures and technology trends, our business and results of operations could be materially and adversely affected. Competition can place downward pressure on our prices and profit margins. Our share of the market for our services is characterized by continual technological developments to provide better and more cost-effective services. If we are not able to implement commercially competitive services and products in a timely manner in response to changes in the market, client requirements, competitive pressures, inflationary pressures and technology trends, our business and results of operations could be materially and adversely affected. Likewise, if our proprietary technologies, equipment, facilities, or work processes become obsolete, we may no longer be competitive, and our business and results of operations could be materially and adversely affected.

Our business depends upon the maintenance of our proprietary technologies and information. We depend on our proprietary technologies and information, many of which are no longer subject to patent protection. In addition to patent protection, we rely significantly upon trade secret laws to protect our proprietary technologies. We regularly enter into confidentiality agreements with our key employees, clients, potential clients and other third parties and limit access to and distribution of our trade secrets and other proprietary information. However, these measures may not be adequate to prevent misappropriation of our technologies or to assure that our competitors will not independently develop technologies that are substantially equivalent or superior to our technologies. In addition, because we operate worldwide, the laws of other countries in which we operate may not protect our proprietary rights to the same extent as the laws of the United States. We are also subject to the risk of adverse claims and litigation alleging infringement of intellectual property rights

No assurances can be made that we will be successful in maintaining or renewing our contracts with our clients. A significant portion of our contracts and agreements with clients may be terminated by either party on short notice. Although we actively pursue the renewal of our contracts, we cannot assure that we will be able to renew these contracts or that the terms of the renewed contracts will be as favorable as the existing contracts. If we are unable to renew or replace these contracts, or if we renew on less favorable terms, we may suffer a material reduction in revenue and earnings.

No assurances can be made that we will be successful in hiring or retaining members of a skilled technical workforce. We have a skilled technical workforce and an industry recognized technician training program for each of our service lines that prepares new employees as well as further trains our existing employees. The competition for these individuals is intense. Due to the impacts of COVID-19, we implemented cost reductions and organizational changes which increases our risk of losing key skilled employees. Furthermore, once the economic environment and demand for our services has recovered, we will be under pressure to re-hire or onboard employees during a time when there could be a significant demand for skilled labor. The loss of these individuals, or failure to attract new employees, could adversely affect our ability to perform our obligations on our clients’ projects or maintenance and consequently could negatively impact the demand for our products and services.

The loss or unavailability of any of our executive officers or other key personnel could have a material adverse effect on our business. We depend greatly on the efforts of our executive officers and other key employees to manage and exercise leadership over our operations. The loss or unavailability of any of our executive officers or other key employees could have a material adverse effect on our business operations.

Unsatisfactory quality of service execution, including safety performance, can affect client relationships, eliminate or reduce revenue streams from our largest clients, result in higher operating costs and negatively impact our ability to hire and retain a skilled technical workforce. The services we provide could incur quality of execution issues that may be caused by our workforce personnel and/or components we purchase from other manufacturers or suppliers. If the quality of our services does not meet our clients’ expectations or satisfaction, then our sales and operating earnings, and, ultimately, our reputation, could be negatively impacted. Additionally, our workers are subject to the normal hazards associated with providing services at industrial facilities. Even with proper safety precautions, these hazards can lead to personal injury, loss of life, destruction of property, plant and equipment, lower employee morale and environmental damage. While we are intensely focused on maintaining a strong safety environment and minimizing the risk of accidents, there can be no assurance that these efforts will be effective. Poor safety performance may limit or eliminate potential revenue streams, including from many of our largest clients, and may materially increase our operating costs, including increasing our required insurance deductibles, self-insured retention and insurance premium costs.

Additional impairments of our goodwill, impairments of our intangible and other long-lived assets, and changes in the estimated useful lives of intangible assets could have a material adverse impact on our results of operations and financial condition. As a result of past acquisitions, goodwill and other intangible assets comprise a significant portion of our total assets. As of December 31, 2021, our goodwill and intangible assets totaled $25.2 million and $89.9 million, respectively. We assess or test goodwill for impairment at least annually in accordance with Generally Accepted Accounting Principles in the U.S. (“GAAP”), while our other long-lived assets, including our finite-lived intangible assets, are tested for impairment when circumstances indicate that the carrying amount may not be recoverable. A decrease in our market capitalization or profitability or unfavorable changes in market, economic and industry conditions all would increase the risk of impairment.

We have three reporting units and perform a goodwill impairment test at a reporting unit level on an annual basis on December 1 of each year and, as discussed above, whenever there are sufficient indicators that the carrying value of a reporting unit exceeds its fair value.

As a result of revenue and earnings declines and sustained declined in our stock price through September 30, 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. Our revenue growth and profitability are influenced by several industry trend factors, including end markets capital spending levels, supply and demand levels and technology. With oil prices and demand increasing, refiners (represents approximately 40% of our customers) are recovering; however, capital expenditures have not fully recovered resulting in lower current activity and pricing pressure for our products and services. Accordingly, we performed a quantitative assessment of the fair value of goodwill as of September 30, 2021.

Based upon our impairment assessment, we determined the carrying amount of our MS reporting unit exceeded the fair value. 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.

For our annual goodwill impairment test as of December 1, 2021, we elected to perform a quantitative assessment to determine if it was more likely than not (that is, a likelihood of more than 50 percent) that the fair value of our reporting unit was less than its carrying value as of the test date. Based on the quantitative assessment, 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.

GAAP requires that we evaluate the useful lives of our intangible assets subject to amortization each reporting period. If the estimate of an intangible asset's remaining useful life is changed, the remaining carrying amount of the intangible asset is amortized prospectively over that revised remaining useful life. To the extent the revised useful life of an intangible asset is less than originally estimated, our future amortization expense will increase, which could have a material impact on our results of operations and financial condition.

Improvements in operating results from expected savings in operating costs from workforce reductions and other cost saving and business improvement initiatives may not be realized in the estimated amounts, may take longer to be realized, or could be realized only for a limited period. In 2017 through the first quarter of 2021, we developed and implemented a project known as OneTEAM, an assessment of all aspects of our business, including international operations, for improvement and cost saving opportunities. In January 2021, we announced a new strategic organizational structure to better position ourselves for the recovery after the COVID-19 pandemic, continue service diversification, and enhance client value. These organizational changes resulted in restructuring charges and other cost saving opportunities. However, in order to implement this or any other future cost savings or business improvement initiatives, we expect to incur additional expenses, which could adversely impact our financial results prior to the realization of the expected benefits associated with the initiatives. Due to numerous factors or future developments, we may not achieve cost reductions or other business improvements consistent with our expectations or the benefits may be delayed. These factors or future developments could include (i) the incurrence of higher than expected costs or delays in reassigning and retraining remaining employees or outsourcing or eliminating duties and functions of eliminated employees, (ii) unanticipated delays in discharging employees in eliminated positions as a result of regulatory or legal limitations on employee terminations in certain jurisdictions, (iii) actual savings differing from anticipated cost savings, (iv) anticipated benefits from business improvement initiatives not materializing and (v) disruptions to normal operations or other unintended adverse impacts resulting from the initiatives.

We may also decide to reduce, suspend or terminate our cost saving and business improvement initiatives at any time before achieving the estimated benefits or after a limited period of time. The elimination of current employees can also result in increased future costs in hiring, training and mobilizing new employees or rehires in the event of a future increase in demand for our services resulting in a slower recovery of results from operations. Our initiatives may negatively affect our ability to retain and attract qualified personnel, who may experience uncertainty about their future roles with us.

We may experience inflationary pressures in our operating costs and cost overruns on our projects. A number of our clients are serviced under fixed price contracts or contracts including a combination of fixed and variable elements, where we bear a portion of the risk for cost overruns. Under such contracts, prices are established in part on cost and scheduling estimates, which are based on a number of assumptions, including assumptions about future economic conditions, prices and availability of subcontractors, materials and other exigencies of our services. Our profitability depends heavily on our ability to make accurate estimates. Inaccurate estimates, or changes in other circumstances, such as unanticipated technical problems, difficulties obtaining permits or approvals, changes in local laws or labor conditions, weather delays, cost of raw materials, trade disputes and tariffs, currency fluctuations, inflation pressures or our suppliers' or subcontractors' inability to perform could result in substantial losses, as such changes adversely affect the revenues recognized on each project.

Additionally, we may incur significant costs in excess of estimates due to changes to any work orders requested by our clients materially changing the scope of work to be completed by us. Our services are usually performed pursuant to purchase orders issued under written client agreements. We may be required to perform additional services that were not contemplated in the pricing related to any such purchaser order, including services resulting from client requested changes, incomplete or inaccurate engineering, changes in project specifications and other similar information provided to us by the client which form the basis for our original estimates. We recognize revenue proportionately as costs are incurred, therefore, we may be required to adjusted revenue recognize on fixed contract projects in the event we incur actual costs in excess of our estimates for such project if we are unable to obtain adequate compensation for any such additional services.

Economic, political and other risks associated with international operations could adversely affect our business. A portion of our operations are conducted and located outside the U.S., and accordingly, our business is subject to risks associated with doing business internationally, including changes in foreign currency exchange rates, instability in political or economic conditions, difficulty in repatriating cash proceeds, differing employee relations, differing regulatory environments, trade protection measures, and difficulty in administering and enforcing corporate policies which may be different than the normal business practices of local cultures. Our international business operations may include projects in countries where corruption is prevalent. Although we have, and continue to, implement and enforce policies and procedures designed to ensure compliance with the U.S. Foreign Corrupt Practices Act and the United Kingdom Bribery Act, there can be no assurance that all of our employees, contractors or agents, including those representing us in countries where practices which violate such anti-corruption laws may be customary, will not take actions in violation of our policies and procedures. Any violation of foreign or U.S. laws by our employees, contractors or agents, even if such violation is prohibited by our policies and procedures, could have a material adverse effect on our results of operations, financial position or cash flows.

Business acquisitions and divestitures entail risk for investors. From time to time, we seek growth through strategic acquisitions while also evaluating our portfolio for potential divestitures in, or complementary to, the specialty maintenance and specialty industrial services, including inspection, engineering assessment and mechanical services to complement, diversify or rationalize our existing business. We may also acquire other businesses that enhance our services or geographic scope and/or divest certain businesses or service offerings to rationalize our operations and take advantage of strategic opportunities. We may not be able to expand our market presence through acquisitions, and acquisitions may present unforeseen integration difficulties or costs. No assurances can be made that we will realize the cost savings, synergies or revenue enhancements that we may anticipate from any acquisition or divestiture, or that we will realize such benefits within the time frame that we expect. If we are not able to address the challenges associated with acquisitions and successfully integrate acquired businesses, or if our integrated product and service offerings fail to achieve market acceptance, or if we are not able to successfully separate divested operations, our business could be adversely affected. The transactions may also affect our share price or future financial results depending on the structure of such considerations. To the extent we issue stock or other rights to purchase stock, including options or other rights, existing shareholders may be diluted and earnings per share may decrease. In addition, acquisitions may result in the incurrence of additional debt.

The price of our outstanding securities may be volatile. It is possible that in some future quarter (or quarters) our revenues, operating results or other measures of financial performance will not meet the expectations of investors, which could cause the price of our outstanding securities to decline or be volatile. Historically, our quarterly and annual sales and operating results have fluctuated. We expect fluctuations to continue in the future. In addition to general economic and political conditions, and in addition to the other factors identified under this Item 1A “Risk Factors”, the following factors may affect our sales and operating results: the timing of significant client orders, the timing of planned maintenance projects at client facilities, changes in competitive pricing, wide variations in profitability by product line, variations in operating expenses, rapid increases in raw material and labor costs, the timing of announcements or introductions of new products or services by us, our competitors or our respective clients, the acceptance of those services, our ability to adequately meet staffing requirements with qualified personnel, relative variations in manufacturing efficiencies and costs, and the relative strength or weakness of international markets. Since our quarterly and annual revenues and operating results vary, we believe that period-to-period comparisons are not necessarily meaningful and should not be relied upon as indicators of our future performance.

Our business may be adversely impacted by work stoppages, staffing shortages and other labor matters. Although we believe that our relations with our employees are good and we have had no strikes or work stoppages, no assurances can be made that we will not experience these and other types of conflicts with labor unions, works councils, other groups representing employees, or our employees in general, or that any future negotiations with our labor unions will not result in significant increases in the cost of labor.

We extend credit to clients for purchases of our services which subjects us to potential credit risk that could, if realized, adversely affect our financial condition, results of operations and cash flows. If we are unable to collect amounts owed to us, or retain amounts paid to us, our cash flows would be reduced and we could experience losses. We would also recognize losses with respect to any receivables that are impaired as a result of our clients' financial difficulties or bankruptcies. The risk of loss may increase for capital projects where we provide services over a longer period of time. Credit losses could materially and adversely affect our financial condition, results of operations and cash flows.

As a result of our geographically diverse and decentralized operations within the United States and other countries around the world, we are more susceptible to certain risks. We have offices and operations throughout the world. This creates greater financial and operational risks due to the nature of our operations being conducted at various locations. While we have robust internal controls, policies and procedures, and employee training and compliance programs to deter prohibited practices, they may not be effective in preventing employees, contractors or agents from violating or circumventing such internal policies or from material violations of applicable laws and regulations.

Risks Related to Financing Our Business

We are subject to risks associated with indebtedness under our credit facilities, including the risk of failure to maintain compliance with financial covenants, the risk of being unable to make interest and principal payments when due and the risk of rising interest rates. Additionally, due to our significant debt and high leverage there could be a negative impact on our financing options and liquidity position.

We have a significant amount of debt as discussed below, and our overall leverage and the terms of our financing arrangements could:

- limit our ability to obtain additional financing in the future for working capital, capital expenditures, to fund growth or for general corporate purposes;
- make it more difficult for us to satisfy the terms of our debt obligations;
- make it more difficult for us to manage increases in interest rates;
- limit our ability to refinance our existing debt on terms acceptable to us, or at all;
- require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt, thereby limiting the availability of our cash flow to fund future investments, capital expenditures, working capital, business activities and other general corporate requirements; and
- subject us to higher levels of indebtedness than our competitors, which may cause a competitive disadvantage and may reduce our flexibility in responding to increased competition.

Our ability to meet expenses and debt service obligations will depend on our future performance, which will be affected by financial, business, economic and other factors. If we do not generate enough cash to pay our debt service obligations, we may be required to refinance all or part of our debt, sell assets, borrow more money or raise additional equity capital.

On December 18, 2020, we entered into an asset-based credit agreement (the "Credit Agreement") led by Citibank, N.A., as agent, which provides for available borrowings up to $150.0 million (the "ABL Facility"). The ABL Facility matures and all outstanding amounts become due and payable on December 18, 2024. However, if our Notes, which mature on August 1, 2023, have an aggregate principal amount of $10.0 million (updated from $50.0 million to $10.0 million as part of the Third Amendment to the Term Loan) or more outstanding 120 days prior to their maturity date (the "Trigger Date"), or if there are Notes in an aggregate principal amount of less than $10.0 million outstanding and we do not have sufficient excess availability of more than 20% under the ABL Facility on the Trigger Date, the ABL Facility will terminate on the Trigger Date.

On December 7, 2021, the Company entered into Amendment No. 2 (the "ABL Amendment No. 2") to the Credit Agreement. ABL Amendment No. 2, among other things, (i) revises the applicable margin to 4.25% for LIBOR rate advances, (ii) provides that at all times beginning on the effective date of the 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 $5.0 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 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 $75.0 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).

The ABL Facility contains customary conditions to borrowings, events of default and covenants. In the event that our excess availability is 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 ABL Facility then in effect, a consolidated fixed charge coverage ratio of at least 1.00 to 1.00 must be maintained. Upon the occurrence of certain events of default, an additional 2.0% interest maybe required on the outstanding loans under the ABL Facility.

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, however, the ABL Credit Facility is subject to the Trigger Date as defined above. The proceeds of the loans under the ABL Credit Facility were used to, among other things, pay off the amounts owed under the Credit Agreement, which was repaid and terminated in full on February 11, 2022.

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 Trigger Date, in which case the Term Loan will terminate on the 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) permits the entry into the ABL Credit Agreement, (ii) permits 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) 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 this unfinanced capital expenditures requirement 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 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) provides 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) permits the entry into the ABL Credit Facility, (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 this unfinanced capital expenditures requirement 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.

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 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.

We may not be able to continue as a going concern. We have suffered recurring operating losses related to the COVID pandemic, related economic repercussions, and difficult market conditions and prior to the Recent Financing Transactions discussed below, the Company required additional liquidity to continue its operations over the next twelve months. During the year, revenues and margins continued to decline against forecast along with margin pressures from inflationary costs including labor, materials, and transportation resulting in further operating losses. As of December 31, 2021, we are in compliance with our debt covenants; however, our financial forecasts as of December 31, 2021 indicated insufficient cash flows from operations to address our near-term liquidity needs and maintain compliance with our debt covenants within one year following the date that our financial statements are issued.

As discussed in Note 1 – Recent Financing Transactions, on February 11, 2022, the Company successfully closed on financing transactions that provided improved liquidity and runway to execute on the business turnaround, support working capital needs and pursue potential strategic alternatives. Following the Recent Financing Transactions, we evaluated the Company’s liquidity within one year after the date of issuance of these 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, that current working capital and capital expenditure financing is sufficient to fund the operations, maintain compliance with our debt covenants, and satisfy the Company's obligations as they come due within one year after the date of issuance of these financial statements. While the Recent Financing Transactions provide us with additional funding to meet our near-term liquidity needs and included a waiver of our debt covenants through March 31, 2023, there can be no assurance that (i) 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, or (ii) that we will generate adequate liquidity to fund our operations, or to satisfy the obligations under our convertible debt and potential acceleration of debt maturities that may become due on April 3, 2023 related to the Trigger Date.

The accounting method for our convertible debt securities may have a material effect on our reported financial results. On July 31, 2017 we issued $230.0 million principal amount of 5.00% Convertible Senior Notes due 2023 in a private offering. In December 2020, we retired $136.9 million par value of our Notes for $135.5 million, excluding accrued interest, using proceeds from the Term Loan and borrowings under the ABL Facility. As of December 31, 2021, the principal amount of Notes outstanding was $93.1 million.

Convertible debt instruments (such as the Notes) that may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method if we have the ability and intent to settle in cash, the effect of which is that the shares issuable upon conversion of the Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the Notes exceeds their principal amount and if the effect would be dilutive. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that we will be able to demonstrate the ability or intent to settle the Notes in cash in any future reporting period. Additionally, the Financial Accounting Standards Board ("FASB") has recently issued Accounting Standards Update ("ASU") 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which will eliminate the use of the treasury stock method to calculate diluted earnings per share. We expect to adopt ASU 2020-06 beginning January 1, 2022, at which time we would utilize the if-converted method, which would require us to assume the Notes would be settled entirely in shares of common stock for purposes of calculating diluted earnings per share, if the effect would be dilutive. In such case, our diluted earnings per share would be adversely affected.

Transactions relating to our convertible debt securities may dilute the ownership interest of existing stockholders, or may otherwise depress the price of our common stock. The Notes are convertible into 4,291,705 shares of common stock. Upon conversion, we may settle the Notes in cash or in shares of common stock or a combination of cash and shares of common stock, in each case, at our election. If the Notes are converted, our current intent is to settle the principal amount of the Notes in cash and settle the remainder of our conversion obligation by issuing shares of common stock; however, we cannot guarantee that we will have sufficient funds available to us at the time of any such conversions in order to effect settlement in that manner. In such case, we could elect to settle the conversion obligation in a different combination of cash and shares of common stock or entirely in shares of common stock, depending on the circumstances. To the extent we deliver shares of common stock upon conversion of the Notes, the ownership interests of existing stockholders would be diluted. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock.

Risks Related to Information Systems

Our business and operations would suffer in the event of computer system failures, cyber-attacks or deficiencies in our cyber-security or those of third-party providers. In the ordinary course of our business, we continue to increase dependencies on digital technologies to conduct our business. Sensitive data is also transmitted on our networks and systems, including our intellectual property and proprietary information that is confidential to the business, to our customers and our business partners. We have also outsourced significant elements of our information technology infrastructure and, as a result, third parties may or could have access to our confidential information. The secure maintenance of this information is critical to our business and reputation. Despite the implementation of security measures, our internal computer systems, and those of third parties on which we rely, are vulnerable to damage from computer viruses, malware, ransomware, cyber fraud, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the Internet, attachments to emails, persons inside our organization, or persons with access to systems inside our organization. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, encrypted, lost or stolen. Any such access, inappropriate disclosure of confidential or proprietary information or other loss of information, including our data being breached at third-party providers, could result in legal claims or proceedings, liability or financial loss under laws that protect the privacy of personal information, disruption of our operations with increases in costs and decline in revenues, damage to intellectual property or our product development programs and damage to our reputation, which could adversely affect our business.

Furthermore, we and our third-party providers rely on electronic communications and information system to conduct our operations. We and our third-party providers have been, and may continue to be, targeted by parties using fraudulent e-mails and other communications in attempts to misappropriate bank accounting information, passwords, or other personal information or to introduce viruses or other malware to our information systems. We currently maintain an insurance related to cybersecurity breaches and are exploring a range of steps to enhance our security protections and prevent future unauthorized activity. Though we endeavor to mitigate these threats, cyber-attacks against us or our third-party providers and business partners remain a serious issue. The pervasiveness of cybersecurity incidents in general and the risks of cyber-crime are complex and continue to evolve. Fortunately, our cybersecurity posture continued to improve in 2021. One of the legacy ERP systems was migrated into the Company’s main US ERP system, and several aging applications on our externally facing firewalls were upgraded. However, a number of other ERP systems are out of vendor support with no assurance that our security efforts will be effective or that security breaches would not be damaging.

Interruptions in the proper functioning of our information systems could disrupt operations and cause increases in costs and/or decreases in revenues. The proper functioning of our information systems is critical to the successful operation of our business. Although our information systems are protected through physical and software safeguards, our information systems are still vulnerable to natural disasters, power losses, telecommunication failures and other problems. If critical information systems fail or are otherwise unavailable, our business operations could be adversely affected.

Risks Related to Regulations

Fluctuations in our effective tax rate and our tax obligations could adversely affect our financial results. We are subject to taxes in the U.S. and in various foreign jurisdictions. Significant judgment is required in determining our worldwide income tax provision, which includes assessing the restrictions on tax credits, offset gains or repatriation of cash proceeds, tax assets and accruals for other taxes, and there are many transactions and calculations where the ultimate tax determination is uncertain. Our effective income tax rate could be adversely affected by our profit levels, changes in our business, reorganization of our business and operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the elections we make, changes in applicable tax laws or interpretations of existing tax laws or changes in the valuation allowance for deferred tax assets, as well as other factors.

We are also currently subject to audit in various jurisdictions, and these jurisdictions may assess additional income tax liabilities against us. Developments in an audit, litigation, or the relevant laws, regulations, administrative practices, principles, and interpretations could have a material effect on our operating results or cash flows in the period or periods for which that development occurs, as well as for prior and subsequent periods.

Our operations and properties are subject to extensive environmental, health and safety regulations. We are subject to a variety of U.S. federal, state, local and international laws and regulations relating to the environment, and worker health and safety, among other things. These laws and regulations are complex, change frequently, are becoming increasingly stringent, and can impose substantial sanctions for violations or require operational changes that may limit our services. We must conform our operations to comply with applicable regulatory requirements and adapt to changes in such requirements in all locations in which we operate. These requirements can be expected to increase the overall costs of providing our services over time. Some of our services involve handling or monitoring highly regulated materials, including volatile organic compounds or hazardous wastes. Environmental laws and regulations generally impose limitations and standards for the characterization, handling, disposal, discharge or emission of regulated materials and require us to obtain permits and comply with various other requirements. The improper characterization, handling, or disposal of regulated materials or any other failure by us to comply with increasingly complex and strictly-enforced federal, state, local, and international environmental, health and safety laws and regulations or associated permits could subject us to the assessment of administrative, civil and criminal penalties, the imposition of investigatory or remedial obligations or capital expenditure requirements, or the issuance of injunctions that could restrict or prevent our ability to operate our business and complete contracted services. A defect in our services or faulty workmanship could result in an environmental liability if, as a result of the defect or faulty workmanship, a contaminant is released into the environment. In addition, the modification or interpretation of existing environmental, health and safety laws or regulations, the more vigorous enforcement of existing laws or regulations, or the adoption of new laws or regulations may also negatively impact industries in which our clients operate, which in turn could have a negative impact on us.

Climate change legislation or regulations restricting emissions of “greenhouse gases” could result in reduced demand for our services and products. There has been an increased focus in the last several years on climate change in response to findings that emissions of carbon dioxide, methane and other greenhouse gases present an endangerment to public health and the environment. As a result, there have been a variety of regulatory developments, proposals or requirements and legislative initiatives that have been introduced in the U.S. and other parts of the world that are focused on restricting the emission of greenhouse gases. The new Presidential administration has also emphasized its intention to actively pursue its policy goals of addressing global climate change through significant economy-wide reductions in greenhouse gases and hastening the transition from carbon-based energy sources. The adoption of new or more stringent legislation or regulatory programs limiting greenhouse gas emissions from clients, particularly those in refining and petrochemical industries, for whom we provide repair and maintenance services, or reducing the demand for those clients' products, could in turn affect demand for our products and services. Some of our clients are modifying their plants and facilities in efforts to better align their operations and products with these energy transition issues, but there is no assurance that such modified facilities will require the same level of services and product that we currently provide.

Finally, some scientists have concluded that increasing greenhouse gas concentrations in the atmosphere may produce physical effects, such as increased severity and frequency of storms, droughts, floods and other climate events. Such climate events have the potential to adversely affect our operations or those of our clients, which in turn could have a negative effect on us. Such events, if increasing in their severity and frequency, may also adversely affect our ability to insure against the risks associated with such events, thus leading to greater financial risk for us in the conduct of our operations against the backdrop of such events.

The United Kingdom's (the "U.K.") departure from the European Union (the "EU") could adversely affect us. On January 31, 2020, the U.K. departed from the EU (commonly referred to as "Brexit") and the effects of the United Kingdom's departure from the EU have been and are expected to continue to be far-reaching.

The outcome of Brexit caused volatility in global stock markets and foreign currency exchange rate fluctuations and uncertainty about the terms and impact of Brexit may continue to do so in the future. Brexit could adversely affect U.K., regional European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the British Pound and Euro, which in turn could adversely affect our clients, particularly in the U.K. Given these possibilities and others we may not anticipate, as well as the lack of comparable precedent, Brexit and the perceptions as to its potential impact may continue to adversely affect business activity and economic conditions. It could also lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which EU laws to replace or replicate. Any potential negative effects and the full extent to which our business, results of operations, financial condition, and cash flows could be adversely affected by Brexit is uncertain.

We are subject to privacy and data security/protection laws in the jurisdictions in which we operate and may be exposed to substantial costs and liabilities associated with such laws and regulations. The regulatory environment surrounding information security and privacy is increasingly demanding, with frequent imposition of new and changing requirements. Compliance with changes in privacy and information security laws and standards may result in significant expense due to increased investment in technology and the development of new operational processes, which could have a material adverse effect on our financial condition and results of operations. In addition, the payment of potentially significant fines or penalties in the event of a breach or other privacy and information security laws, as well as the negative publicity associated with such a breach, could damage our reputation and adversely impact product demand and client relationships.

Risks Related to Legal Liability

Our insurance coverage will not fully indemnify us against certain claims or losses. Further, our insurance has limits and exclusions and not all losses or claims are insured. We perform services in hazardous environments on or around high-pressure, high temperature systems and our employees are exposed to a number of hazards, including exposure to hazardous materials, explosion hazards and fire hazards. Incidents that occur at these large industrial facilities or systems, regardless of fault, may be catastrophic and adversely impact our employees and third parties by causing serious personal injury, loss of life, damage to property or the environment, and interruption of operations. Our contracts typically require us to indemnify our clients for injury, damage or loss arising out of our presence at our clients' location, regardless of fault, or the performance of our services and provide for warranties for materials and workmanship. We may also be required to name the client as an additional insured under our insurance policies. We maintain limited insurance coverage against these and other risks associated with our business. Due to the high cost of general liability coverage, we maintain insurance with a self-insured retention of $1.0 million and a deductible of $2.0 million per occurrence. This insurance may not protect us against liability for certain events, including events involving pollution, product or professional liability, losses resulting from business interruption or acts of terrorism or damages from our breach of contract. We cannot assure you that our insurance will be adequate in risk coverage or policy limits to cover all losses or liabilities that we may incur. Moreover, in the future, due to evolving market conditions, our higher risk profile due to the nature of our operations and claims history, and expected impact on pricing, we cannot assure that we will be able to maintain insurance at levels of risk coverage or policy limits that we deem adequate. Any future damages caused by our products or services that are not covered by insurance or are in excess of policy limits could have a material adverse effect on our results of operations, financial position or cash flows.

We are involved and are likely to continue to be involved in legal proceedings, which will increase our costs and, if adversely determined, could have a material effect on our results of operations, financial position or cash flows. We are currently a defendant in legal proceedings arising from the operation of our business and it is reasonable to expect that we will be named in future actions. Most of the legal proceedings against us arise out of the normal course of performing services at client facilities, and include claims for workers' compensation, personal injury and property damage. Legal proceedings can be expensive to defend and can divert the attention of management and other personnel for significant periods of time, regardless of the ultimate outcome. An unsuccessful defense of a liability claim could have an adverse effect on our business, results of operations, financial position or cash flows.

General Risk Factors

Other risk factors may include interruption of our operations, or the operations of our clients due to fire, floods, hurricanes, earthquakes, power loss, war, political or civil unrest, telecommunications failure, terrorist attacks, labor disruptions, health epidemics and other events beyond our control.

Any of these factors, individually or in combination, could materially and adversely affect our future results of operations, financial position, cash flows and/or stock price and could also affect whether any forward-looking statements in this Annual Report on Form 10-K ultimately prove to be accurate.

ITEM 1B. UNRESOLVED STAFF COMMENTS

NONE

ITEM 2. PROPERTIES

We provide our services globally through approximately 200 locations in more than 20 countries throughout the world. There are several materially important physical properties used in our operations. We own a facility in Alvin, Texas that consists of our primary training facility, equipment center and ISO-9001 certified manufacturing facility for clamps, enclosures, and sealants. Additionally, we operate two manufacturing facilities in Houston, Texas (one of which is owned and the other is leased), which are included in our MS segment. Further, we lease office space for our corporate headquarters in Sugar Land, Texas and for our Quest Integrity segment headquarters in Kent, Washington. Additional district service locations considered materially important in our IHT and MS segments are as follows. We lease facilities in Mobile, Alabama; Benicia, California; Harbor City, California; Hammond, Indiana; Columbus, Ohio; Pasadena, Texas (two locations); and Edmonton, Alberta, Canada. We own a facility in Pasadena, Texas; a facility in Vlissingen, Netherlands and three facilities in the United Kingdom in Kendal, Carlisle and Scunthorpe.

We believe that our property and equipment are adequate for our current needs, although additional investments are expected to be made for expansion of property and equipment, replacement of assets at the end of their useful lives will occur in connection with corporate development activities.

ITEM 3. LEGAL PROCEEDINGS

Information regarding our legal proceedings can be found in Note 15 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K and is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

NOT APPLICABLE

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our stock is traded on the NYSE under the symbol "TISI".

Holders

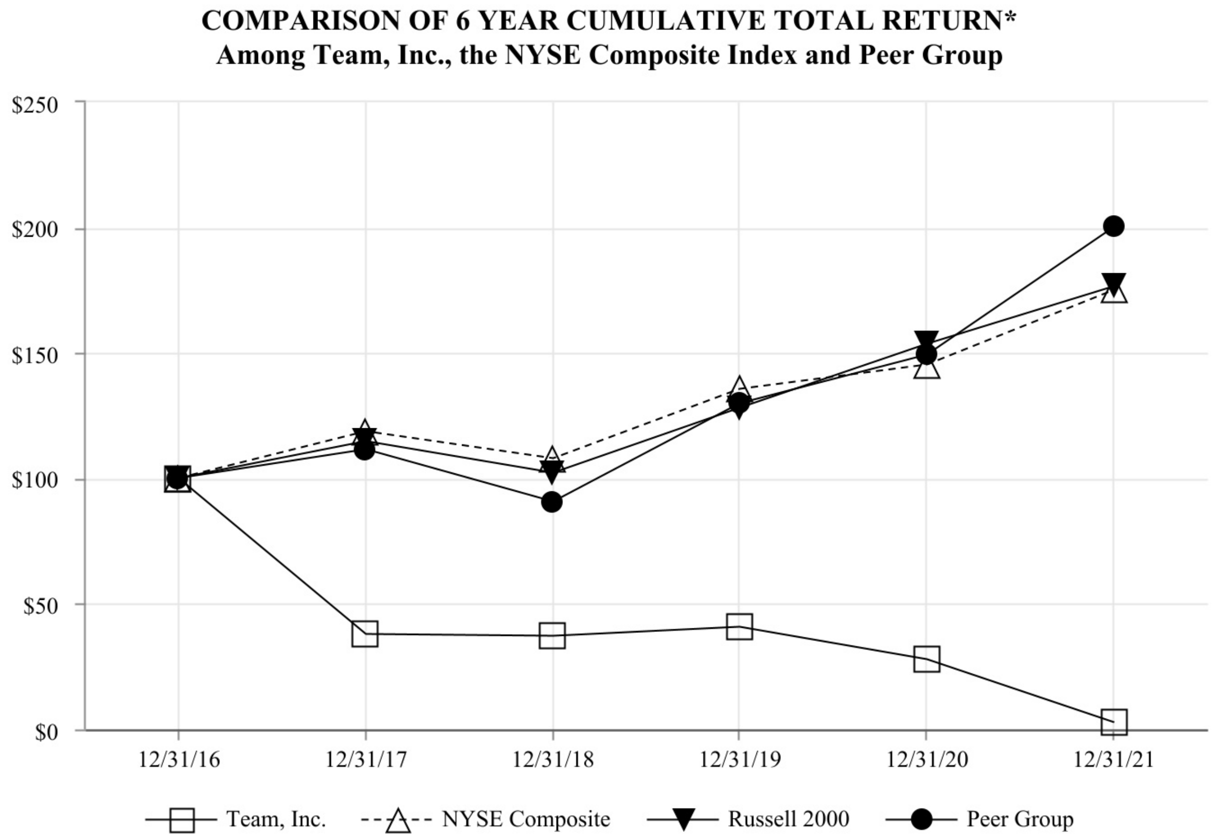
There were 513 holders of record of our common stock as of March 11, 2022, excluding beneficial owners of stock held in street name.

Dividends

No cash dividends were declared or paid during the years ended December 31, 2021 or 2020. We are limited in our ability to pay cash dividends without the consent of our lenders. Accordingly, we have no present intention to pay cash dividends in the foreseeable future. Additionally, any future dividend payments will continue to depend on our financial condition, market conditions and other matters deemed relevant by the Board.

Performance Graph

The following performance graph compares the performance of our common stock to the NYSE Composite Index and a Peer Group Index. The comparison assumes $100 was invested on December 31, 2016 in our common stock, the NYSE Composite Index and the Peer Group Index. The values of each investment are based on share price appreciation, with reinvestment of all dividends, assuming any were paid. For each graph, the investments are assumed to have occurred at the beginning of each period presented. For the year ended December 31, 2021, the following companies included in the Peer Group are relevant for comparison in terms of service offerings, industry and other factors: Barnes Group Inc., CIRCOR International Inc., Clean Harbors Inc., DXP Enterprises Inc., Emcor Group Inc., Enerpac Tool Group Corp, EnPro Industries Inc., ESCO Technologies Inc., MasTec, Inc., Matrix Service Company, Mistras Group,Inc., MYR Group Inc., Primoris Services Corporation, Quanta Services, Inc., Tetra Tech, Inc. and TETRA Technologies, Inc.



* $100 invested on 12/31/16 in stock or index, including reinvestment of dividends.

	12/16	12/17	12/18	12/19	12/20	12/21
Team, Inc.	100.00	37.96	37.32	40.69	27.77	2.78
NYSE Composite	100.00	118.73	108.10	135.68	145.16	175.18
Russell 2000	100.00	114.65	102.02	128.06	153.62	176.39
Peer Group	100.00	111.48	90.73	129.96	149.99	200.11

Note: The above information was provided by Research Data Group, Inc.

The information under the caption “Performance Graph” above is not deemed to be “filed” as part of the Annual Report on Form 10-K and is not subject to the liability provisions of Section 18 of the Exchange Act. Such information will not be deemed incorporated by reference into any filing we make under the Securities Act unless we explicitly incorporate it into such filing at such time.

ITEM 6. SELECTED FINANCIAL DATA

RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations is provided as a supplement to the accompanying consolidated financial statements and notes to help provide an understanding of our financial condition, changes in financial condition, and results of operations. The following should be read in conjunction with Item 1 "Business," Item 1A "Risk Factors," Item 2 "Properties," and Item 8 "Consolidated Financial Statements and Supplementary Data," included in this Annual Report on Form 10-K.

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Such forward-looking statements include those that express plans, anticipation, intent, contingency, goals, targets or future development and/or otherwise are not statements of historical fact. See Item 1 at the beginning of this Annual Report.

General Development 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 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 services, as well as associated engineering and condition assessment services. These services can be offered while facilities are running (on-stream), during facility turnarounds or during new construction or expansion activities. 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 three 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 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 is 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 in 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. “Risk Factors” included in this report have caused fluctuations in our results in the past and are expected to cause fluctuations in our results in the future. Additional information with respect to certain factors are described below.

COVID-19 Pandemic and Market Conditions Update. The impact of COVID-19 and, more recently the Delta and Omicron variants of the COVID-19 virus, 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), impact of the new COVID-19 variants and 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 December 31, 2021, we have deferred employer payroll taxes of $14.1 million. We paid $7.0 million of the deferred payroll taxes in January 2022 with the remaining balance 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. As a result, we recognized $6.2 million and $1.5 million as a reduction to operating expenses and selling, general and administrative expenses, respectively, during the twelve months ended December 31, 2021. As of December 31, 2021, we also deferred certain payroll related expenses and tax payments of $3.2 million under other foreign government programs which will be due in 2022.

Goodwill Impairment. As discussed in Note 8 of the consolidated financial statements further below, we recognized a non-cash goodwill impairment charge during the nine months ended September 30, 2021 of $55.8 million for the MS operating segment and non-cash goodwill impairment charge during the three months ended December 31, 2021 of $8.8 million for the Quest Integrity operating segment. Total goodwill impairment charges for the twelve months ended December 31, 2021 was $64.6 million. These charges were a result of goodwill impairment test that was triggered as a result of certain impairment indicators that were present during the quarter, primarily related to the continued curtailment of operations, decline in our forecast, continued declines in our stock price, reporting unit operating losses, and continued declines in the reporting units' net sales compared to forecast.

Recent Financing Transactions. As more fully described below under "Liquidity and Capital Resources", 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 a delayed draw term loan of up to an incremental $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, however, if our Notes, which mature on August 1, 2023, have an aggregate principal amount of $10 million or more outstanding 120 days prior to their maturity date (the "Trigger Date"), the ABL Credit Facility will be terminated as of the Trigger Date. The proceeds of the loans under the ABL Credit Agreement were used to, among other things, pay off the amounts owed under the Credit Agreement, which was repaid and terminated in full on February 11, 2022.

In connection with the transactions contemplated by the ABL Credit Agreement, Corre, agreed to provide the Company 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 (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 of our common stock, to Corre Opportunities Qualified Master Fund, LP, Corre Horizon Fund, LP and Corre Horizon II Fund, LP at a price of $0.84 per share.

Results of Operations

The following is a comparison of our results of operations for the twelve months ended December 31, 2021 compared to December 31, 2020 and for the twelve months ended December 31, 2020 compared to December 31, 2019.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

The following table sets forth the components of revenue and operating income (loss) from our operations for the years ended December 31, 2021 and 2020 (in thousands):

	Twelve Months Ended December 31,		Increase (Decrease)	
	2021	2020	$	%
Revenues by business segment:				
IHT	$ 415,371	$ 374,740	$ 40,631	10.8 %
MS	378,826	392,484	(13,658)	(3.5)%
Quest Integrity	80,356	85,315	(4,959)	(5.8)%
Total revenues	$ 874,553	$ 852,539	$ 22,014	2.6 %
Operating income (loss):				
IHT[1]	$ 12,997	$ (174,638)	$ 187,635	NM[4]
MS[2]	(47,728)	25,879	(73,607)	NM[4]
Quest Integrity[3]	900	16,474	(15,574)	(94.5)%
Corporate and shared support services	(92,151)	(85,077)	(7,074)	(8.3)%
Total operating income (loss)	$ (125,982)	$ (217,362)	$ 91,380	42.0 %
Interest expense, net	$ (46,308)	$ (29,818)	$ (16,490)	(55.3)%
Loss on warrants	(59)	—	(59)	NM[4]
Loss on debt extinguishment and modification	—	(2,224)	2,224	NM[4]
Other expense, net	(2,461)	(2,514)	53	2.1 %
Loss before income taxes	$ (174,810)	$ (251,918)	$ 77,108	30.6 %
(Provision) benefit for income taxes	(11,209)	14,715	(25,924)	NM[4]
Net loss	$ (186,019)	$ (237,203)	$ 51,184	21.6 %

1 Includes goodwill impairment charge of $191.8 million for the twelve months ended December 31, 2020.

2 Includes goodwill impairment charge of $55.8 million for the twelve months ended December 31, 2021.

3 Includes goodwill impairment charge of $8.8 million for the twelve months ended December 31, 2021.

4 NM - Not meaningful

Revenues. Total revenues increased $22.0 million or 2.6% from the same period in the prior year. Excluding the favorable impact of $15.0 million due to foreign currency exchange rate changes, total revenues increased by $7.0 million, IHT revenues increased by $35.1 million, MS revenues decreased by $21.4 million and Quest Integrity revenues decreased by $6.7 million. The increase in revenues in IHT is due to increased turnaround and project work in both the US and Canada. The decrease in revenue for MS was primarily due to decrease in maintenance activities and non-recurring projects from the prior year. The favorable impacts of foreign exchange rate changes are primarily due to the weakening of the U.S. dollar relative to the foreign currencies to which we have exposure during the current year.

Operating loss. Overall operating loss was $126.0 million, compared to an operating loss of $217.4 million in the prior year. The overall decrease in operating loss is attributable to IHT, which experienced an increase in operating income of $187.6 million due to a non-cash goodwill impairment charge recorded during the first quarter of 2020, arising from the impacts of COVID-19.

Operating loss for the current year includes net expenses totaling $83.9 million that we do not believe are indicative of our core operating activities, while the same period in the prior year included $205.2 million of such items.

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

	IHT	MS	Quest Integrity	Corporate and shared support services	Total
Twelve Months Ended December 31, 2021					
Professional fees and other[1]	$ —	$ —	$ —	$ 8,882	$ 8,882
Legal costs[2]	—	—	—	7,243	7,243
Severance charges,net[3]	661	524	357	1,564	3,106
Goodwill impairment charge	—	55,837	8,795	—	64,632
Total	$ 661	$ 56,361	$ 9,152	$ 17,689	$ 83,863
Twelve Months Ended December 31, 2020					
Professional fees and other[1]	$ —	$ —	$ —	$ 5,062	$ 5,062
Legal costs[2]	—	—	—	1,947	1,947
Severance charges,net[3]	1,572	3,048	517	740	5,877
Goodwill impairment charge	191,788	—	—	—	191,788
Natural disaster costs[4]	21	479	—	—	500
Total	$ 193,381	$ 3,527	$ 517	$ 7,749	$ 205,174

1 Consists primarily of professional fees and other costs for assessment of corporate and support cost structures. For the twelve months ended December 31, 2021, includes $1.9 million of costs associated with the Operating Group Reorganization, $3.9 million related to costs associated with debt financing, $2.8 million of corporate support costs, and $0.3 million associated with the OneTEAM program (exclusive of restructuring costs). For the twelve months ended December 31, 2020, includes $3.2 million associated with the OneTEAM program (exclusive of restructuring costs).

2 For the twelve months ended December 31, 2021, primarily relates to accrued legal matters and other legal fees. For the twelve months ended December 31, 2020, primarily relates to international legal and internal control review matters.

3 For the twelve months ended December 31, 2021, includes $2.9 million of severance charges associated with the Operating Group Reorganization and $0.2 million associated with other severances. For the twelve months ended December 31, 2020, $3.4 million of severance charges were associated with the OneTEAM program and $2.5 million in other severance charges were due to the impact of COVID-19.

4 Amount represents the insurance deductible amount for hurricane damage incurred during the period.

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

	Twelve Months Ended December 31,		Increase (Decrease)	
	2021	2020	$	%
Operating income (loss), excluding non-core expenses:				
IHT	$ 13,658	$ 18,743	$ (5,085)	(27.1)%
MS	8,633	29,406	(20,773)	(70.6)%
Quest Integrity	10,052	16,991	(6,939)	(40.8)%
Corporate and shared support services	(74,462)	(77,328)	2,866	3.7 %
Total operating income (loss), excluding non-core expenses	$ (42,119)	$ (12,188)	$ (29,931)	NM[1]

1 NM - Not meaningful

Excluding the impact of non-core expenses, the overall decrease in operating income is primarily attributable to our IHT, MS and Quest Integrity segments, which experienced a decrease in operating income of $5.1 million, $20.8 million and $6.9 million, respectively. The lower operating income in Quest Integrity reflects lower activity levels due to travel restrictions as a result of COVID-19 and decline in overall activity levels. The operating loss increase in MS was largely attributable to a decrease in maintenance activities and non-recurring projects from the prior year. The prior year comparable is also challenging given that the pandemic did not have a material impact on the first three months of operations in 2020 as well as inflationary cost pressures in 2021. These movements were partially offset by a decrease in corporate and shared support service expenses of $2.9 million, which was driven primarily by lower payroll expenses.

Other (income) expense, net. Other expense, net increased $0.1 million, from the same period in the prior year, primarily from foreign currency transaction losses in the current year compared to the prior year. Foreign currency transaction losses in the current year period reflect the effects of fluctuations in the U.S. Dollar relative to the foreign currencies to which we have exposure. Other expense, net also include certain components of our net periodic pension cost (credit) and a gain on disposal .

Loss on debt extinguishment and modification. In December 2020, we entered into lending arrangements, repaid all amounts outstanding under our prior credit facility (the "Credit Facility") and retired $136.9 million par value of our 5.00% Convertible Senior Notes due 2023 (the "Notes"). In connection with these transactions, we recognized a loss of $2.2 million, comprised of approximately $4.4 million in unamortized debt issuance costs on the Credit Facility and expenses associated with the extinguishment of the Notes, partially offset by a $2.2 million gain on extinguishment of the Notes.

Loss on warrants. In November 2021, the Company 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 warrant issued in December 2020 to Atlantic Park Strategic Capital Fund, L.P. ("APSC") to purchase up to 3,582,949 shares of Company 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") was amended and restated to provide for the purchase of up to 4,082,949 shares of Company common stock (which includes 500,000 of the shares of common stock issuable pursuant to 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 reduce the exercise price of the Existing Warrant to $1.50 per share. In connection with this transaction, reclassification of the A&R Warrant from a liability classification to equity post receipt of NYSE approval with the related change in fair value being recognized in the income statement resulted in a loss of $0.1 million.

Taxes. The provision for income tax was $11.2 million on the pre-tax loss from continuing operations of $174.8 million in the current year compared to the benefit for income tax of $14.7 million on pre-tax loss from continuing operations of $251.9 million in the prior year. The effective tax rate was a provision of 6.4% for the year ended December 31, 2021 and a benefit of 5.8% for the year ended December 31, 2020.The higher effective rate in 2021 is primarily attributable to the goodwill impairment loss taken during the year, a portion of which is not deductible for tax purposes and an increase in the valuation allowance.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

The following table sets forth the components of revenue and operating income (loss) from our operations for the years ended December 31, 2020 and 2019 (in thousands):

	Twelve Months Ended December 31,		Increase (Decrease)	
	2020	2019	$	%
Revenues by business segment:				
IHT	$ 374,740	$ 512,950	$ (138,210)	(26.9)%
MS	392,484	535,372	(142,888)	(26.7)%
Quest Integrity	85,315	114,992	(29,677)	(25.8)%
Total revenues	$ 852,539	$ 1,163,314	$ (310,775)	(26.7)%
Operating income (loss):				
IHT[2]	$ (174,638)	$ 24,084	$ (198,722)	NM[1]
MS	25,879	55,385	(29,506)	(53.3)%
Quest Integrity	16,474	28,757	(12,283)	(42.7)%
Corporate and shared support services	(85,077)	(110,372)	25,295	22.9 %
Total operating income (loss)	$ (217,362)	$ (2,146)	$ (215,216)	NM[1]
Interest expense, net	$ (29,818)	$ (29,713)	$ (105)	(0.4)%
Loss on debt extinguishment and modification	(2,224)	(279)	(1,945)	NM[1]
Other expense, net	(2,514)	(715)	(1,799)	NM[1]
Loss before income taxes	$ (251,918)	$ (32,853)	$ (219,065)	NM[1]
Benefit for income taxes	14,715	436	$ 14,279	NM[1]
Net loss	$ (237,203)	$ (32,417)	$ (204,786)	NM[1]

1 Not meaningful

2 Includes goodwill impairment charge of $191.8 million for the twelve months ended December 31, 2020.

Revenues. Total revenues declined $310.8 million or 26.7% from the same period in the prior year. Excluding the unfavorable impact of $2.3 million due to foreign currency exchange rate changes, total revenues decreased by $308.5 million, IHT revenues decreased by $137.9 million, MS revenues decreased by $141.5 million and Quest Integrity revenues decreased by $29.1 million. Decreased activity levels in IHT, MS and Quest Integrity were primarily due to volumes being negatively impacted by the outbreak of COVID-19 and the oversupplied oil market causing certain clients to temporarily close facilities and/or curtail operations, resulting in the postponement of client projects and lower demand for our services. Without the COVID-19 pandemic effects, we would typically benefit for a period of 12 to 18 months following a refining utilization rate drop, however, current market dynamics have delayed the demand growth for our products and services. The unfavorable impacts of foreign exchange rate changes are primarily due to the strengthening of the U.S. dollar relative to the foreign currencies to which we have exposure during this period.

Operating income (loss). Overall operating loss was $217.4 million, compared to an operating loss of $2.1 million in the year ended December 31, 2019. The increase in operating loss was primarily attributable to a non-cash goodwill impairment charge of $191.8 million during the first quarter of 2020, which was triggered by the existence of impairment indicators, including the decline in our forecasts as a result of the COVID-19 pandemic and the related decline in market conditions in our IHT operating segment.

Operating income (loss) for the year ended December 31, 2020 included net expenses totaling $205.2 million that we do not believe are indicative of our core operating activities, while the same period in the prior year included $23.3 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) (in thousands):

	IHT	MS	Quest Integrity	Corporate and shared support services	Total
Twelve Months Ended December 31, 2020					
Professional fees and other[1]	$ —	$ —	$ —	$ 5,062	$ 5,062
Legal costs[2]	—	—	—	1,947	1,947
Severance charges, net[3]	1,572	3,048	517	740	5,877
Goodwill impairment charge	191,788	—	—	—	191,788
Natural disaster costs[4]	21	479	—	—	500
Total	$ 193,381	$ 3,527	$ 517	$ 7,749	$ 205,174
Twelve Months Ended December 31, 2019					
Professional fees and other[1]	$ —	$ —	$ —	$ 16,448	$ 16,448
Legal costs[2]	—	—	—	5,167	$ 5,167
Restructuring and other related charges[3]	249	418	62	947	1,676
Total	$ 249	$ 418	$ 62	$ 22,562	$ 23,291

1 Consists primarily of professional fees and other costs for assessment of corporate and support cost structures. For the twelve months ended December 31, 2020 and 2019, includes $3.2 million and $12.3 million, respectively, associated with the OneTEAM program (exclusive of restructuring costs).

2 For the twelve months ended December 31, 2020, primarily relates to accrued costs due to international legal and internal control review matters. For the twelve months ended December 31, 2019, primarily relates to accrued costs due to the resolution of a legal matter.

3 For the twelve months ended December 31, 2020 and twelve months ended December 31, 2019, includes $3.4 million and $1.7 million of severance charges associated with the OneTEAM program, including international restructuring under the OneTEAM program. For the twelve months ended December 31, 2020, $2.5 million in other severance charges were due to the impact of COVID-19.

4 Amount represents the insurance deductible amount for hurricane damage incurred during the period.

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

	Twelve Months Ended December 31,		Increase (Decrease)	
	2020	2019	$	%
Operating income (loss), excluding non-core expenses:				
IHT	$ 18,743	$ 24,333	$ (5,590)	(23.0)%
MS	29,406	55,803	(26,397)	(47.3)%
Quest Integrity	16,991	28,819	(11,828)	(41.0)%
Corporate and shared support services	(77,328)	(87,810)	10,482	11.9 %
Total operating income (loss), excluding non-core expenses	$ (12,188)	$ 21,145	$ (33,333)	(157.6)%

Excluding the impact of non-core expenses, the overall decrease in operating income is primarily attributable to our MS and Quest Integrity segments, which experienced a decrease in operating income of $26.4 million and $11.8 million, respectively. The lower operating income in MS and Quest Integrity reflects lower activity levels due to a decline in market conditions as a result of the COVID-19 pandemic and the decline in oil prices. These movements were partially offset by a decrease in corporate and shared support service expenses of $10.5 million, which was driven primarily by lower payroll and noncash compensation expenses.

Other (income) expense, net. Other expense, net increased $1.8 million, or 252%, from the same period in the prior year, primarily from foreign currency transaction losses in the current year compared to the prior year. Foreign currency transaction losses in the current year period reflect the effects of fluctuations in the U.S. Dollar relative to the foreign currencies to which we have exposure. Other expense, net also include certain components of our net periodic pension cost (credit).

Loss on debt extinguishment and modification. In December 2020, we entered into lending arrangements, repaid all amounts outstanding under our prior credit facility (the "Credit Facility") and retired $136.9 million par value of our 5.00% Convertible Senior Notes due 2023 (the "Notes"). In connection with these transactions, we recognized a loss of $2.2 million, comprised of approximately $4.4 million in unamortized debt issuance costs on the Credit Facility and expenses associated with the extinguishment of the Notes, partially offset by a $2.2 million gain on extinguishment of the Notes. See further discussion of our debt in Note 11- *Long-term debt*, to our consolidated financial statements included in this report. The write-off of debt issuance costs of $0.3 million for the year ended December 31, 2019 was associated with a reduction in capacity of the revolving portion of the Credit Facility in July 2019.

Taxes. The benefit for income tax was $14.7 million on the pre-tax loss from continuing operations of $251.9 million in the current year compared to the benefit for income tax of $0.4 million on pre-tax loss from continuing operations of $32.9 million in the prior year. The effective tax rate was a benefit of 5.8% for the year ended December 31, 2020 and a benefit of 1.3% for the year ended December 31, 2019.The higher effective rate benefit in 2020 is primarily attributable to the tax benefit related to the goodwill impairment loss taken during the year, a portion of which is not deductible for tax purposes, and tax benefits recorded as a result of certain provisions within the CARES Act, enacted on March 27, 2020. The rate was also positively impacted by a decrease in valuation allowance on the expected realizability of the Company's deferred tax assets for net operating loss carryforwards in certain foreign jurisdictions in which the Company operates. These benefits were offset by an increase in valuation allowance on the expected realizability of the Company's deferred tax assets for federal and state tax net operating loss carryforwards. The CARES Act was enacted as a stimulus package to mitigate the negative financial impact of the COVID-19 pandemic on the economy. A provision in the CARES Act allows for the carryback of net operating losses generated in certain tax years, which were previously only allowed to be carried forward, to recover income taxes paid at a higher statutory tax rate than the rate under current law. A tax benefit in the amount of $7.3 million was recorded during the year related to the carryback of net operating losses.

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 OneTEAM program, costs associated with the Operating Group Reorganization (as defined in Note 17 to the consolidated financial statements), 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 OneTEAM 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 December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Adjusted Net Income (Loss):				
Net loss	$ (43,053)	$ (14,875)	$ (186,019)	$ (237,203)
Professional fees and other[1]	5,775	1,076	8,882	5,062
Legal costs[2]	398	21	7,243	1,947
Severance charges, net[3]	302	876	3,106	5,877
Natural disaster costs[4]	—	—	—	500
Loss on warrants	59		59	
Loss on debt extinguishment	—	2,224	—	2,224
Goodwill impairment charge	8,795	—	64,632	191,788
Tax impact of adjustments and other net tax items[5]	(17)	(881)	(385)	(16,491)
Adjusted net loss	$ (27,741)	$ (11,559)	$ (102,482)	$ (46,296)
Adjusted net loss per common share:				
Basic and diluted	$ (0.89)	$ (0.38)	$ (3.31)	$ (1.51)
Consolidated Adjusted EBIT and Adjusted EBITDA:				
Net loss	$ (43,053)	$ (14,875)	$ (186,019)	$ (237,203)
Provision (benefit) for income taxes	1,785	1,097	11,209	(14,715)
Interest expense, net	17,340	7,971	46,308	29,818
Foreign currency loss (gain)[6]	1,400	1,117	5,674	2,758
Pension expense (credit)[7]	(102)	137	(622)	(244)
Gain on disposal	(2,591)	—	(2,591)	—
Loss on debt extinguishment and modification	—	2,224	—	2,224
Loss on warrants	59	—	59	—
Professional fees and other[1]	5,775	1,076	8,882	5,062
Legal costs[2]	398	21	7,243	1,947
Severance charges, net[3]	302	876	3,106	5,877
Natural disaster costs[4]	—	—	—	500
Goodwill impairment charge	8,795	—	64,632	191,788
Consolidated Adjusted EBIT	(9,892)	(356)	(42,119)	(12,188)
Depreciation and amortization				
Amount included in operating expenses	4,819	5,588	20,210	23,105
Amount included in SG&A expenses	5,283	5,611	21,308	22,803
Total depreciation and amortization	10,102	11,199	41,518	45,908
Non-cash share-based compensation costs	1,437	2,234	7,013	6,307
Consolidated Adjusted EBITDA	$ 1,647	$ 13,077	$ 6,412	$ 40,027
Free Cash Flow:				
Cash provided by (used in) operating activities	$ 408	$ 32,599	$ (35,453)	$ 52,764
Capital expenditures	(5,229)	(3,274)	(17,605)	(19,958)
Free Cash Flow	$ (4,821)	$ 29,325	$ (53,058)	$ 32,806

1 For the three and twelve months ended December 31, 2021, includes $0.2 million and $1.9 million, respectively, of costs associated with the Operating Group Reorganization (exclusive of restructuring costs). There were also $3.9 million related to costs associated with debt financing, $2.8 million of corporate support costs, and $0.3 million associated with the OneTEAM program (exclusive of restructuring costs). For the three and twelve months ended December 31, 2020, includes $0.6 million and $3.2 million, respectively, associated with the OneTEAM program (exclusive of restructuring costs).

2 For the three and twelve months ended December 31, 2021, primarily relates to accrued legal matters and other legal fees. For the three months and twelve months ended December 31, 2020, primarily relates to costs associated with international legal matters.

3 For the three months and twelve months ended December 31, 2021, $0.3 million and $2.9 million, respectively, associated with the Operating Group Reorganization and other continuing restructuring measures. For the three and twelve months ended December 31, 2020, severance charges are associated with the OneTEAM program, including international operations.

4 Amount represents the insurance deductible for hurricane damage incurred for the twelve months ended December 31, 2020.

5 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 updated the prior period tax impact to use the statutory tax rate by legal entity, net of valuation allowance.

6 Represents foreign currency gain/loss. For prior periods, includes other nominal fees.

7 Represents pension expense (credit) 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 December 31,		Twelve Months Ended December 31,	
		2021	2020	2021	2020
egment Adjusted EBIT and Adjusted EBITDA:					
HT					
Operating income (loss)	$	2,173	$ 5,052	$ 12,997	$ (174,638)
Severance charges, net[1]		86	446	661	1,572
Natural disaster costs[2]		—	—	—	21
Goodwill impairment charge		—	—	—	191,788
Adjusted EBIT		2,259	5,498	13,658	18,743
Depreciation and amortization		3,071	3,553	12,959	14,891
Adjusted EBITDA	$	5,330	$ 9,051	$ 26,617	$ 33,634
IS					
Operating income (loss)	$	3,071	$ 5,377	$ (47,728)	$ 25,879
Severance charges, net[1]		30	55	524	3,048
Natural disaster costs[2]		—	—	—	479
Goodwill impairment loss		—	—	55,837	—
Adjusted EBIT		3,101	5,432	8,633	29,406
Depreciation and amortization		5,068	5,457	20,500	21,854
Adjusted EBITDA	$	8,169	$ 10,889	$ 29,133	$ 51,260
uest Integrity					
Operating income (loss)	$	(6,252)	$ 6,673	$ 900	$ 16,474
Severance charges, net[1]		83	191	357	517
Goodwill impairment loss		8,795	—	8,795	—
Adjusted EBIT		2,626	6,864	10,052	16,991
Depreciation and amortization		600	845	2,616	3,587
Adjusted EBITDA	$	3,226	$ 7,709	$ 12,668	$ 20,578
orporate and shared support services					
Net loss	$	(44,636)	$ (31,977)	$ (154,779)	$ (104,918)
Provision (benefit) for income taxes		1,785	1,097	11,209	(14,715)
Interest expense, net		17,340	7,971	46,308	29,818
Loss on debt extinguishment and modification		—	2,224	—	2,224
Foreign currency loss (gain)[3]		1,400	1,117	5,674	2,758
Pension expense (credit)[4]		(102)	137	(622)	(244)
Loss on warrants		59	—	59	—
Professional fees and other[5]		5,775	1,076	8,882	5,062
Legal costs[6]		398	21	7,243	1,947
Severance charges, net[1]		103	184	1,564	740
Adjusted EBIT		(17,878)	(18,150)	(74,462)	(77,328)
Depreciation and amortization		1,363	1,344	5,443	5,576
Non-cash share-based compensation costs		1,437	2,234	7,013	6,307
Adjusted EBITDA	$	(15,078)	$ (14,572)	$ (62,006)	$ (65,445)

1 Primarily relates to severance charges incurred associated with the Operating Group Reorganization and other continuing restructuring measures for the three and twelve months ended December 31, 2021. For the three and twelve months ended December 31, 2020, relates to severance charges associated with the OneTEAM program, including international restructuring under the OneTEAM program.

2 Amount represents the insurance deductible for hurricane damage incurred for the twelve months ended December 31, 2020.

3 Represents foreign currency gain/loss. For prior periods, includes other nominal fees.

4 Represents pension expense (credit) 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.

5 For the three and twelve months ended December 31, 2021, includes $0.2 million and $1.9 million, respectively, of costs associated with the Operating Group Reorganization (exclusive of restructuring costs). For the three and twelve months ended December 31, 2020, includes $0.6 million and $3.2 million, respectively, associated with the OneTEAM program (exclusive of restructuring costs).

6 For the three and twelve months ended December 31, 2021, primarily relates to accrued legal matters and other legal fees. For the three and twelve months ended December 31, 2020, primarily relates to costs associated with international legal matters.

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. Subsequent to year-end, we had limited borrowing capacity to fund our increasing working capital needs. 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 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 “Credit Agreement”) led by Citibank, N.A. (“Citibank”), as agent, which provides for available borrowings up to $150 million (the “ABL Facility”). The ABL Facility matures and all outstanding amounts become due and payable on December 18, 2024. However, if our Notes, which mature on August 1, 2023, have an aggregate principal amount of $10 million (updated from $50.0 million to $10.0 million as part of the Third Amendment to the Term Loan) or more outstanding 120 days prior to their maturity date (the “Trigger Date”), or if there are Notes in an aggregate principal amount of less than $10 million outstanding and we do not have sufficient availability of more than 20% under the ABL Facility on the Trigger Date, the ABL Facility will terminate on the Trigger Date. The ABL Facility includes a $50 million sublimit for letters of credit issuance and $35 million sublimit for swingline borrowings. Additionally, subject to certain conditions, including obtaining additional commitments, the ABL Facility may be increased by an amount not to exceed $50 million.

On December 8, 2021, the Company entered into Amendment No. 2 (the “ABL Amendment No. 2”) to the Credit Agreement. ABL Amendment No. 2, among other things, (i) revises the applicable margin to 4.25% for LIBOR rate advances, (ii) provides that at all times beginning on the effective date of the 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 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 ABL Facility are guaranteed by certain of our direct and indirect subsidiaries, as set forth in the ABL Facility agreement. The ABL Facility is 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 is based on a percentage of the value of accounts receivable and inventory, reduced for certain reserves.

Borrowings under the ABL Facility bear 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 is 4.25% and for Base Rate borrowings is 3.25%. The all-in Base Rate floor is 1.75% and for LIBOR rate borrowings, the LIBOR rate, exclusive of spread, has a 0.75% 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 ABL Facility agreement. The fee for undrawn amounts ranges from 0.375% to 0.5%, depending on usage and is due quarterly.

The ABL Facility contains customary conditions to borrowings, events of default and covenants, including, but not limited to, covenants that restrict our ability to sell assets, makes 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 is 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 ABL Facility then in effect, a consolidated fixed charge coverage ratio of at least 1.00 to 1.00 must be maintained. Upon the occurrence of certain events of default, an additional 2.0% interest maybe required on the outstanding loans under the ABL Facility.

At December 31, 2021, we had $65.3 million of cash on hand, of which, $4.1 million was restricted for interest due on the Term Loan and about $4.0 million of cash is located in countries where currency restrictions exist. We had approximately $4.2 million of available borrowing capacity under the ABL Facility. Direct and incremental costs associated with the issuance of the ABL Facility were approximately $4.8 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 February 11, 2022, we entered into a new credit agreement (such agreement, the ABL Credit Agreement) (the "ABL Credit Facility") 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, however, the ABL Credit Facility is subject to the Trigger Date as noted above. The proceeds of the loans under the ABL Credit Facility were used to, among other things, pay off the amounts owed under the Credit Agreement, which was repaid and terminated in full on February 11, 2022.

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 (the "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 Trigger Date, in which case the Term Loan will terminate on the 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 Facility, and we may increase the Term Loan by an amount not to exceed $100 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 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 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 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 Trigger date from $50 million to $10 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) permits the entry into the ABL Credit Agreement, (ii) permits 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) 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 this unfinanced capital expenditures requirement 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.

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 the Corre Amendments 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 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 this unfinanced capital expenditures requirement 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.

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 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 December 31, 2020, the principal amount of Notes outstanding was $93.1 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 December 31, 2021 totaled $65.3 million, of which $4.1 million was restricted for interest due on the Atlantic Park Term Loan. Additionally, $23.8 million of the $65.3 million of cash and cash equivalents was in foreign accounts, primarily in the Europe, Canada and Australia including $4.0 million of cash located in countries where currency restrictions exist.

Cash flows attributable to our operating activities. For the year ended December 31, 2021, net cash used in operating activities was $35.5 million. Although we incurred a net loss of $186.0 million, the goodwill impairment of $64.6 million, the effect of depreciation and amortization of $41.5 million, a decrease in working capital of $18.8 million, non-cash compensation cost of $7.0 million, amortization of debt issuance costs and debt discount of $13.8 million and deferred income taxes of $4.5 million primarily due to net tax refunds, resulted in negative operating cash flow.

For the year ended December 31, 2020, net cash provided by operating activities was $52.8 million. Although we incurred a net loss of $237.2 million, the goodwill impairment of $191.8 million, the effect of depreciation and amortization of $45.9 million, a decrease in working capital of $37.3 million, non-cash compensation cost of $6.3 million, amortization of debt issuance costs and debt discount of $8.8 million and deferred income taxes of $4.0 million primarily due to net tax refunds, resulted in positive operating cash flow.

For the year ended December 31, 2019, net cash provided by operating activities was $58.8 million. Although we incurred a net loss of $32.4 million, the effect of depreciation and amortization of $49.1 million, a decrease in working capital of $25.0 million, non-cash compensation cost of $10.1 million, amortization of debt issuance costs and debt discount of $7.7 million and deferred income taxes of $3.8 million primarily due to net tax refunds, resulted in positive operating cash flow.

Cash flows attributable to our investing activities. For the year ended December 31, 2021, net cash used in investing activities was $14.1 million, consisting primarily of $17.6 million of capital expenditures.

For the years ended December 31, 2020 and 2019, net cash used in investing activities was $18.3 million and $28.1 million, respectively, consisting primarily of $20.0 million and $29.0 million, respectively, of capital expenditures. Capital expenditures can vary depending upon specific client needs that may arise unexpectedly.

Cash flows attributable to our financing activities. For the year ended December 31, 2021, net cash provided by in financing activities was $91.9 million, consisting primarily of $137.0 million of payments under the ABL Facility, $10.5 million of term loan debt issuance costs, and $0.2 million in withholding tax payments related to share-based compensation, partially offset by gross borrowings on our ABL Facility of $128.0 million and borrowings of $50.0 million under the Subordinated Term Loan.

For the year ended December 31, 2020, net cash used in financing activities was $23.5 million, consisting primarily of $126.6 million net debt repayments under the Credit Facility, $135.5 million for partial extinguishment of convertible debt, $35.0 million of payments under the ABL Facility, $9.1 million of term loan debt issuance costs, $2.4 million of debt extinguishment costs, and $1.0 million in withholding tax payments related to share-based compensation, partially offset by net borrowings on our Term Loan of $242.5 million and net borrowings on our ABL Facility of $44.0 million.

For the year ended December 31, 2019, net cash used in financing activities was $36.8 million, consisting primarily of $82.4 million net debt repayments under the revolving portion of our Credit Facility, $1.9 million in withholding tax payments related to share-based compensation, $0.4 million in contingent consideration payments and $1.5 million of Credit Facility debt issuance costs, partially offset by net borrowings on our Credit Facility term loan of $49.7 million.

Effect of exchange rate changes on cash. For the year ended December 31, 2021, the effect of foreign exchange rate changes on cash was a negative impact of $1.6 million. The negative impact in the current year is primarily attributable to unfavorable fluctuations in U.S. Dollar exchange rates with the Canadian Dollar, the Euro, the British Pound the Australian Dollar and Mexican Peso.

For the years ended December 31, 2020 and 2019, the effect of foreign exchange rate changes on cash was a positive impact of $1.4 million and negative impact of $43.0 thousand, respectively. The positive impact in the 2020 is primarily attributable to unfavorable fluctuations in U.S. Dollar exchange rates with the Canadian Dollar, the Euro, the British Pound the Australian Dollar and Mexican Peso. The impact in 2019 periods is primarily attributable to fluctuations in U.S. Dollar exchange rates with the Canadian Dollar, Australian Dollar, the British Pound, the Euro and the Brazilian Real.

Critical Accounting Policies

The process of preparing financial statements in accordance with GAAP requires our management to make estimates and judgments. It is possible that materially different amounts could be recorded if these estimates and judgments change or if actual results differ from these estimates and judgments. We believe that the following critical accounting policies comprise the more significant estimates and assumptions used in the preparation of our consolidated financial statements.

Revenue from contracts with customers. The majority of our revenues are derived from providing services on a time and material basis and are short-term in nature. We account for revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers.*

Revenue is recognized as (or when) the performance obligations are satisfied by transferring control over a service or product to the customer. As most of our contracts contain only one performance obligation, the allocation of a contract's transaction price to multiple performance obligations is generally not applicable. 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.

Certain contracts may also contain a combination of fixed and variable pricing elements. Generally, in contracts where the amount of consideration is variable, the amount is determinable each period based on our right to invoice the customer for services performed to date.

Goodwill. Goodwill represents the excess purchase price of acquired businesses over the fair values attributed to underlying net tangible assets and identifiable intangible assets. We test goodwill each year on December 1 for impairment at a reporting unit level. Goodwill is also tested for impairment whenever an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. An assessment can be performed by first completing a qualitative assessment on none, some, or all of our reporting units. We can also bypass the qualitative assessment for any reporting unit in any period and proceed directly to the quantitative impairment test, and then resume the qualitative assessment in any subsequent period. Qualitative indicators that may trigger the need for annual or interim quantitative impairment testing include, among other things, deterioration in macroeconomic conditions, declining financial performance, deterioration in the operational environment, or an expectation of selling or disposing of a portion of a reporting unit. Additionally, a significant change in business climate, a loss of a significant client, increased competition, a sustained decrease in share price, or a decrease in our market capitalization below book value may trigger the need for interim impairment testing of goodwill associated with one or more of our reporting units. If we believe that, as a result of our qualitative assessment, it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. The quantitative test involves comparing the fair value of each of our reporting units with its carrying amount, including goodwill.

During the third and fourth quarter of 2021, our assessment of qualitative indicators associated with our interim and annual goodwill impairment tests indicated an impairment existed as the carrying value of the MS and Quest Integrity reporting units, respectively, exceeded its fair value. See Note 8 in the notes to consolidated financial statements for further details.

Income taxes. We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, we determine deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted rates in effect for the year in which the differences are expected to reverse. The effect of the change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we would be unable to realize our deferred tax assets, we would make an adjustment to the deferred tax asset valuation allowance.

We establish reserves for uncertain tax positions when 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.

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 consolidated financial statements.

ITEM 7A. 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 a functional currency that is 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 year ended December 31, 2021 were $5.7 million and relate primarily to fluctuations in the U.S. Dollar in relation to the Euro and the Brazilian Real.

In 2015, we initiated 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 utilize 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 Australian Dollar, Canadian Dollar, Brazilian Real, British Pound, Euro, Malaysian Ringgit and Mexican Peso.

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 losses recognized in other comprehensive loss were $2.2 million for the year ended December 31, 2021.

Based on the year ended December 31, 2021, we had foreign currency-based revenues and operating loss of $271.0 million and $7.6 million, respectively. A hypothetical 10% adverse change in all applicable foreign currencies would result in an annual change in revenues and operating loss of $26.9 million and $0.8 million, respectively.

The ABL 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 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 December 31, 2021, the outstanding principal balance of the Notes was $93.1 million. The carrying value of the liability component of the Notes, net of the unamortized discount and issuance costs, was $87.7 million as of December 31, 2021, while the estimated fair value of the Notes was $84.0 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 consolidated financial statements for additional information regarding the Notes.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Team, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Team, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements), and our report dated March 16, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Houston, Texas
March 16, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Team, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Team, Inc. and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 16, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill impairment analysis of the Quest Integrity reporting unit

As discussed in Note 8 to the consolidated financial statements, the Company has three reporting units and performs a goodwill impairment test at a reporting unit level on an annual basis on December 1 and whenever there are sufficient indicators that the carrying value of a reporting unit exceeds its fair value. This involves estimating the fair value of the reporting units using discounted cash flow model analyses and market approaches for comparable companies. The Company experienced forecasted revenue and earnings declines due to lower activity and pricing pressure for its products and services and sustained declines in their stock price. Accordingly, the Company performed a quantitative goodwill impairment assessment on December 1, 2021. The carrying amount of the Quest Integrity reporting unit exceeded its fair value and the Company recorded a partial goodwill impairment charge to the Quest Integrity reporting unit ("Quest") of $8.8 million.

We identified the evaluation of the goodwill impairment analysis of Quest as a critical audit matter. Evaluating the assumptions used in the discounted cash flow model analysis used to estimate the fair value of Quest required the involvement of valuation professionals and a high degree of auditor judgment. Specifically, the forecasted revenue, revenue growth rates, and the discount rate assumptions used in the assessment of the fair value of Quest required subjective auditor judgment as they are sensitive to variation based on future market and economic conditions and could have an effect on the Company’s determination of the impairment charge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company’s goodwill impairment process. This included controls related to the determination of the forecasted revenue, revenue growth rates, and discount rate assumptions used to determine the fair value of Quest. To assess the Company’s ability to accurately forecast, we compared the Company’s historical forecasted revenue and revenue growth rates related to Quest to actual results. We performed sensitivity analyses related to forecasted revenue assumptions to assess the impact of changes in those assumptions on the Company’s determination of fair value. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the Company’s discount rate by comparing it against a discount rate range that was independently developed using publicly available market data.

Assessment of the Company’s ability to continue as a going concern
As discussed in Note 1 to the consolidated financial statements, the Company prepares its consolidated financial statements on a going concern basis. The Company has incurred recurring operating losses as a result of the COVID-19 pandemic, related economic repercussions, and difficult market conditions. The Company has incurred losses of $186 million for the year ended December 31, 2021 and presented an accumulated deficit of $375 million as of December 31, 2021. Management evaluated the Company’s liquidity within one year after the date of issuance of the 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 the liquidity assessment, management 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 levels under the Company’s existing debt arrangements. The cash flow projections were based on known or planned cash requirements for operating and financing costs. Management believes, based on the Company’s forecast, that current working capital and capital expenditure financing is sufficient to fund operations and satisfy the Company’s obligations as they come due within one year after the date of issuance of the consolidated financial statements.

We identified the assessment of the Company’s ability to continue as a going concern and related disclosures as a critical audit matter. There was a high degree of subjectivity and significant auditor judgment involved in assessing management’s cash flow forecast, specifically forecasted revenue and operating costs, and excess availability levels under the Company’s existing debt arrangements due to the uncertainty in the estimate of cash inflows and outflows.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to management’s assessment of the Company’s ability to continue as a going concern, including controls related to the cash flow forecast and review of excess availability levels under the Company’s existing debt arrangements. We assessed management’s ability to forecast revenue and operating costs by comparing prior years’ forecasts to actual results. We performed sensitivity analyses over management’s forecasted revenue and operating costs used in the cash flow forecast and excess availability levels under various scenarios to assess the impact of changes in those assumptions on the Company’s assessment of its ability to continue as a going concern. We compared management’s forecasts to the actual results of operations and excess availability levels for the available period after year-end. We examined the related debt agreements to identify terms that may impact availability of funds. We assessed the adequacy of the disclosures related to the application of the going concern assessment.

/s/ KPMG LLP

We have served as the Company’s auditor since 2002.

Houston, Texas
March 16, 2022

TEAM, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 65,315	$ 24,586
Receivables, net of allowance of $8,912 and $9,918	188,772	194,066
Inventory	35,754	36,854
Income tax receivable	3,349	1,474
Prepaid expenses and other current assets	59,868	26,752
Total current assets	353,058	283,732
Property, plant and equipment, net	161,359	170,309
Intangible assets, net of accumulated amortization of $124,197 and $111,318	89,898	103,282
Operating lease right-of-use assets	60,700	63,869
Goodwill	25,243	91,351
Defined benefit pension asset	2,902	—
Other assets, net	10,533	11,642
Deferred income taxes	792	6,790
Total assets	$ 704,485	$ 730,975
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt and finance lease obligations	$ 669	$ 337
Current portion of operating lease obligations	16,176	17,375
Accounts payable	46,181	42,148
Other accrued liabilities	121,099	73,144
Total current liabilities	184,125	133,004
Deferred income taxes	4,185	4,375
Long-term debt and finance lease obligations	405,191	312,159
Operating lease obligations	49,221	52,207
Defined benefit pension liability	—	5,282
Other long-term liabilities	9,896	9,345
Total liabilities	652,618	516,372
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; 31,214,714 and 30,874,437 shares issued	9,359	9,257
Additional paid-in capital	444,824	422,589
Accumulated deficit	(375,584)	(189,565)
Accumulated other comprehensive loss	(26,732)	(27,678)
Total equity	51,867	214,603
Total liabilities and equity	$ 704,485	$ 730,975

See accompanying notes to consolidated financial statements.

TEAM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Twelve Months Ended December 31,		
	2021	2020	2019
Revenues	$ 874,553	$ 852,539	$ 1,163,314
Operating expenses	660,118	613,828	835,570
Gross margin	214,435	238,711	327,744
Selling, general and administrative expenses	272,869	260,920	328,214
Restructuring and other related charges, net (see Note 17)	2,916	3,365	1,676
Goodwill impairment charge (see Note 8)	64,632	191,788	—
Operating loss	(125,982)	(217,362)	(2,146)
Interest expense, net	(46,308)	(29,818)	(29,713)
Loss on warrants	(59)	—	—
Loss on debt extinguishment and modification	—	(2,224)	(279)
Other income (expense), net	(2,461)	(2,514)	(715)
Loss before income taxes	(174,810)	(251,918)	(32,853)
Benefit (provision) for income taxes (see Note 10)	(11,209)	14,715	436
Net loss	$ (186,019)	$ (237,203)	$ (32,417)
Loss per common share:			
Basic and Diluted	$ (6.01)	$ (7.74)	$ (1.07)

See accompanying notes to consolidated financial statements.

TEAM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Twelve Months Ended December 31,		
	2021	2020	2019
Net loss	$ (186,019)	$ (237,203)	$ (32,417)
Other comprehensive income (loss) before tax:			
Foreign currency translation adjustment	(2,213)	3,697	3,865
Foreign currency hedge	—	(1,198)	282
Defined benefit pension plans:			
Net actuarial gain (loss) arising during period	4,048	—	(421)
Settlement cost during period	67	—	226
Amortization of prior service cost	33	—	33
Other comprehensive income (loss), before tax	1,935	2,499	3,985
Tax (provision) benefit attributable to other comprehensive income (loss)	(989)	13	217
Other comprehensive income (loss), net of tax	946	2,512	4,202
Total comprehensive loss	$ (185,073)	$ (234,691)	$ (28,215)

See accompanying notes to consolidated financial statements.

TEAM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Shares	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at December 31, 2018	30,184	9,053	$ 400,989	$ 81,450	$ (34,392)	$ 457,100
Adoption of new accounting principles, net of tax	—	—	—	(360)	—	(360)
Net loss	—	—	—	(32,417)	—	(32,417)
Foreign currency translation adjustment, net of tax	—	—	—	—	4,258	4,258
Foreign currency hedge, net of tax	—	—	—	—	213	213
Defined benefit pension plans, net of tax	—	—	—	—	(269)	(269)
Non-cash compensation	—	—	10,055	—	—	10,055
Net settlement of vested stock awards	335	100	(2,010)	—	—	(1,910)
Balance at December 31, 2019	30,519	9,153	$ 409,034	$ 48,673	$ (30,190)	$ 436,670
Adoption of new accounting principles, net of tax	—	—	—	(1,035)	—	(1,035)
Net loss	—	—	—	(237,203)	—	(237,203)
Foreign currency translation adjustment, net of tax	—	—	2	—	3,357	3,359
Foreign currency hedge, net of tax	—	—	—	—	(904)	(904)
Defined benefit pension plans, net of tax	—	—	—	—	59	59
Non-cash compensation	—	—	6,307	—	—	6,307
Net settlement of vested stock awards	355	104	(1,093)	—	—	(989)
Extinguishment of convertible debt	—	—	(14,044)	—	—	(14,044)
Issuance of warrant, net	—	—	22,383	—	—	22,383
Balance at December 31, 2020	30,874	9,257	$ 422,589	$ (189,565)	$ (27,678)	$ 214,603
Net loss	—	—	—	(186,019)	—	(186,019)
Foreign currency translation adjustment, net of tax	—	—	—	—	(2,214)	(2,214)
Defined benefit pension plans, net of tax	—	—	—	—	3,160	3,160
Non-cash compensation	—	—	7,013	—	—	7,013
Net settlement of vested stock awards	340	102	(342)	—	—	(240)
Issuance of warrant, net	—	—	15,564	—	—	15,564
Balance at December 31, 2021	31,214	9,359	$ 444,824	$ (375,584)	$ (26,732)	$ 51,867

See accompanying notes to consolidated financial statements.

TEAM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Twelve Months Ended December 31,		
	2021	2020	2019
Cash flows from operating activities:			
Net loss	$ (186,019)	$ (237,203)	$ (32,417)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	41,518	45,908	49,059
Loss on debt extinguishment and modification	415	2,224	279
Loss on Warrants	59	—	—
Amortization of debt issuance costs and debt discounts	13,784	8,829	7,695
Allowance for credit losses	1,943	1,612	(2,573)
Foreign currency loss	5,674	2,758	494
Deferred income taxes	4,521	(3,974)	3,795
(Gain) loss on asset disposal	(2,981)	1,161	(187)
Goodwill impairment charges	64,632	191,788	—
Non-cash compensation cost	7,013	6,307	10,055
Other, net	(4,844)	(3,994)	(2,409)
Changes in operating assets and liabilities:			
Accounts receivable	700	46,147	27,194
Inventory	528	2,702	9,551
Prepaid expenses and other current assets	4,190	(210)	494
Accounts payable	1,178	3,782	(5,356)
Other accrued liabilities	11,631	(12,798)	(8,378)
Income taxes	605	(2,275)	1,540
Net cash (used in) provided by operating activities	(35,453)	52,764	58,836
Cash flows from investing activities:			
Capital expenditures[1]	(17,605)	(19,958)	(29,035)
Business acquisitions, net of cash acquired	—	(1,013)	—
Proceeds from disposal of assets	3,528	2,645	934
Other	—	25	—
Net cash used in investing activities	(14,077)	(18,301)	(28,101)
Cash flows from financing activities:			
Net payments under Credit Facility revolver	—	(76,638)	(82,396)
Borrowings under ABL Facility, net	62,000	—	—
Borrowings under ABL Facility, gross	128,000	44,000	—
Payments under ABL Facility, gross	(137,000)	(35,000)	—
Net borrowings under Subordinated Term Loan	50,000	—	—
Borrowings (payments) under Credit Facility term loan, net of debt discount	—	(50,000)	49,745
Borrowings under Term Loan, net of discount	—	242,500	—
Repurchase of convertible debt	—	(135,501)	—
Contingent consideration payments	—	—	(428)
Payments for debt issuance costs	(10,457)	(9,113)	(1,524)
Taxes paid related to net share settlement of share-based awards	(240)	(990)	(1,911)
Payments for debt extinguishment and equity reacquisition costs	—	(2,447)	—
Other	(453)	(272)	(291)
Net cash provided by (used in) financing activities	91,850	(23,461)	(36,805)
Effect of exchange rate changes on cash	(1,591)	1,409	(43)
Net increase (decrease) in cash and cash equivalents	40,729	12,411	(6,113)
Cash and cash equivalents at beginning of period	24,586	12,175	18,288
Cash and cash equivalents at end of period	$ 65,315	$ 24,586	$ 12,175
Supplemental disclosure of cash flow information:			
Cash paid (refunded) during the year for:			
Interest	$ 28,176	$ 23,623	$ 22,697
Income taxes	$ 5,829	$ (9,996)	$ (3,536)

1 Excludes accrued capital expenditures for the years ended December 31, 2021, 2020 and 2019.

See accompanying notes to consolidated financial statements.

TEAM, INC. AND SUBSIDIARIES

NOTES TO 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 our 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 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 services, as well as associated engineering and condition assessment services. These services can be offered while facilities are running (on-stream), during facility turnarounds or during new construction or expansion activities. 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 three 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 Facility, 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). The ABL Credit Facility matures and all outstanding amounts become due and payable on February 11, 2025, however, if our Notes, which mature on August 1, 2023, have an aggregate principal amount of $10 million or more outstanding 120 days prior to their maturity date (the “Trigger Date”), the ABL Credit Facility will be terminated as of the Trigger Date. The proceeds of the loans under the ABL Credit Agreement were used to, among other things, pay off the amounts owed under the existing 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 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 (the “Corre Holders”) at a price of $0.84 per share (the “Equity Issuance”).

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), impact of the new COVID-19 variants and 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 December 31, 2021, we have deferred employer payroll taxes of $14.1 million. We paid $7.0 million of the deferred payroll taxes in January 2022 with the remaining balance 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 and 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. As a result, we recognized $6.2 million and $1.5 million as a reduction to operating expenses and selling, general and administrative expenses, respectively, during the twelve months ended December 31, 2021. As of December 31, 2021, we also deferred certain payroll related expenses and tax payments of $3.2 million under other foreign government programs which will be due starting in 2022.

Consolidation. The 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 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.

We have suffered recurring operating losses related to the COVID-19 pandemic, related economic repercussions, and difficult market conditions and prior to the Recent Financing Transactions discussed below, the Company required additional liquidity to continue its operations over the next twelve months. During the year, revenues and margins continued to decline against forecast along with margin pressures from inflationary costs including labor, materials, and transportation resulting in further operating losses. As of December 31, 2021, we are in compliance with our debt covenants; however, our financial forecasts as of December 31, 2021 indicated insufficient cash flows from operations to address our near-term liquidity needs and maintain compliance with our debt covenants within one year following the date that our financial statements are issued.

As discussed in Note 1 – Recent Financing Transactions, on February 11, 2022, the Company successfully closed on financing transactions that provided improved liquidity and runway to execute our business turnaround, support working capital needs and pursue potential strategic alternatives. Following the Recent Financing Transactions, we evaluated the Company’s liquidity within one year after the date of issuance of these 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, that current working capital and capital expenditure financing is sufficient to fund the operations, maintain compliance with our debt covenants, and satisfy the Company’s obligations as they come due within one year after the date of issuance of these financial statements. While the Recent Financing Transactions provide us with additional funding to meet our near-term liquidity needs and included a waiver of our debt covenants through March 31, 2023, there can be no assurance that (i) 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, or (ii) that we will generate adequate liquidity to fund our operations, or to satisfy the obligations under our convertible debt and potential acceleration of debt maturities that may become due on April 3, 2023 related to the Trigger Date.

Use of estimates. Our accounting policies conform to Generally Accepted Accounting Principles (“GAAP”) in the United States. 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 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 December 31, 2021 and 2020 was $84.0 million and $91.9 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 Facility, 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 demand 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 Life
Buildings	20-40 years
Enterprise Resource Planning ("ERP") System	15 years
Leasehold improvements	2-15 years
Machinery and equipment	2-12 years
Furniture and fixtures	2-10 years
Computers and computer software	2-5 years
Automobiles	2-5 years

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 we operate in. 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 is 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. As of December 31, 2021, our deferred tax assets were $119.8 million, less a valuation allowance of $89.2 million. As of December 31, 2021, our deferred tax liabilities were $34.0 million.

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. As of December 31, 2021, our gross unrecognized tax benefits, excluding penalties and interest related to uncertain tax positions, were $1.3 million.

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 $350,000 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.

Amounts used in basic and diluted loss per share, for all periods presented, are as follows (in thousands):

	Twelve Months Ended December 31,		
	2021	2020	2019
Weighted-average number of basic shares outstanding	30,975	30,638	30,310
Stock options, stock units and performance awards	—	—	—
Convertible senior notes	—	—	—
Total shares and dilutive securities	30,975	30,638	30,310

For the years ended December 31, 2021, 2020 and 2019, 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, the effect of our Notes was 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 on our Notes and our share-based compensation awards, refer to Note 11 and Note 13, 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):

	Twelve Months Ended December 31,		
	2021	2020	2019
Assets acquired under finance lease	$ 1,016	$ 60	$ 326

Also, we had $4.1 million, $1.2 million, and $4.0 million of accrued capital expenditures as of December 31, 2021, 2020 and 2019, 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 utilize 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 Australian Dollar, Canadian Dollar, Brazilian Real, British Pound, Euro, Malaysian Ringgit and Mexican Peso. The impact from these swap contracts were not material as of December 31, 2021 or 2020 or for the years ended December 31, 2021, 2020 and 2019.

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 financial statements.

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.

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. We expect to adopt ASU 2020-06 beginning January 1, 2022, at which time we would utilize the if-converted method, which would require us to assume the Notes would be settled entirely in shares of common stock for purposes of calculating diluted earnings per share, if the effect would be dilutive. We are still evaluating the other impacts this ASU may have on our financial statements.

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

	Twelve Months Ended December 31, 2021		
	United States and Canada	**Other Countries**	**Total**
Revenue:			
IHT	$ 405,007	$ 10,364	$ 415,371
MS	256,806	122,020	378,826
Quest Integrity	47,511	32,845	80,356
Total	$ 709,324	$ 165,229	$ 874,553

	Twelve Months Ended December 31, 2020		
	United States and Canada	**Other Countries**	**Total**
Revenue:			
IHT	$ 365,847	$ 8,893	$ 374,740
MS	278,882	113,602	392,484
Quest Integrity	49,117	36,198	85,315
Total	$ 693,846	$ 158,693	$ 852,539

	Twelve Months Ended December 31, 2021				
	Non-Destructive Evaluation and Testing Services	**Repair and Maintenance Services**	**Heat Treating**	**Other**	**Total**
Revenue:					
IHT	$ 325,204	$ 467	$ 59,855	$ 29,845	$ 415,371
MS	—	374,885	806	3,135	378,826
Quest Integrity	80,356	—	—	—	80,356
Total	$ 405,560	$ 375,352	$ 60,661	$ 32,980	$ 874,553

	Twelve Months Ended December 31, 2020									
	Non-Destructive Evaluation and Testing Services		Repair and Maintenance Services		Heat Treating		Other		Total	
Revenue:										
IHT	$	294,838	$	206	$	50,220	$	29,476	$	374,740
MS		—		388,313		1,088		3,083		392,484
Quest Integrity		85,315		—		—		—		85,315
Total	$	380,153	$	388,519	$	51,308	$	32,559	$	852,539

For additional information on our reportable operating segments and geographic information, refer to Note 15.

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 December 31, 2021 and 2020 (in thousands):

	December 31, 2021		December 31, 2020	
Trade accounts receivable, net[1]	$	188,772	$	194,066
Contract assets[2]	$	1,602	$	5,242
Contract liabilities[3]	$	313	$	930

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 consolidated balance sheet.
3 Included in the "Other accrued liabilities" line of the consolidated balance sheet.

The $0.6 million decrease in contract liabilities is due to our completion of performance obligations during the year ended December 31, 2021 associated with contracts under which customers had 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, 2020 was recognized as revenue during the year ended December 31, 2021.

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 consolidated balance sheets and were not material as of December 31, 2021 and 2020. 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 December 31, 2021 and 2020, 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 December 31, 2021 and 2020 is as follows (in thousands):

	December 31, 2021	December 31, 2020
Trade accounts receivable	$ 161,751	$ 157,513
Unbilled revenues	35,933	46,471
Allowance for credit losses	(8,912)	(9,918)
Total	$ 188,772	$ 194,066

ASC 326 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:

	Twelve Months Ended December 31,		
	2021	2020	2019
Balance at beginning of period	$ 9,918	$ 9,990	$ 15,182
Adoption of account pronouncement ASC 326[1]	—	1,410	—
Provision for expected credit losses	2,193	1,612	(2,573)
Write-offs	(3,143)	(3,193)	(2,673)
Foreign exchange effects	(56)	99	54
Balance at end of period	$ 8,912	$ 9,918	$ 9,990

[1] Due to the initial adoption of ASC 326 as of January 1, 2020.

4. INVENTORY

A summary of inventory as of December 31, 2021 and 2020 is as follows (in thousands):

	December 31,	
	2021	2020
Raw materials	$ 7,641	$ 7,395
Work in progress	2,725	2,890
Finished goods	25,388	26,569
Total	$ 35,754	$ 36,854

5. PREPAID AND OTHER CURRENT ASSETS

A summary of prepaid and other current assets as of December 31, 2021 and 2020 is as follows (in thousands):

	December 31,	
	2021	2020
Insurance receivable	$ 39,000	$ —
Prepaid expenses	12,645	12,936
Other current assets	8,223	13,816
Total	$ 59,868	$ 26,752

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 and other accounts receivables.

6. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment as of December 31, 2021 and 2020 is as follows (in thousands):

	December 31,	
	2021	2020
Land	$ 5,743	$ 5,805
Buildings and leasehold improvements	58,972	57,632
Machinery and equipment	306,366	302,886
Furniture and fixtures	11,642	11,450
Capitalized ERP system development costs	45,917	45,917
Computers and computer software	22,243	20,508
Automobiles	4,356	4,518
Construction in progress	16,565	8,329
Total	471,804	457,045
Accumulated depreciation and amortization	(310,445)	(286,736)
Property, plant, and equipment, net	$ 161,359	$ 170,309

Included in the table above are assets under finance leases of $6.7 million and $5.7 million and accumulated amortization of $1.6 million and $0.9 million as of December 31, 2021 and 2020, respectively. Depreciation expense for the years ended December 31, 2021, 2020 and 2019 was $27.6 million, $31.5 million and $34.4 million, respectively.

7. INTANGIBLE ASSETS

A summary of intangible assets as of December 31, 2021 and 2020 is as follows (in thousands):

	December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 175,156	$ (88,783)	$ 86,373
Non-compete agreements	5,503	(5,503)	—
Trade names	24,743	(22,252)	2,491
Technology	7,843	(6,885)	958
Licenses	850	(774)	76
Total	$ 214,095	$ (124,197)	$ 89,898

	December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 175,418	$ (76,541)	$ 98,877
Non-compete agreements	5,569	(5,569)	—
Trade names	24,870	(21,794)	3,076
Technology	7,879	(6,691)	1,188
Licenses	864	(723)	141
Total	$ 214,600	$ (111,318)	$ 103,282

Amortization expense on intangible assets for the years ended December 31, 2021, 2020 and 2019 was $13.9 million, $14.0 million and $14.3 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 December 31, 2021. The weighted-average amortization period as of December 31, 2021 is 13.7 years for customer relationships, 5.0 years for non-compete agreements, 15.6 years for trade names, 10.0 years for technology and 10.5 years for licenses.

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. We performed our annual impairment test as of December 1, 2020 and concluded that there was no impairment based upon a qualitative assessment to determine if it was more likely than not (that is, a likelihood of more than 50 percent) that the fair values of the reporting units were less than their respective carrying values as of the reporting date.

As a result of forecasted revenue and earnings declines and sustained declines in our stock price through September 30, 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. Our revenue growth and profitability are influenced by several industry trend factors, including end markets capital spending levels, supply and demand levels and technology. With oil prices and demand increasing, refiners (represents approximately 40% of our customers) are recovering; however, as capital expenditures have not fully recovered resulting in lower current activity and pricing pressure for our products and services, primarily in our IHT and MS reporting units, accordingly, we performed a quantitative assessment of the fair value of goodwill as of September 30, 2021.

We determined the fair value for each reporting unit in our goodwill impairment assessment using both a discounted cash flow analysis and a multiples-based market approach for comparable companies. We utilized third-party valuation advisors to assist us with these valuations. These analyses included significant judgment, including short-term and long-term forecast of operating performance, discount rates based on our weighted average cost of capital, revenue growth rates, profitability margins, capital expenditures and the timing of future cash flows. These impairment assessments incorporate inherent uncertainties, including supply and demand for our services, utilization forecasts, pricing forecasts and future market conditions, which are difficult to predict in volatile economic environments and could result in impairment charges in future periods if actual results materially differ from the assumptions utilized in our forecasts.

Based upon our impairment assessment, we determined the carrying amount of our MS reporting unit exceeded the fair value. 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.

For our annual goodwill impairment test as of December 1, 2021, we elected to perform a quantitative assessment to determine if it was more likely than not (that is, a likelihood of more than 50 percent) that the fair value of our reporting unit was less than its carrying value as of the test date. Based on the quantitative assessment, 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. We will continue to evaluate our goodwill and long-lived assets for potential triggering events as conditions warrant.

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There was $25.2 million and $91.4 million of goodwill at December 31, 2021 and 2020, respectively. A summary of goodwill is 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, 2019	$ 214,356	$ (21,140)	$ 193,216	$ 109,510	$ (54,101)	$ 55,409	$ 33,381	$ —	$ 33,381	$ 357,247	$ (75,241)	$ 282,006
FX Adjustments	(1,428)	—	(1,428)	1,211	—	1,211	854	—	854	637	—	637
Impairment charge	—	(191,788)	(191,788)	—	—	—	—	—	—	—	(191,788)	(191,788)
Additions	—	—	—	—	—	—	496	—	496	496	—	496
Balance at December 31, 2020	$ 212,928	$ (212,928)	$ —	$ 110,721	$ (54,101)	$ 56,620	$ 34,731	$ —	$ 34,731	$ 358,380	$ (267,029)	$ 91,351
FX Adjustments	—	—	—	(783)	—	(783)	(693)	—	(693)	(1,476)	—	(1,476)
Impairment charge	—	—	—	—	(55,837)	(55,837)	—	(8,795)	(8,795)	—	(64,632)	(64,632)
Additions	—	—	—	—	—	—	—	—	—	—	—	—
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

9. OTHER ACCRUED LIABILITIES

A summary of other accrued liabilities as of December 31, 2021 and 2020 is as follows (in thousands):

	December 31,	
	2021	2020
Payroll and other compensation expenses	$ 44,284	$ 42,668
Legal and professional accruals	46,762	4,135
Insurance accruals	7,314	6,659
Property, sales and other non-income related taxes	8,018	8,722
Accrued commission	1,111	1,048
Accrued interest	6,469	2,437
Other	7,141	7,475
Total	$ 121,099	$ 73,144

Legal and professional accruals include accruals for legal and professional fees as well as accrued legal claims, refer to Note 15. 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

For the year ended December 31, 2021, our income tax provision resulted in an effective tax rate of 6.4%. For the years ended December 31, 2020 and 2019, our income tax benefit on the loss from continuing operations resulted in an effective tax rate of 5.8% and 1.3%, respectively. Our income tax provision for the year ended December 31, 2021 was $11.2 million, and an income tax benefit for December 31, 2020 and 2019 was $14.7 million and $0.4 million, respectively, and includes federal, state and foreign taxes. The components of our tax provision and benefit on continuing operations were as follows (in thousands):

	Current	Deferred	Total
Twelve months ended December 31, 2021:			
U.S. Federal	$ 1,460	$ (1,115)	$ 345
State & local	590	150	740
Foreign jurisdictions	4,350	5,774	10,124
	$ 6,400	$ 4,809	$ 11,209
Twelve months ended December 31, 2020:			
U.S. Federal	$ (14,853)	$ (1,228)	$ (16,081)
State & local	1,113	(1,010)	103
Foreign jurisdictions	2,942	(1,679)	1,263
	$ (10,798)	$ (3,917)	$ (14,715)
Twelve months ended December 31, 2019:			
U.S. Federal	$ (105)	$ (4,349)	$ (4,454)
State & local	519	(1,230)	(711)
Foreign jurisdictions	2,340	2,389	4,729
	$ 2,754	$ (3,190)	$ (436)

The components of pre-tax income (loss) from continuing operations for the years ended December 31, 2021, 2020 and 2019 were as follows (in thousands):

	Twelve Months Ended December 31,		
	2021	2020	2019
Domestic	$ (157,778)	$ (240,064)	$ (34,720)
Foreign	(17,032)	(11,854)	1,867
	$ (174,810)	$ (251,918)	$ (32,853)

The income tax provision in 2021 and benefit in 2020 and 2019 attributable to the loss from continuing operations differed from the amounts computed by applying the U.S. Federal income tax rate (21% in 2021, 2020 and 2019) to pre-tax loss from continuing operations as a result of the following (in thousands):

	Twelve Months Ended December 31,		
	2021	2020	2019
Pre-tax loss from continuing operations	$ (174,810)	$ (251,918)	$ (32,853)
Computed income taxes at statutory rate	(36,710)	(52,903)	(6,899)
State income taxes, net of federal benefit	561	(114)	(820)
Foreign tax rate differential	613	404	(300)
Non-cash compensation	842	926	323
Deferred taxes on investment in foreign subsidiaries	(1,939)	525	18
Non-deductible expenses	767	518	658
Non-deductible compensation	(522)	89	559
Foreign withholding	1,708	1,063	670
Prior year tax adjustments	993	707	954
Convertible debt	—	(2,949)	—
Goodwill impairment	9,892	12,586	—
Valuation allowance	34,284	32,957	3,682
Cares Act rate benefit	—	(7,267)	—
Rate change	(186)	(551)	684
Other	906	(706)	35
Total expense (benefit) for income tax on continuing operations	$ 11,209	$ (14,715)	$ (436)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below (in thousands):

	December 31, 2021	December 31, 2020
Deferred tax assets:		
Accrued compensation and benefits	$ 7,831	$ 9,058
Receivables	1,345	1,551
Inventory	316	336
Share based compensation	271	256
Other accrued liabilities	3,467	2,109
Tax credit carry forward	3,613	3,642
Interest expense limitation	22,312	7,040
Goodwill and intangible costs	9,221	6,754
Net operating loss carry forwards	68,972	58,759
Other	2,428	1,013
Deferred tax assets	119,776	90,518
Less: Valuation allowance	(89,191)	(53,417)
Deferred tax assets, net	30,585	37,101
Deferred tax liabilities:		
Property, plant and equipment	(20,267)	(23,783)
Unremitted earnings of foreign subsidiaries	(3,944)	(5,918)
Convertible debt	(7,359)	(1,755)
Other	(2,408)	(3,230)
Deferred tax liabilities	(33,978)	(34,686)
Net deferred tax asset (liability)	$ (3,393)	$ 2,415

Management evaluates all available evidence, both positive and negative, to determine whether sufficient future taxable income will be generated to allow for the realization of the existing deferred tax assets. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. A significant factor of negative evidence evaluated was the cumulative pre-tax loss incurred over the three-year period ended December 31, 2021. This objective evidence limits the ability to consider other subjective positive evidence, such as our projections for future pre-tax income.

On the basis of this evaluation, as of December 31, 2021, a valuation allowance of $89.2 million has been recorded to recognize only the portion of the deferred tax asset that is more likely than not to be realized. This valuation allowance relates primarily to the deferred tax assets for federal, foreign and state tax net operating loss carryforwards. The amount of deferred tax asset considered realizable could be adjusted if there are changes to net operating loss carryforward periods or there is a change to the weight assessed on various sources of positive and negative evidence.

The current year increase in the valuation allowance is primarily attributable to our U.S. operations. In the previous quarter, we did record a significant increase in the valuation allowance on certain foreign subsidiaries that historically were profitable. In the current quarter, we were able to release $0.9 million of valuation allowance based on all available evidence, including forecasted income for these entities. The release of the valuation allowance is primarily attributable to our UK, Germany and Canada subsidiaries.

At December 31, 2021, we had net operating loss carryforwards for U.S. federal income tax purposes of $221.9 million. Of this amount, $96.2 million expires in various dates through 2037 and $125.7 million has an indefinite carryforward period. These carryforwards are available, subject to certain limitations, to offset future taxable income. Further, we have state net operating loss carryforwards of $212.7 million with $178.9 million expiring on various dates through 2041 and $33.8 million with an indefinite carryforward period.

As of December 31, 2021, we had interest expense carryforward for U.S. income tax purposes of $92.7 million. The entire $92.7 million has an indefinite carryforward period. These carryforwards are available, subject to certain limitations, to offset future taxable income.

The Company has $3.3 million of tax credits that will expire on various dates through 2037 if not utilized.

As of December 31, 2021, we had foreign net operating loss carryforwards totaling $37.9 million. Of this amount, $4.4 million will expire in various dates through 2030 and $33.5 million has an unlimited carryforward period.

At December 31, 2021, none of our undistributed earnings of foreign operations were considered to be permanently reinvested overseas. As of December 31, 2021, the deferred tax liability related to undistributed earnings of foreign subsidiaries was $3.9 million.

As of December 31, 2021, $1.9 million of unrecognized tax benefits would affect our effective tax rate. We estimate the uncertain tax benefits that may be recognized within the next twelve months will not be material. Our policy is to recognize interest and penalties related to unrecognized tax benefits in income tax expense.

We file income tax returns in the U.S. federal and state jurisdictions as well as various foreign jurisdictions. With few exceptions, we are no longer subject to U.S. Federal, state and local or non-U.S. income tax examinations by tax authorities for years prior to 2016. We are currently under audit in one of the states in which we do substantial business. We have recorded a $0.5 million tax liability in our uncertain positions related to this audit due to retroactive changes included in final regulations issued by the state this quarter. Certain Netherlands entities are also under audit. We do not anticipate any material adjustments related to these examinations.

Periodic examinations of our tax filings occur by the taxing authorities for the jurisdictions in which we conduct business. These examinations review the significant positions taken on our returns, including the timing and amount of income and deductions reported, as well as the allocation of income among multiple taxing jurisdictions. We do not expect any material adjustments to result from positions taken on our income tax returns.

The following table summarizes the Company's reconciliation of gross unrecognized tax benefits, excluding penalties and interest, for the year ended December 31, 2021, 2020 and 2019 (in thousands):

	Twelve Months Ended December 31,		
	2021	2020	2019
Unrecognized tax benefits - January 1	$ 1,610	$ 1,547	$ 1,749
Additions based on current year tax positions	—	7	—
Additions based on tax positions related to prior years	543	89	227
Reductions based on tax positions related to prior years			(415)
Settlements	—	—	—
Reductions resulting from a lapse of the applicable statute of limitations	(868)	(33)	(14)
Unrecognized tax benefits - December 31	$ 1,285	$ 1,610	$ 1,547

We have recorded the unrecognized tax benefits in other long-term liabilities in the consolidated balance sheets. As of December 31, 2021, 2020 and 2019, the total amount of accrued interest and penalties related to unrecognized tax benefits was $0.6 million, $0.4 million and $0.3 million, respectively. There were approximately $0.2 million, $0.1 million and $(0.1) million, respectively, of interest and penalties related to unrecognized tax benefits that are recorded in income tax expense for the periods ended December 31, 2021, 2020 and 2019.

11. LONG-TERM DEBT

As of December 31, 2021 and 2020, our long-term debt and finance lease obligations are summarized as follows (in thousands):

	December 31,	
	2021	2020
ABL Facility	$ 62,000	$ 9,000
Term Loan	214,191	213,809
Subordinated Term Loan	36,358	—
Total	312,549	222,809
Convertible Debt[1]	87,662	84,534
Finance lease obligations	5,649	5,153
Total debt and finance lease obligations	405,860	312,496
Current portion of long-term debt and finance lease obligations	(669)	(337)
Total long-term debt and finance lease obligations, less current portion	$ 405,191	$ 312,159

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	93,130
2024	62,000
2025	—
2026	300,215
Thereafter	—
Total	$ 455,345

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

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 “Credit Agreement”) led by Citibank, N.A. (“Citibank”), as agent, which provides for available borrowings up to $150 million (the “ABL Facility”). The ABL Facility matures and all outstanding amounts become due and payable on December 18, 2024. However, if our Notes, which mature on August 1, 2023, have an aggregate principal amount of $10 million (updated from $50.0 million to $10.0 million as part of the Third Amendment to the Term Loan) or more outstanding 120 days prior to their maturity date (the “Trigger Date”), or if there are Notes in an aggregate principal amount of less than $10 million outstanding and we do not have sufficient availability of more than 20% under the ABL Facility on the Trigger Date, the ABL Facility will terminate on the Trigger Date. The ABL Facility includes a $50 million sublimit for letters of credit issuance and $35 million sublimit for swingline borrowings. Additionally, subject to certain conditions, including obtaining additional commitments, the ABL Facility may be increased by an amount not to exceed $50 million.

On December 7, 2021, the Company entered into Amendment No. 2 (the "ABL Amendment No. 2") to the Credit Agreement. ABL Amendment No. 2, among other things, (i) revises the applicable margin to 4.25% for LIBOR rate advances, (ii) provides that at all times beginning on the effective date of the 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 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 ABL Facility are guaranteed by certain of our direct and indirect subsidiaries, as set forth in the ABL Facility agreement. The ABL Facility is 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 is based on a percentage of the value of accounts receivable and inventory, reduced for certain reserves.

Borrowings under the ABL Facility bear 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 is 4.25% and for Base Rate borrowings is 3.25%. The all-in Base Rate floor is 1.75% and for LIBOR rate borrowings, the LIBOR rate, exclusive of spread, has a 0.75% 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 ABL Facility agreement. The fee for undrawn amounts ranges from 0.375% to 0.5%, depending on usage and is due quarterly.

The ABL Facility contains customary conditions to borrowings, events of default and covenants, including, but not limited to, covenants that restrict our ability to sell assets, makes 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 is 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 ABL Facility then in effect, a consolidated fixed charge coverage ratio of at least 1.00 to 1.00 must be maintained. Upon the occurrence of certain events of default, an additional 2.0% interest maybe required on the outstanding loans under the ABL Facility.

At December 31, 2021, we had $65.3 million of cash on hand, of which, $4.1 million was restricted for interest due on the Term Loan and about $4.0 million of cash is located in countries where currency restrictions exist. We had approximately $4.2 million of available borrowing capacity under the ABL Facility. Direct and incremental costs associated with the issuance of the ABL Facility were approximately $4.8 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 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. The ABL Credit Facility matures and all outstanding amounts become due and payable on February 11, 2025, however, the ABL Credit Facility is subject to the Trigger Date as noted above. The proceeds of the loans under the ABL Credit Facility were used to, among other things, pay off the amounts owed under the Credit Agreement, which was repaid and terminated in full on February 11, 2022.

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 (the "Term Loan Credit Agreement") with Atlantic Park Strategic Capital Fund, L.P., as agent ("APSC"), 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 million or more on the Trigger Date, in which case the Term Loan will terminate on the 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 Facility, and we may increase the Term Loan by an amount not to exceed $100 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 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 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 modifies 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 Trigger Date from $50 million to $10 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 Amendment extended the date upon which the Company must issue the APSC Warrants to December 7, 2021, and the Fifth Amendment extended the date upon which the Company must issue the APSC Warrants to December 8, 2021. 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) permits the entry into the ABL Credit Agreement, (ii) permits 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) 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 this unfinanced capital expenditures requirement 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.

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 the Corre Amendments 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) provides 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) permits the entry into the ABL Credit Facility, (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 this unfinanced capital expenditures requirement 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.

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 Facility and are considered as having been funded for purposes of calculating our financial covenants.

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 Company 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 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 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 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) pursuant to Rule 144A under the Securities Act (the “Offering”). As discussed above, in December 2020, we retired $136.9 million par value of our Notes, and as of December 31, 2020, the principal amount of Notes outstanding was $93.1 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 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.

Accounting Treatment of the Notes

As of December 31, 2021 and 2020, the Notes were recorded in our consolidated balance sheet as follows (in thousands):

	December 31,	
	2021	**2020**
Liability component:		
Principal	$ 93,130	$ 93,130
Unamortized issuance costs	(916)	(1,440)
Unamortized discount	(4,552)	(7,156)
Net carrying amount of the liability component[1]	87,662	84,534
Equity component:		
Carrying amount of the equity component, net of issuance costs[2]	$ 7,969	$ 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 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 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 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):

	Twelve Months Ended December 31, 2021	Twelve Months Ended December 31, 2020
Coupon interest	$ 4,657	$ 11,329
Amortization of debt discount and issuance costs	3,129	6,938
Total interest expense	$ 7,786	$ 18,267
Effective interest rate	9.12 %	9.12 %

12. LEASES

We adopted ASC 842 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):

	Twelve Months Ended December 31, 2021	Twelve Months Ended December 31, 2020
Operating lease costs	$ 27,773	$ 26,431
Variable lease costs	5,546	5,440
Finance lease costs:		
Amortization of right-of-use assets	666	441
Interest on lease liabilities	344	320
Total lease cost	$ 34,329	$ 32,632

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

	Twelve Months Ended December 31, 2021	Twelve Months Ended December 31, 2020
Supplemental cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 17,887	$ 20,883
Operating cash flows from finance leases	346	327
Financing cash flows from finance leases	517	278
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	8,106	4,624
Finance leases	1,016	60

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

	December 31, 2021	December 31, 2020
Operating Leases:		
Operating lease right-of-use assets	$ 60,700	$ 63,869
Current portion of operating lease obligations	16,176	17,375
Operating lease obligations (non-current)	49,221	52,207
Finance Leases:		
Property, plant and equipment, net	$ 5,123	$ 4,779
Current portion of long-term debt and finance lease obligations	669	337
Long-term debt and finance lease obligations	4,980	4,816
Weighted average remaining lease term		
Operating leases	6 years	6 years
Finance leases	10 years	12 years
Weighted average discount rate		
Operating leases	6.8 %	6.7 %
Finance lease	6.4 %	6.2 %

As of December 31, 2021, we have no material additional operating and finance leases that have not yet commenced.

As of December 31, 2021, future minimum lease payments under non-cancellable (excluding short-term leases) are as follows (in thousands):

Twelve Months Ended December 31,	Operating Leases	Finance Lease
2022	$ 19,348	$ 982
2023	15,193	893
2024	11,967	732
2025	8,668	569
2026	6,874	555
Thereafter	18,423	4,003
Total future minimum lease payments	80,473	7,734
Less: Interest	15,076	2,085
Present value of lease liabilities	$ 65,397	$ 5,649

Total rent expense resulting from operating leases, including short-term leases, for the years ended December 31, 2021, 2020 and 2019 were $39.4 million, $38.8 million and $43.0 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 December 31, 2021, there were approximately 1.7 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 $7.0 million, $6.3 million and $10.1 million for the years ended December 31, 2021, 2020 and 2019, respectively. Share-based compensation expense reflects an estimate of expected forfeitures. At December 31, 2021, $7.3 million of unrecognized compensation expense related to share-based compensation is expected to be recognized over a remaining weighted-average period of 1.6 years. The recognized income tax benefit totaled $0.7 million, $0.4 million and $2.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

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 $4.4 million, $4.6 million, $5.8 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Transactions involving our stock units and director stock grants for the twelve months ended December 31, 2021 are summarized below:

	Twelve Months Ended December 31, 2021	
	No. of Stock Units (in thousands)	Weighted Average Fair Value
Stock and stock units, beginning of year	854	$ 12.55
Changes during the year:		
Granted	464	$ 2.78
Vested and settled	(414)	$ 11.97
Cancelled	(100)	$ 12.17
Stock and stock units, end of year	804	$ 7.27

The weighted-average grant date fair value related to stock units and director stock grants during the years ended December 31, 2020 and 2019 was $12.55 and $17.35, respectively. The intrinsic value of stock units and director stock grants vested during the years ended December 31, 2021, 2020 and 2019 was $1.2 million, $2.3 million and $5.7 million, respectively.

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 $2.6 million, $1.7 million and $4.3 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Transactions involving our performance awards during the twelve months ended December 31, 2021 are summarized below:

	Twelve Months Ended December 31, 2021					
	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	554	$	13.69	274	$	12.55
Changes during the period:						
Granted	575	$	6.70	109	$	11.69
Vested and settled	(28)	$	25.24	—	$	—
Cancelled	(417)	$	14.68	(164)	$	15.50
Performance stock units, end of period	684	$	6.30	219	$	9.91

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

The weighted-average grant date fair value related to performance stock units during the year ended December 31, 2020 was $13.31 and during the year ended December 31, 2019 was $16.66. The intrinsic value of performance stock unit awards vested during the years ended December 31, 2021, 2020 and 2019 were $0.3 million, $1.3 million and $1.0 million, respectively.

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 years ended December 31, 2021, 2020 and 2019. 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.

Transactions involving our stock options for the twelve months ended December 31, 2021 are summarized below:

	Twelve Months Ended December 31, 2021		
	No. of Options (in thousands)		Weighted Average Exercise Price
Shares under option, beginning of year	19	$	36.90
Changes during the year:			
Exercised	—	$	—
Cancelled	—	$	—
Expired	(2)	$	32.69
Shares under option, end of year	17	$	37.27
Exercisable at end of year	17	$	37.27

No stock options were granted during the years ended December 31, 2021, 2020 and 2019. Options exercisable at December 31, 2021 had a weighted-average remaining contractual life of 1.6 years, and exercise prices ranging from $32.05 to $50.47. The intrinsic value of stock option awards exercised was insignificant for the years ended December 31, 2021, 2020 and 2019.

14. EMPLOYEE BENEFIT PLANS

Defined contribution plan. Under the Team, Inc. Salary Deferral Plan (the "Plan"), contributions are made to the Plan by qualified employees at their election and our matching contributions to the Plan are made at specified rates. We did not incur any contribution expense in 2021 as forfeitures were used for the company match. Our contributions for the plan years ended December 31, 2020 and 2019 were approximately $2.1 million and $9.8 million, respectively. The decrease from 2019 to 2020 was due to the suspension of our matching contribution as of March 2020 due to the COVID-19 pandemic.

Defined benefit plans. In connection with our acquisition of Furmanite, we assumed liabilities associated with the defined benefit pension plans of two foreign subsidiaries, one plan covering certain United Kingdom employees (the "U.K. Plan") and the other covering certain Norwegian employees (the "Norwegian Plan"). In connection with the sale of our Norwegian operations in 2018, all assets and liabilities associated with the Norwegian Plan were transferred to the buyer.

Benefits for the U.K. Plan are based on the average of the employee's salary for the last three years of employment. The U.K. 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. Plan assets are primarily invested in unitized pension funds managed by U.K. registered fund managers. The most recent valuation of the U.K. Plan was performed as of December 31, 2021. Estimated defined benefit pension plan contributions for 2022 are expected to be approximately $4.1 million.

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. The discount rate assumption used to determine end of year benefit obligations was 2.0% as of December 31, 2021. These rates are reviewed annually and adjusted to reflect current conditions. These rates are determined appropriate based on reference to yields. The expected return on plan assets of 2.8% for 2022 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 management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect the pension obligation and future expense.

Net pension cost (credit) included the following components (in thousands):

	Twelve Months Ended December 31,		
	2021	2020	2019
Service cost	$ —	$ —	$ —
Interest cost	1,282	1,764	2,323
Settlement cost	70	257	221
Expected return on plan assets	(2,006)	(2,309)	(2,378)
Amortization of prior service cost	32	32	32
Amortization of net actuarial (gain) loss	—	—	—
Net pension cost (credit)	$ (622)	$ (256)	$ 198

The weighted-average assumptions used to determine benefit obligations at December 31, 2021 and 2020 are as follows:

	December 31,	
	2021	2020
Discount rate	2.0 %	1.3 %
Rate of compensation increase[1]	Not applicable	Not applicable
Inflation	3.3 %	2.9 %

1 Not applicable due to plan curtailment.

The weighted-average assumptions used to determine net periodic benefit cost (credit) for the years ended December 31, 2021 and 2020 are as follows:

	Twelve Months Ended December 31,	
	2021	2020
Discount rate	1.3 %	2.0 %
Expected long-term return on plan assets	2.1 %	2.9 %
Rate of compensation increase[1]	Not applicable	Not applicable
Inflation	2.9 %	3.0 %

1 Not applicable due to plan curtailment.

The plan actuary determines the expected return on plan assets based on a combination of expected yields on equity securities and corporate bonds and considering historical returns.

The expected long-term rate of return on invested assets for 2021 is determined based on the weighted average of expected returns on asset investment categories as follows: 2.8% overall, 4.9% for equities and 2.1% for debt securities.

The following table sets forth the changes in the benefit obligation and plan assets for the years ended December 31, 2021 and 2020 (in thousands):

	Twelve Months Ended December 31,	
	2021	2020
Projected benefit obligation:		
Beginning of year	$ 100,244	$ 92,407
Service cost	—	—
Interest cost	1,282	1,764
Actuarial (gain) loss	(4,237)	8,717
Benefits paid	(5,137)	(6,288)
Prior service cost	—	—
Disposal of Norwegian Plan	—	—
Foreign currency translation adjustment and other	(890)	3,644
End of year	91,262	100,244
Fair value of plan assets:		
Beginning of year	94,962	83,086
Actual gain (loss) on plan assets	1,195	10,854
Employer contributions	4,118	3,851
Benefits paid	(5,137)	(6,288)
Foreign currency translation adjustment and other	(974)	3,459
End of year	94,164	94,962
Excess projected obligation under (over) fair value of plan assets at end of year	$ 2,902	$ (5,282)
Amounts recognized in accumulated other comprehensive loss:		
Net actuarial loss	$ (4,624)	$ (7,347)
Prior service cost	(601)	(674)
Total	$ (5,225)	$ (8,021)

The accumulated benefit obligation for the U.K. Plan was $91.3 million and $100.2 million at December 31, 2021 and 2020, respectively.

At December 31, 2021, expected future benefit payments are as follows for the years ended December 31, (in thousands):

2022	$ 4,086
2023	4,177
2024	4,073
2025	4,256
2026	4,198
2027-2031	21,680
Total	$ 42,470

The following tables summarize the plan assets of the U.K. Plan measured at fair value on a recurring basis (at least annually) as of December 31, 2021 and 2020 (in thousands):

December 31, 2021				
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2) (a)	Significant Unobservable Inputs (Level 3)
Cash	$ 2,411	$ 2,411	$ —	$ —
Equity securities:				
Diversified growth fund (b)	23,582	—	23,582	—
Global equity fund (c)	—	—	—	—
Fixed income securities:				
U.K. government fixed income securities (d)	9,487	—	9,487	—
U.K. government index-linked securities (e)	16,393	—	16,393	—
Global absolute return bond fund (f)	12,111	—	12,111	—
Corporate bonds (g)	30,297	—	30,297	—
Total	$ 94,281	$ 2,411	$ 91,870	$ —

December 31, 2020				
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2) (a)	Significant Unobservable Inputs (Level 3)
Cash	$ 15,600	$ 15,600	$ —	$ —
Equity securities:				
Diversified growth fund (b)	22,640	—	22,640	—
Global equity fund (c)	2,922	—	2,922	—
Fixed income securities:				
U.K. government fixed income securities (d)	17,478	—	17,478	—
U.K. government index-linked securities (e)	15,331	—	15,331	—
Global absolute return bond fund (f)	12,235	—	12,235	—
Corporate bonds (g)	8,755	—	8,755	—
Total	$ 94,961	$ 15,600	$ 79,361	$ —

a) The net asset value of the commingled equity and fixed income funds are determined by prices of the underlying securities, less the funds' liabilities, and then divided by the number of shares outstanding. As the funds are not traded in active markets, the commingled funds are classified as Level 2 assets. The net asset value is corroborated by observable market data (e.g., purchase or sale activities).

b) This category includes investments in a diversified portfolio of equity, bonds, alternatives and cash markets that aims to achieve capital growth returns.

c) This category includes investments in a diversified portfolio of equity, bonds, money markets, alternatives and credit markets to achieve a return with downside protection through monthly put options.

d) This category includes investments in funds with the objective to provide a leveraged return to U.K. government fixed income securities (gilts) that have maturity periods ranging from 2030 to 2060.

e) This category includes investments in funds with the objective to provide a leveraged return to various U.K. government indexed-linked securities (gilts), with maturity periods ranging from 2022 to 2062. The funds invest in U.K. government bonds and derivatives.

f) This category includes investments in funds predominantly in a wide range of fixed and floating rate investment grade and below investment grade debt instruments traded on regulated markets worldwide with the objective to achieve a return of 3% above 1 month LIBOR over a 3-year basis.

g) This category includes investments in a diversified pool of debt and debt like assets to generate capital and income returns.

Investment objectives for the U.K. Plan, as of December 31, 2021, are to:

- optimize the long-term return on plan assets at an acceptable level of risk
- maintain a broad diversification across asset classes
- maintain careful control of the risk level within each asset class

The trustees of the U.K. Plan have established a long-term investment strategy comprising global investment weightings targeted at 27.5% (range of 25% to 30%) for equity securities/diversified growth funds and 72.5% (range of 70% to 75%) for debt securities. Diversified growth funds are actively managed absolute return funds that hold a combination of debt and equity securities. Selection of the targeted asset allocation was based upon a review of the expected return and risk characteristics of each asset class, as well as the correlation of returns among asset classes. Actual allocations to each asset class vary from target allocations due to periodic investment strategy changes, market value fluctuations and the timing of benefit payments and contributions.

The following table sets forth the weighted-average asset allocation and target asset allocations as of December 31, 2021 and 2020 by asset category:

	Asset Allocations		**Target Asset Allocations**	
	2021	**2020**	**2021**	**2020**
Equity securities and diversified growth funds[1]	24.9 %	26.9 %	27.5 %	27.5 %
Debt securities[2]	72.5 %	56.7 %	72.5 %	72.5 %
Other	2.6 %	16.4 %	— %	— %
Total	100 %	100 %	100 %	100 %

1 Diversified growth funds refer to actively managed absolute return funds that hold a combination of equity and debt securities.
2 Includes investments in funds with the objective to provide leveraged returns to U.K. government fixed income securities, U.K. government indexed-linked securities, global bonds, and corporate bonds.

15. 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. 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 on or before August 31, 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. The parties anticipate finalization of the settlement agreement on or before March 31, 2022.

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 December 31, 2021 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 judge entered a Final Judgment in this matter. TEAM immediately filed a supersedeas bond, to prevent execution on the judgment, while it prepares to file motions to appeal the judgment.

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. All retentions and deductibles have been met, accordingly this claim has been fully funded by our insurance policies.

Accordingly, for all matters discussed above, we have accrued in the aggregate approximately $44 million as of December 31, 2021, 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.

16. 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):

	Twelve Months Ended December 31,		
	2021	2020	2019
Revenues:			
IHT	$ 415,371	$ 374,740	$ 512,950
MS	378,826	392,484	535,372
Quest Integrity	80,356	85,315	114,992
Total	$ 874,553	$ 852,539	$ 1,163,314

	Twelve Months Ended December 31,		
	2021	2020	2019
Operating income (loss):			
IHT[1]	$ 12,997	$ (174,638)	$ 24,084
MS[2]	(47,728)	25,879	55,385
Quest Integrity[3]	900	16,474	28,757
Corporate and shared support services	(92,151)	(85,077)	(110,372)
Total	$ (125,982)	$ (217,362)	$ (2,146)

1 Includes goodwill impairment loss of $191.8 million for IHT for the year ended December 31, 2020.

2 Includes goodwill impairment loss of $55.8 million for MS for the year ended December 31, 2021.

3 Includes goodwill impairment loss of $8.8 million for Quest for the year ended December 31, 2021.

	Twelve Months Ended December 31,		
	2021	2020	2019
Capital expenditures[1]:			
IHT	$ 11,742	$ 3,218	$ 7,983
MS	3,692	8,767	10,755
Quest Integrity	3,600	3,743	4,550
Corporate and shared support services	1,464	1,939	8,446
Total	$ 20,498	$ 17,667	$ 31,734

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

	Twelve Months Ended December 31,		
	2021	2020	2019
Depreciation and amortization:			
IHT	$ 12,959	$ 14,891	$ 17,616
MS	20,500	21,854	21,835
Quest Integrity	2,616	3,587	3,557
Corporate and shared support services	5,443	5,576	6,051
Total	$ 41,518	$ 45,908	$ 49,059

Separate measures of our assets by operating segment are not produced or utilized by management to evaluate segment performance.

A geographic breakdown of our revenues for the years ended December 31, 2021, 2020 and 2019 and our total long-lived assets as of December 31, 2021, 2020 and 2019 are as follows (in thousands):

	Total Revenues[1]	Total Long-lived Assets[2]
Twelve months ended December 31, 2021		
United States	$ 600,665	$ 270,684
Canada	108,659	8,595
Europe	108,433	27,295
Other foreign countries	56,796	5,383
Total	$ 874,553	$ 311,957
Twelve months ended December 31, 2020		
United States	$ 606,818	$ 289,507
Canada	87,028	8,291
Europe	104,667	34,674
Other foreign countries	54,026	4,988
Total	$ 852,539	$ 337,460
Twelve months ended December 31, 2019		
United States	$ 838,385	$ 328,832
Canada	127,574	8,625
Europe	126,794	32,517
Other foreign countries	70,561	6,044
Total	$ 1,163,314	$ 376,018

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.

17. RESTRUCTURING AND OTHER RELATED CHARGES

Our restructuring and other related charges, net for the years ended December 31, 2021, 2020 and 2019 are summarized by segment as follows (in thousands):

	Twelve Months Ended December 31,		
	2021	2020	2019
Operating Group Reorganization and other continuing restructuring measures			
Severance and related costs			
IHT	$ 459	$ —	$ —
MS	514	—	—
Quest Integrity	381	—	—
Corporate and shared support services	1,562	—	—
Total	2,916	—	—
Grand total	$ 2,916	$ —	$ —

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 twelve months ended December 31, 2021, we incurred severance charges of $2.9 million, which represents all costs cumulatively incurred to date as a result of the Operating Group Reorganization.

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

	Twelve Months Ended December 31, 2021
Balance, beginning of period	$ —
Charges	2,916
Payments	(2,204)
Balance, end of period	$ 712

For the twelve months ended December 31, 2021, we also incurred professional fees of $1.9 million associated with the Operating Group Reorganization.

OneTEAM Program

Beginning in 2017, we undertook a project ("OneTEAM") to assess all aspects of our business for improvement and cost saving opportunities. We did not incur any severance costs under OneTEAM during the twelve months ended December 31, 2021. During the twelve months ended December 31, 2020, we incurred $3.4 million in severance charges associated with OneTEAM. We have incurred $11.8 million of OneTEAM severance charges cumulatively to date, and do not expect any further severance costs under this program. As of December 31, 2021, we had no remaining severance liability outstanding under OneTEAM.

18. ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	Twelve Months Ended December 31, 2021					Twelve Months Ended December 31, 2020				
	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 at beginning of year	$ (23,045)	$ 2,988	$ (8,021)	$ 400	$ (27,678)	$ (26,742)	$ 4,186	$ (8,021)	$ 387	$ (30,190)
Other comprehensive income (loss)	(2,213)	—	4,148	(989)	946	3,697	(1,198)	—	13	2,512
Balance at end of year	$ (25,258)	$ 2,988	$ (3,873)	$ (589)	$ (26,732)	$ (23,045)	$ 2,988	$ (8,021)	$ 400	$ (27,678)

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

	Twelve Months Ended December 31,								
	2021			2020			2019		
	Gross Amount	Tax Effect	Net Amount	Gross Amount	Tax Effect	Net Amount	Gross Amount	Tax Effect	Net Amount
Foreign currency translation adjustments	$ (2,213)	$ (1)	$ (2,214)	$ 3,697	$ (340)	$ 3,357	$ 3,865	$ 393	$ 4,258
Foreign currency hedge	—	—	—	(1,198)	294	(904)	282	(69)	213
Defined benefit pension plans	4,148	(988)	3,160	—	59	59	(162)	(107)	(269)
Total	$ 1,935	$ (989)	$ 946	$ 2,499	$ 13	$ 2,512	$ 3,985	$ 217	$ 4,202

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.

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 ABL Credit Facility, Incremental Financing and Equity Issuance we entered into on February 11, 2022.

On March 7, 2022, the Company completed a transaction with Superior Plant Rentals ("SPR") for the sale of certain assets for $3.0 million in cash.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no disagreements concerning accounting and financial disclosures with our independent accountants during any of the periods presented.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), are controls and procedures that are designed to ensure that the information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is appropriately accumulated and communicated to management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures. This evaluation included consideration of the various processes carried out under the direction of our disclosure committee in an effort to ensure that information required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified by the SEC. This evaluation also considered the work completed related to our compliance with Section 404 of the Sarbanes-Oxley Act of 2002. Based on this evaluation, our CEO and CFO have concluded that, as of December 31, 2021, our disclosure controls and procedures were effective.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with generally accepted accounting principles ("GAAP").

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate over time.

We have used the framework set forth in the report entitled Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013) to evaluate the effectiveness of our internal control over financial reporting. As a result of this evaluation, Management has concluded that our internal control over financial reporting was effective as of December 31, 2021.

KPMG LLP, our independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting which is set forth in this Annual Report on Form 10-K.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act) that have materially affected or are reasonably likely to materially affect our internal control over financial reporting during the fourth quarter of our fiscal year ended December 31, 2021.

ITEM 9B. OTHER INFORMATION

NONE

PART III

The information for the following items of Part III has been omitted from this Annual Report on Form 10-K since we will file, not later than 120 days following the close of our fiscal year ended December 31, 2021, our Definitive Proxy Statement. The information required by Part III will be included in that proxy statement and such information is hereby incorporated by reference, with the exception of the information under the headings “Compensation Committee Report” and “Audit Committee Report.”

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1) Consolidated Financial Statements filed as part of this report are listed in the Financial Table of Contents included in this report and incorporated by reference in this report in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Consolidated Financial Statements and Supplementary Data."

2) All schedules for which provision is made in the applicable accounting regulations of the SEC are listed in this report in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data."

3) See exhibits listed under Part (b) below.

(b) Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Team, Inc. (filed as Exhibit 3.1 to Team, Inc.'s Current Report on Form 8-K filed on December 2, 2011, incorporated by reference herein).
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Team, Inc., dated October 24, 2013 (filed as Exhibit 3.1 to Team, Inc.'s Current Report on Form 8-K filed on October 25, 2013, incorporated by reference herein).
3.3	Amended and Restated Bylaws of Team, Inc. (filed as Exhibit 3.3 to Team, Inc.'s Annual Report on Form 10-K for year ended December 31, 2017, incorporated by reference herein).
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).
4.1	Description of Securities Registered under Section 12 of Exchange Act
4.2	Certificate representing shares of common stock of Company (filed as Exhibit 4(1) to Team, Inc.'s Registration Statement on Form S-1, File No. 2-68928, incorporated by reference herein).
4.3	Indenture, dated July 31, 2017, by and between Team, Inc. and Branch Banking and Trust Company, as trustee, relating to Team, Inc.'s 5.00% Convertible Senior Notes Due 2023 (filed as Exhibit 4.1 to Team, Inc.'s Current Report on Form 8-K filed on July 31, 2017, incorporated by reference herein).
4.4	Form of Common Stock Purchase Warrant No. 1 dated December 18, 2020, 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 December 21, 2020, incorporated by reference herein).
4.5	Registration Rights and Lock-Up Agreement, dated December 18, 2020, by and between Team, Inc. and APSC Holdco II, L.P. (filed as Exhibit 4.2 to Team, Inc.'s Current Report on Form 8-K filed on December 21, 2020, incorporated herein by reference)
4.6	Section 382 Rights Agreement, dated as of February 2, 2022, between Team, Inc. and Computershare Trust Company, N.A., as rights agent (filed as Exhibit 4.1 to Team, Inc.'s Current Report on Form 8-K filed on February 2, 2022, incorporated by reference herein).
4.7	Second Amended and Restated Registration Rights Agreement, dated February 11, 2022, by and between the Company, APSC Holdco II, L.P, Corre Opportunities Qualified Master Fund, LP, Corre Horizon Fund, LP and Corre Horizon II Fund, LP. (filed as Exhibit 4.1 to Team, Inc.'s Current Report on Form 8-K filed on February 15, 2022, incorporated by reference herein).
4.8	Team, Inc. Waiver of Anti-Dilution Adjustments and Cash Transaction Exercise, dated February 11, 2022, by and between the Company and APSC Holdco II, L.P. (filed as Exhibit 4.2 to Team, Inc.'s Current Report on Form 8-K filed on February 15, 2022, incorporated by reference herein)
4.9	Team, Inc. Waiver of Anti-Dilution Adjustments and Cash Transaction Exercise, dated February 11, 2022, by and between the Company, Corre Opportunities Qualified Master Fund, LP, Corre Horizon Fund, LP and Corre Horizon II Fund, LP. (filed as Exhibit 4.3 to Team, Inc.'s Current Report on Form 8-K filed on February 15, 2022, incorporated by reference herein)
4.10	Supplemental Indenture, dated as of January 13, 2022, by and between Team, Inc. and Truist Bank, as trustee (filed as Exhibit 4.1 to Team, Inc.'s Current Report on Form 8-K filed on January 18, 2022, incorporated by reference herein).

Exhibit Number	Description
4.11	Form of PIK Security (included in Exhibit 4.10)(filed as Exhibit 4.2 to Team, Inc.'s Current Report on Form 8-K filed on January 18, 2022, incorporated by reference herein).
4.12	Form of Amended & Restated Common Stock Purchase Warrant No. 1 dated November 10, 2021 between the Company and APSC Holdco II, L.P. (incorporated by reference to Exhibit 4.1 to Team, Inc.'s Current Report on Form 8-K filed November 12, 2021).
10.1†	Team, Inc. 2006 Stock Incentive Plan (as Amended and Restated August 1, 2009) (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K filed on September 30, 2009, incorporated by reference herein).
10.2†	Form of Team, Inc. Stock Unit Award Agreement (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K filed on October 17, 2013, incorporated by reference herein).
10.3†	Furmanite Corporation 1994 Stock Incentive Plan, Amendment and Restatement effective May 9, 2013 (filed as Exhibit 4.4 to Team, Inc.'s Registration Statement on Form S-8, File No. 333-209871, filed on March 1, 2016, incorporated by reference herein).
10.4†	Team, Inc. 2016 Equity Incentive Plan (incorporated herein by reference to Appendix A of Team, Inc.'s Definitive Proxy on Schedule 14A, as filed with the SEC on April 12, 2016).
10.5.1†	Team, Inc. 2018 Equity Incentive Plan (filed as Exhibit 4.5 to Team, Inc.'s Current Report on Form S-8, File No. 333-225727, filed on June 19, 2018, incorporated by reference herein).
10.5.2†	Amendment to Team, Inc. 2018 Equity Incentive Plan (filed as Appendix A of Team, Inc.'s Definitive Proxy Statement on Schedule 14A filed on April 11, 2019).
10.6†	Form of Stock Unit Agreement (filed as Exhibit 10.2 to Team, Inc.'s Current Report on Form 8-K filed on October 17, 2008, incorporated by reference herein).
10.7†	Form of Performance-Based Stock Unit Agreement (filed as Exhibit 10.3 to Team, Inc.'s Current Report on Form 8-K filed on October 17, 2008, incorporated by reference herein).
10.8†	Form of Performance Share Award Agreement (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K filed November 4, 2014, incorporated by reference herein).
10.9†	Form of Performance Award Agreement (filed as Exhibit 10.14 to Team, Inc.'s Annual Report on Form 10-K filed on March 16, 2017, incorporated by reference herein).
10.10†	Form of Restricted Stock Unit Award Agreement for the Stock Units awarded under the Team, Inc. 2018 Equity Incentive Plan (filed as Exhibit 10.11 to Team, Inc.'s Annual Report on Form 10-K filed on March 19, 2019, incorporated by reference herein).
10.11†	Form of Performance Unit Award Agreement for the Performance Units Awarded under the Team, Inc. 2018 Equity Incentive Plan (filed as Exhibit 10.12 to Team, Inc.'s Annual Report on Form 10-K filed on March 19, 2019, incorporated by reference herein).
10.12	Purchase Agreement, dated July 25, 2017, by and between Team, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as representatives of the several initial purchasers named in Schedule 1 thereto, relating to Team, Inc.'s 5.00% Convertible Senior Notes Due 2023 (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K filed on July 31, 2017, incorporated by reference herein).
10.13†	Letter Agreement Regarding Retention Benefits, dated September 18,2017, by and between Team, Inc. and Jeffrey L. Ott, (incorporated by reference herein Exhibit 10.4 to the Team, Inc.'s Current Report on Form 8-K, filed on September 19, 2017).
10.14†	Offer Letter, dated January 15, 2018, by and between Team, Inc. and Amerino Gatti (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K filed on January 16, 2018, incorporated by reference herein).
10.15†	Form of Performance Unit Award Agreement by and between Team, Inc. and Amerino Gatti (filed as Exhibit 10.2 to Team, Inc.'s Current Report on Form 8-K filed on January 16, 2018, incorporated by reference herein).
10.16	Settlement Agreement, dated February 8, 2018, by and among Team, Inc. and Engine Capital, L.P. (together with the entities listed on the signature page thereto), (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K filed on February 9, 2018, incorporated by reference herein).
10.17	Confidentiality Agreement, dated July 2, 2018, by and among Team, Inc. and Engine Capital. L.P. (together with the entities listed on the signature page thereto, (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K filed on July 6, 2018, incorporated by reference herein).
10.18†	Form of Indemnification Agreement (filed as Exhibit 10.2 to Team, Inc.'s Current Report on Form 8-K filed on February 9, 2018, incorporated by reference herein).

Exhibit Number	Description
10.19†	Offer Letter, dated July 1, 2018, by and between TEAM, Inc. and Grant Roscoe (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K/A filed on July 11, 2018, incorporated by reference herein).
10.20†	Offer Letter dated November 26, 2018, by and between Team, Inc. and Susan M. Ball (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K filed on November 28, 2018, incorporated by reference herein).
10.21†	Transition, Severance, and Release Agreement dated November 26, 2018, by and between Team, Inc. and Greg L. Boane (filed as Exhibit 10.2 to Team, Inc.'s Current Report on Form 8-K filed on November 28, 2018, incorporated by reference herein).
10.22	Credit Agreement, dated as of December 18, 2020, among Team, Inc., as Borrower, the lenders from time to time party thereto, Citibank, N.A., as Agent Joint Lead Arranger and Joint Bookrunner, Bank of America, N.A., as Joint Lead Arranger and Joint Bookrunner, Wells Fargo Bank, National Association, as Co-Syndications Agent and Regions Bank as Co-Syndication Agent (filed as Exhibit 4.2 to Team, Inc.'s Current Report on Form 8-K filed on December 21, 2020, incorporated herein by reference).
10.23	Team Loan Credit Agreement, dated as of December 18, 2020, among Team, Inc., as Borrower, thelenders from time to time party thereto, and Atlantic Park Strategic Capital Fund, L.P., as agent (filed as Exhibit 4.2 to Team, Inc.'s Current Report on Form 8-K filed on December 21, 2020, incorporated herein by reference)
10.24†	Severance Agreement and Release (with Agreement of Non-Solicitation and Non-Competition) between Team, Inc. and Grant Roscoe dated as of January 12, 2021 (filed as Exhibit 10.24 to Team Inc.'s Current Report on Form 10-K filed March 12, 2021, incorporated by reference herein).
10.25	Credit Agreement, dated as of February 11, 2022, among Team, Inc., as Borrower, the lenders from time to time party thereto, and Eclipse Business Capital, LLC, as Agent (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K filed on February 15, 2022, incorporated by reference herein)
10.26	Amendment No. 5 to Subordinated Term Loan Credit Agreement, dated February 11, 2022, by and among the Company, the lenders party thereto, and Cantor Fitzgerald Securities, as Agent (filed as Exhibit 10.2 to Team, Inc.'s Current Report on Form 8-K filed on February 15, 2022, incorporated by reference herein)
10.27	Amendment No. 6 to Term Loan Credit Agreement, dated February 11, 2022, among Team, Inc., as Borrower, the financial institutions party thereto and Atlantic Park Strategic Capital Fund, L.P., as Agent (filed as Exhibit 10.3 to Team, Inc.'s Current Report on Form 8-K filed on February 15, 2022, incorporated by reference herein)
10.28	Subscription Agreement, dated February 11, 2022, by and between the Company, Corre Opportunities Qualified Master Fund, LP, Corre Horizon Fund, LP and Corre Horizon II Fund, LP (filed as Exhibit 10.4 to Team, Inc.'s Current Report on Form 8-K filed on February 15, 2022, incorporated by reference herein)
10.29	Amendment No. 1 to Subordinated Term Loan Agreement, dated November 30, 2021, by and among the lenders party thereto, and Corre Credit Fund, LLC, as Agent (filed as Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K filed on December 6, 2021, incorporated by reference herein)
10.30	Amendment No. 4 to Term Loan Credit Agreement, dated December 2, 2021, among Team, Inc., as Borrower, the financial institutions party thereto and Atlantic Park Strategic Capital Fund, L.P., as Agent (filed as Exhibit 10.2 to Team, Inc.'s Current Report on Form 8-K filed on December 6, 2021, incorporated by reference herein)
10.31	Subordinated Term Loan Agreement dated November 9, 2021, by and among the lenders from time to time party thereto, and Corre Credit Fund, LLC, as agent (incorporated by reference to Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K filed November 12, 2021).
10.32	Amendment No. 3 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 (incorporated by reference to Exhibit 10.2 Team, Inc.'s Current Report on Form 8-K filed November 12, 2021).
10.33	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 (incorporated by reference to Exhibit 10.1 to Team, Inc.'s Current Report on Form 8-K filed November 5, 2021)
21	Subsidiaries of the Team, Inc.
23.1	Consent of Independent Registered Public Accounting Firm—KPMG LLP.
31.1	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit Number	Description
32.1	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3	Certifications 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)

† Management contract or compensation plan or arrangement.

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

Note: Unless otherwise indicated, documents incorporated by reference are located under SEC file number 001-08604.

ITEM 16. FORM 10-K SUMMARY

NONE

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized March 16, 2022.

TEAM, INC.

/S/ AMERINO GATTI
Amerino Gatti
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacity and on the dates indicated.

/S/ AMERINO GATTI **(Amerino Gatti)**	Chief Executive Officer (Principal Executive Officer); Chairman of the Board	March 16, 2022
/S/ MATTHEW E. KVARDA **(Matthew E. Kvarda)**	Interim Chief Financial Officer (Principal Financial Officer)	March 16, 2022
/S/ MATTHEW E. ACOSTA **(Matthew E. Acosta)**	Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 16, 2022
/S/ J. MICHAEL ANDERSON **(J. Michael Anderson)**	Director	March 16, 2022
/S/ MICHAEL J. CALIEL **(Michael J. Caliel)**	Director	March 16, 2022
/S/ JEFFERY G. DAVIS **(Jeffery G. Davis)**	Director	March 16, 2022
/S/ ANTHONY R. HORTON **(Anthony Horton)**	Director	March 16, 2022
/S/ SYLVIA J. KERRIGAN **(Sylvia J. Kerrigan)**	Lead Director	March 16, 2022
/S/ EVAN S. LEDERMAN **(Evan. S. Lederman)**	Director	March 16, 2022
/S/ TED STENGER **(Ted Stenger)**	Director	March 16, 2022

DESCRIPTION OF REGISTRANT’S SECURITIES
REGISTERED PURSUANT TO SECTION 12
OF THE SECURITIES EXCHANGE ACT OF 1934

The following description of our capital stock is not intended to be complete, does not describe every aspect of our securities, and is subject to, and qualified in its entirety by reference to, all the provisions of our amended and restated certificate of incorporation, as amended (the “Charter”), our Certificate of Designation, as filed with the Delaware Secretary of State on February 2, 2022 (the “Certificate of Designation”), all the provisions of our amended and restated bylaws (the “Bylaws”), and the Section 382 Rights Agreement (the “Rights Agreement”), dated as of February 2, 2022, between us and Computershare Trust Company, N.A., as Rights Agent (the “Rights Agent”). We refer you to the Charter, Bylaws, and Rights Agreement, copies of which have been filed as exhibits to the Registration Statement of which this prospectus is a part.

Authorized Capital Stock

As of March 11, 2022, our authorized capital stock consists of 60,500,000 shares, including (i) 60,000,000 shares of common stock, $0.30 par value per share ("common stock"), and 500,000 shares of preferred stock, $100 par value per share.

Common Stock

As of March 11, 2022, there were 43,124,362 shares of common stock and no shares of preferred stock outstanding.

Listing

Our common stock is listed on the New York Stock Exchange under ticker symbol “TISI”.

Dividends

Holders of shares of common stock are entitled to share equally and ratably in any dividends, subject, if preferred stock is then outstanding, to any preferential rights of such preferred stock.

Voting

Under the terms of our Charter, each share of common stock entitles the holder of record to one vote at all meetings of stockholders, and the votes are noncumulative. Except as required by law, holders of common stock vote together as one class.

Preemptive, Conversion or Similar Rights

Each share of our common stock includes a right to purchase from us one one-thousandth of a share of Series A preferred stock (a “Purchase Right”) at a price of $7.00 per one one-thousandth of a share of Series A preferred stock, subject to adjustment as provided in the Rights Agreement. Prior to the occurrence of certain events, the Purchase Rights will not be exercisable or trade separately from our common stock. The Purchase Rights have no value except as reflected in the market price of the shares of the common stock to which they are attached, and can be transferred only with the shares of common stock to which they are attached. Except for the Purchase Rights, holders of our common stock have no preemptive, subscription, redemption or conversion rights.

Liquidation Preference

In the event of our dissolution, liquidation or winding up, whether voluntary or involuntary, the holders of common stock are entitled to share, on a pro rata basis, any assets or funds remaining after payment in full of all creditors and holders of preferred stock.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Investor Services.

Preferred Stock

Our board of directors (our "Board of Directors") has the authority, without action by our stockholders, to issue preferred stock and to fix voting powers for each class or series of preferred stock, and to provide that any class or series may be subject to redemption, entitled to receive dividends, entitled to rights upon dissolution, or convertible or exchangeable for shares of any other class or classes of capital stock. The rights with respect to a series or class of preferred stock may be greater than the rights attached to our common stock. Our Board of Directors has designated 100,000 shares of preferred stock as Series A preferred stock which will only be issued if the Purchase Rights are triggered, as discussed in further detail below. The remaining 400,000 shares of preferred stock are undesignated. The effect of issuing preferred stock could include, among other things, one or more of the following:

- restricting dividends in respect of our common stock;
- diluting the voting power of our common stock or providing that holders of preferred stock have the right to vote on matters as a class;
- impairing the liquidation rights of our common stock; or
- delaying or preventing a change of control of us.

Series A Preferred Stock

The Series A preferred stock is reserved for issuance in connection with the Purchase Rights pursuant to the Rights Agreement. Upon issuance, each holder of the Series A preferred stock will be entitled 1,000 votes, subject to adjustment as described in the Certificate of Designation, for each share of Series A preferred stock held on all matters submitted to a vote of stockholders. The Series A preferred stock ranks junior to any other series of our preferred stock.

Subject to any preference rights of holders of any superior stock that we may issue in the future, and upon issuance of any Series A preferred stock, holders of our Series A preferred stock will be entitled to receive quarterly dividends, if any are declared by our Board of Directors out of legally available funds, in an amount per share (rounded to the nearest cent), subject to adjustment as described in the Certificate of Designation, equal to 1,000 multiplied by the aggregate per share amount of all cash dividends, and 1,000 multiplied by the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of common stock or a subdivision of the outstanding shares of common stock (by reclassification or otherwise) declared on the common stock since the immediately preceding quarterly dividend payment date or, with respect to the first quarterly dividend payment date, since the first issuance of any share or fraction of a share of Series A preferred stock.

In the event of our liquidation, dissolution or winding up, the holders of our outstanding Series A preferred stock are entitled to receive an amount per share equal to 1,000 multiplied by the aggregate amount to be distributed in respect of the common stock upon such liquidation, dissolution or winding up, prior to any distribution to holders of the common stock, plus an amount equal to any accrued and unpaid dividends the per share amount of all cash and other property.

Description of our Purchase Rights

General

On February 2, 2022 (the “Effective Date”), we entered into the Rights Agreement, pursuant to which we issued one Purchase Right for each share of common stock of the Company. The purpose of the Rights Agreement is to facilitate our ability to preserve our net operating losses (“NOLs”) and our other Tax Attributes (as such term is defined in the Rights Agreement) in order to be able to offset potential future income taxes for federal income tax purposes. Our ability to use its NOLs and other Tax Attributes would be substantially limited if it experiences an “ownership change,” as such term is defined in Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”). A company generally experiences an ownership change if the percentage of the value of its stock owned by certain “5-percent shareholders,” as such term is defined in Section 382 of the Code, increases by more than 50 percentage points over a rolling three-year period. The Rights Agreement is intended to reduce the likelihood of an ownership change under Section 382 of the Code by deterring any Person (as such term is defined in the Rights Agreement) or group of affiliated or associated Persons from acquiring Beneficial Ownership (as defined in the Rights Agreement) of 4.9% or more of the outstanding common stock.

Effectiveness

Upon and following the Effective Date, the Purchase Rights were issued in respect of all outstanding shares of common stock on February 14, 2022 (the “Record Date”). As long as the Purchase Rights are attached to the common stock, we will issue one Purchase Right with each new share of common stock so that all such shares of common stock will have Purchase Rights attached (subject to certain limited exceptions).

Distribution Date; Exercisability; Expiration

Initially, the Purchase Rights will be attached to all common stock certificates (or other evidence of book-entry or other uncertificated ownership) and no separate certificates evidencing the Purchase Rights (“Right Certificates”) will be issued. Until the Distribution Date (as defined below), the Purchase Rights will be transferred with and only with the shares of common stock. As long as the Purchase Rights are attached to the shares of common stock, we will issue one Purchase Right with each new share of common stock so that all such shares of common stock will have Purchase Rights attached (subject to certain limited exceptions).

The Purchase Rights will separate and begin trading separately from the shares of common stock, and Right Certificates will be caused to evidence the Purchase Rights, on the earlier to occur of (i) the Close of Business (as such term is defined in the Rights Agreement) on the tenth day following a public announcement, or the public disclosure of facts indicating, that a Person or group of affiliated or associated Persons has acquired Beneficial Ownership of 4.9% or more of the outstanding shares of common stock (an “Acquiring Person”) (or, in the event that our Board of Directors determines to effect an exchange in accordance with Section 24 of the Rights Agreement and our Board of Directors determines that a later date is advisable, then such later date) and (ii) the Close of Business on the tenth Business Day (as such term is defined in the Rights Agreement) (or such later date as may be determined by action of our Board of Directors prior to such time as any Person becomes an Acquiring Person) following the commencement of a tender offer or exchange offer the consummation of which would result in the Beneficial Ownership by a Person or group of 4.9% or more of the outstanding shares of common stock (the earlier of such dates, the “Distribution Date”). As soon as practicable after the Distribution Date, unless the Purchase Rights are recorded in book-entry or other uncertificated form, we will prepare and cause the Right Certificates to be sent to each record holder of shares of common stock as of the Distribution Date.

An “Acquiring Person” will not include (i) the Company, (ii) any Subsidiary (as such term is defined in the Rights Agreement) of the Company, (iii) any employee benefit plan of the Company or of any Subsidiary of the Company, (iv) any entity holding shares of common stock for or pursuant to the terms of any such employee benefit plan or (v) any Person who or which, together with all Affiliates and Associates (as such terms are defined in the Rights Agreement) of such Person, at the time of the first public announcement of the Rights Agreement, is a Beneficial Owner (as defined in the Rights Agreement) of 4.9% or more of the shares of common stock then outstanding (a “Grandfathered Stockholder”). However, if a Grandfathered Stockholder becomes, after such time, the Beneficial Owner (other than (A) pursuant to the vesting or exercise of any equity awards issued to a member of our Board of Directors, (B) pursuant to additional grants of any such equity awards to a member of our Board of Directors, (C) pursuant to the exercise of Warrants or options or the conversion or exchange of any securities in accordance with the terms thereof, in each case, either as held by a Grandfathered Stockholder as of the time of the first public announcement of the Rights Agreement or as directly issued by us to a Grandfathered Stockholder following the first public announcement of the Rights Agreement (D) pursuant to the payment of interest or dividends in the form of additional securities on any exchangeable or convertible securities held by a Grandfathered Stockholder as of the time of first public announcement of the Rights Agreement or any exercise or conversion of such additional securities by a Grandfathered Stockholder or (E) pursuant to the Company directly issuing shares of common stock or Warrants, options or other securities convertible into or exchangeable for shares of common stock to a Grandfathered Stockholder) of any additional shares of common stock (regardless of whether, thereafter or as a result thereof, there is an increase, decrease or no change in the percentage of shares of common stock then outstanding Beneficially Owned (as such term is defined in the Rights Agreement) by such Grandfathered Stockholder) then such Grandfathered Stockholder shall be deemed to be an Acquiring Person unless, upon such acquisition of Beneficial Ownership of additional shares of common stock, such person is not the Beneficial Owner of 4.9% or more of the shares of common stock then outstanding. In addition, upon the first decrease of a Grandfathered Stockholder’s Beneficial Ownership below 4.9%, such Grandfathered Stockholder will no longer be deemed to be a Grandfathered Stockholder. In the event that after the time of the first public announcement of the Rights Agreement, any agreement, arrangement or understanding pursuant to which any Grandfathered Stockholder is deemed to be the Beneficial Owner of shares of common stock expires, is settled in whole or in part, terminates or no longer confers any benefit to or imposes any obligation on the Grandfathered Stockholder, any direct or indirect replacement, extension or substitution of such agreement, arrangement or understanding with respect to the same or different shares of common stock that confers Beneficial Ownership of shares of common stock shall be considered the acquisition of Beneficial Ownership of additional shares of common stock by the Grandfathered Stockholder and render such Grandfathered Stockholder an Acquiring Person for purposes of the Rights Agreement unless, upon such acquisition of Beneficial Ownership of additional shares of common stock, such person is not the Beneficial Owner of 4.9% or more of the shares of common stock then outstanding.

“Beneficial Ownership” is defined in the Rights Agreement to include any securities (i) which a Person or any of such Person’s Affiliates or Associates (a) actually owns (directly or indirectly) or would be deemed to actually or constructively own for purposes of Section 382 of the Code or the Treasury Regulations (as such terms are defined in the Rights Agreement) promulgated thereunder, including any coordinated acquisition of securities by any Persons who have a formal or informal understanding with respect to such acquisition (to the extent ownership of such securities would be attributed to such Persons under Section 382 of the Code and the Treasury Regulations promulgated thereunder), (b) beneficially owns, directly or indirectly, within the meaning of Rules 13d-3 or 13d-5 promulgated under the Exchange Act or (c) has the right or ability to vote, or the right to acquire, pursuant to any agreement, arrangement or understanding (except under limited circumstances), (ii) which are directly or indirectly Beneficially Owned by any other Person with which a Person has any agreement, arrangement or understanding for the purpose of acquiring, holding or voting such securities, or obtaining, changing or influencing control of the Company or (iii) which are the subject of, or reference securities for, or that underlie, certain derivative positions of any Person or any of such Person's Affiliates or Associates; provided, that a Person shall not be deemed to be the Beneficial Owner of, or to Beneficially Own (as defined in the Rights Agreement), securities tendered pursuant to a tender or exchange offer made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act until such tendered securities are accepted for purchase or exchange.

The Purchase Rights are not exercisable until the Distribution Date. The Purchase Rights will expire on the earliest to occur of (i) the Close of Business on the day following the certification of the voting results of our 2022 annual meeting of stockholders, if at such stockholder meeting or any other meeting of our stockholders duly held prior to such meeting, a proposal to ratify the Rights Agreement has not been passed by the requisite vote of our stockholders, (ii) the date on which our Board of Directors determines in its sole discretion that (x) the Rights Agreement is no longer necessary for the preservation of material valuable NOLs or Tax Attributes or (y) the NOLs and Tax Attributes have been fully utilized and may no longer be carried forward and (iii) the Close of Business on February 2, 2025 (the "Final Expiration Date").

Exempt Persons and Transactions

Our Board of Directors may, in its sole and absolute discretion, determine that a Person is exempt from the Rights Agreement (an "Exempt Person"), so long as such determination is made prior to such time as such Person becomes an Acquiring Person. Any Person will cease to be an Exempt Person if our Board of Directors makes a contrary determination with respect to such Person regardless of the reason therefor. In addition, our Board of Directors may, in its sole and absolute discretion, exempt any transaction from triggering the Rights Agreement, so long as the determination in respect of such exemption is made prior to such time as any Person becomes an Acquiring Person. Any Person, together with all Affiliates and Associates of such Person, who proposes to acquire 4.9% or more of the outstanding shares of common stock may apply to our Board of Directors in advance for an exemption in accordance with and pursuant to the terms of the Rights Agreement.

Flip-In Event

If a Person or group becomes an Acquiring Person at any time after the date of the Rights Agreement (with certain limited exceptions), the Purchase Rights will become exercisable for shares of common stock having a value equal to two times the exercise price of the Purchase Right. From and after the announcement that any Person has become an Acquiring Person, if the Purchase Rights evidenced by a Right Certificate are or were acquired or Beneficially Owned by an Acquiring Person or any Associate or Affiliate of an Acquiring Person, such Purchase Rights shall become void, and any holder of such Purchase Rights shall thereafter have no right to exercise such Purchase Rights. If our Board of Directors so elects, we may deliver upon payment of the exercise price of a Purchase Right an amount of cash, securities or other property equivalent in value to the shares of common stock issuable upon exercise of a Purchase Right.

Flip-Over Event

If, at any time after a Person becomes an Acquiring Person, (i) we consolidates with, or merge with, any other Person (or any Person consolidates with, or merges with us) and, in connection with such consolidation or merger, all or part of the shares of common stock are or will be changed into or exchanged for stock or other securities of any other Person or cash or any other property or (ii) 50% or more of our consolidated assets or Earning Power (as defined in the Rights Agreement) is sold, then proper provision will be made so that each holder of a Purchase Right will thereafter have the right to receive, upon the exercise thereof at the then current exercise price of the Purchase Right, that number of shares of common stock of the acquiring company which at the time of such transaction will have a market value of two times the exercise price of the Purchase Right.

Exchange

At any time after any Person becomes an Acquiring Person, our Board of Directors may exchange the Purchase Rights (other than Purchase Rights owned by any Person which have become void), in whole or in part, at an exchange ratio of one share of common stock per Purchase Right (subject to adjustment). We may issue, transfer or deposit such shares of common stock (or other property as permitted under the Rights Agreement) to or into a trust or other entity created upon such terms as our Board of Directors may determine and may direct that all holders of Purchase Rights receive such shares of common stock or other property only from the trust or other entity. In the event that our Board of Directors determines, before the Distribution Date, to effect an exchange, our Board of Directors may delay the occurrence of the Distribution Date to such time as it deems advisable.

Redemption

At any time prior to the earlier to occur of (i) the Close of Business on the tenth day following the Stock Acquisition Date (as defined in the Rights Agreement) (or, if the tenth day following the Stock Acquisition Date occurs before the Record Date, the Close of Business on the Record Date) and (ii) the Final Expiration Date, our Board of Directors may redeem the Purchase Rights in whole, but not in part, at a price of $0.001 per Purchase Right (the “Redemption Price”). The redemption of the Purchase Rights may be made effective at such time, on such basis and with such conditions as our Board of Directors in its sole discretion may establish. Immediately upon any redemption of the Purchase Rights, the right to exercise the Purchase Rights will terminate and the only right of the holders of Purchase Rights will be to receive the Redemption Price.

Amendment

The terms of the Purchase Rights may be amended by our Board of Directors without the consent of the holders of the Purchase Rights, except that at any time after the Close of Business on the tenth day following the Stock Acquisition Date (or, if the tenth day following the Stock Acquisition Date occurs before the Record Date, the Close of Business on the Record Date), no such amendment may adversely affect the interests of the holders of the Purchase Rights (other than the Acquiring Person and its Affiliates and Associates).

Preferred Stock Rights

Each one-thousandth of a share of Series A Preferred Stock will entitle the holder thereof to the same dividends and liquidation rights as if the holder held one share of common stock and will be treated the same as a share of common stock in the event of a merger, consolidation or other share exchange.

Rights of Holders

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

Certain Provisions of Our Charter, Bylaws and the Rights Agreement

Our Charter, Bylaws, the Rights Agreement and the DGCL contain provisions, which are summarized in the following paragraphs, are intended to enhance the likelihood of continuity and stability in the composition of our Board of Directors. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile change of control and enhance the ability of our Board of Directors to maximize stockholder value in connection with any unsolicited offer to acquire us.

Authorized but Unissued Shares

The authorized but unissued shares of our common stock and our preferred stock will be available for future issuance without obtaining stockholder approval, except to the extent such approval is required by law or the listing requirements of the NYSE, the exchange on which our common stock is listed. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of our common stock and preferred stock could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger or otherwise.

Pursuant to our Charter, shares of our preferred stock may be issued from time to time, and our Board of Directors is authorized to determine and alter all rights, preferences, privileges, qualifications, limitations and restrictions without limitation. See “Preferred Stock” above.

Election and Removal of Directors; Structure of Board of Directors

Our Bylaws provide that a nominee to director shall be elected to our Board of Directors if, at a meeting of stockholders duly called and at which a quorum is present, the votes cast for such nominee’s election exceed the votes cast against such nominee’s election-i.e. the director receives a majority of the stockholder votes.

Notwithstanding the foregoing, directors shall be elected by a plurality of the votes cast at any such meeting of stockholders if, on the tenth (10th) day before the Company first mails its notice of meeting for such meeting of the stockholders, the number of nominees for directors exceeds the number of directors to be elected at such meeting. If directors are to be elected by a plurality of the votes cast, stockholders shall not be permitted to vote against a nominee. Abstentions and broker non-votes are not counted as votes cast for purposes of the election of directors and, therefore, will have no effect on the outcome of such election. Even if a nominee is not re-elected, he or she will remain in office as a director until his or her earlier resignation or removal.

The Charter and Bylaws provide that a director may be removed only for cause, as determined by the affirmative vote of the holders of at least a majority of the shares then entitled to vote in an election of directors, voting as a single class. The Charter provides that such stockholder vote may only be taken at a meeting of stockholders and not by written consent, the notice of which meeting expressly states such purpose. Cause for removal shall be deemed to exist only if the director whose removal is proposed has been convicted of a felony by a court of competent jurisdiction or has been adjudged by a court of competent jurisdiction to be liable for gross negligence or misconduct in the performance of such director’s duty to us and such adjudication is no longer subject to direct appeal.

Structure of the Board of Directors

Our Board of Directors currently consists of eight (8) members. Our Bylaws provide that the business and affairs of the Company shall be managed by or under the direction of not fewer than five (5) members at any given time. The exact number of directors may be increased or decreased, from time to time by action of our Board of Directors. No decrease in the number of directors constituting our Board of Directors shall shorten the term of any incumbent director.

Our Bylaws provide that directors are divided into three classes: class I, class II and class III. Each class shall be as nearly equal in number of directors as possible.

Each director shall serve for a term ending on the third annual meeting following the annual meeting at which such director was elected; provided, however, that each director shall serve until his successor shall have been duly elected and qualified, unless he or she shall resign, become disqualified or disabled, or shall otherwise be removed.

Stockholder Action by Written Consent

Our Bylaws provide that any action which may be taken at any meeting of stockholders may be taken without a meeting and without prior notice, if a unanimous consent in writing, setting forth the action so taken, shall be signed by the holders of all of the outstanding shares entitled to vote thereon.

Special Meetings of Stockholders; Advance Notice Requirements for Stockholder Nominations

Our Bylaws provide that notice of the time and place of every meeting of stockholders and of the business to be acted on at such meeting shall be delivered at least 10 days but not more than 60 days before the meeting to each stockholder of record having voting power and entitled to such notice. A notice of special meeting must state the purposes of the meeting.

To be properly brought before an annual meeting of stockholders, any stockholder proposal or nomination for the Board of Directors must be received by the Secretary of the Company at our principal executive offices not less than 90 calendar days nor more than 120 days before the date of our proxy statement release to stockholders in connection with the previous year’s annual meeting of stockholders. If no annual meeting was held in the previous year, or if the date of the applicable annual meeting has been changed by more than 30 days from the date of the previous year’s annual meeting, then a stockholder’s notice, in order to be considered timely, must be received by the Secretary not later than the later of the close of business on the 60th day prior to such annual meeting or the tenth day following the day on which notice of the date of the annual meeting was mailed or public disclosure of such date was made.

Amendments to Governing Documents

The Charter provides that we may at any time and from time to time amend, alter, change or repeal any provision contained in the Charter, and any other provisions authorized by the DGCL may be added or inserted; provided, however, that any such action requires the affirmative vote of at least two-thirds (2/3) of the holders of all of the shares of our capital stock then entitled to vote in an election of directors, voting together as a single class.

Our Bylaws provide that in addition to any requirements set forth by the DGCL, the Bylaws may be adopted, amended or repealed by (i) the affirmative vote of at least 2/3 of the holders of all of the shares of our capital stock then entitled to vote in an election of directors, voting together as a single class, or by (ii) approval of a majority of the our Board of Directors.

Limitation on Director Liability

The Charter provides that, to the fullest extent permitted by the DGCL, directors of the Company will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to us or our stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit.

The Charter provides that if the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company will automatically be deemed eliminated and limited to the fullest extent permitted by the DGCL as so amended.

The Purchase Rights

The Purchase Rights have anti-takeover effects. If the Purchase Rights are exercised, shares of Series A preferred stock will be issued, which will cause significant dilution to an Acquiring Person that attempts to acquire us on terms not approved by our Board of Directors. The Purchase Rights should not interfere with any merger or other business combination approved by our Board of Directors since the Purchase Rights may be amended to permit such acquisition or be redeemed by us at the Redemption Price at any time prior to the time that a person or group becomes an Acquiring Person. For more information about the Purchase Rights, see "Description of Our Purchase Rights."

Certain Anti-Takeover Effects of Delaware Law

We are subject to Section 203 of the DGCL. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in various "business combination" transactions with any interested stockholder for a period of three years following the date of the transactions in which the person became an interested stockholder, unless:

- the transaction is approved by our Board of Directors prior to the date the interested stockholder obtained such status;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or subsequent to such date the business combination is approved by our board and authorized at an annual or special meeting of stockholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

A “business combination” is defined to include mergers, asset sales, and other transactions resulting in financial benefit to a stockholder. In general, an “interested stockholder” is a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of a corporation’s voting stock. The statute could prohibit or delay mergers or other takeover or change in control attempts with respect to the Company and, accordingly, may discourage attempts to acquire the Company even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

Exhibit 21
SUBSIDIARIES OF REGISTRANT

COMPANY	JURISDICTION / STATE OF INCORPORATION
Team, Inc.	Delaware
TISI Pipelines, Inc.	Delaware
TQ Acquisition, Inc.	Texas
Quest Integrity Group, LLC	Delaware
Quest Integrity CAN Ltd.	Canada
Quest Integrity NZL Limited	New Zealand
Quest Integrity MYS Sdn Bhd	Malaysia
Quest Integrity AUS Pty Limited	Australia
Quest Integrity EU Holdings B.V.	Netherlands
Quest Integrity NLD B.V.	Netherlands
Quest Integrity Saudi Arabia Co. LTD	Saudi Arabia
Quest Integrity Middle East FZ-LLC	United Arab Emirates
Quest Integrity Deutschland GmbH	Germany
Quest Integrity USA, LLC	Texas
Quest Integrity MEX S.A. de C.V.	Mexico
Team Industrial Services, Inc.	Texas
Global Ascent, LLC	California
TCI Services Holdings, LLC	Delaware
TCI Services, LLC	Oklahoma
Tank Consultants, LLC	Oklahoma
Tank Consultants Mechanical Services, LLC	Oklahoma
Team Industrial Services International, Inc.	Delaware
Team Mexico Holdings, LLC	Texas
Team Middle East FZ LLC	United Arab Emirates
TISI Acquisition Inc.	Canada
TISI Canada Inc.	Canada
TISI VI, LLC	USVI
Team Industrial Services Asia Private Ltd.	Singapore
Team Industrial Services Trinidad, Ltd.	Trinidad, West Indies
T.I.S.I. Trinidad Limited	Trinidad, West Indies
Team Industrial Services Europe B.V.	Netherlands
Team Industrial Services Netherlands B.V.	Netherlands
Teaminc Europe B.V.	Netherlands
P3 Pullen Polyurethane Products B.V.	Netherlands
Team Industrial Services Belgium BVBA	Belgium
TIS UK Limited Limited	United Kingdom
Team Valve Repair Services B.V.	Netherlands
Team Industrial Services Deutschland GmbH	Germany
Team Industrial Services Malaysia Sdn Bhd	Malaysia
Team Industrial Services (UK) Holding Limited	United Kingdom
Team Valve and Rotating Services Limited	United Kingdom
TISI do Brasil-Servicos Industriais Ltda.	Brazil
DK Valve & Supply, LLC	California
Team Technical School, LLC	Texas
Rocket Acquisition, LLC	Delaware

Team Qualspec, LLC Delaware

COMPANY	JURISDICTION / STATE OF INCORPORATION
Qualspec LLC	Delaware
Quantapoint, LLC	Delaware
A&M Beheer, B.V.	Netherlands
Turbinate International, B.V.	Netherlands
Quality Inspection Services B.V.	Netherlands
Quality Inspection Services BVBA	Belgium
Threshold Inspection & Application Training Europe B.V.	Netherlands
Furmanite, LLC	Delaware
Xanser Services, LLC	Delaware
Furmanite Germany, LLC	Delaware
Furmanite GmbH	Germany
Furmanite Worldwide, LLC	Delaware
Xtria, LLC	Delaware
Kaneb Financial, LLC	Delaware
Aggressive Equipment Company, LLC	Delaware
Xanser Investment, LLC	Delaware
Furmanite Offshore Services, Inc.	Delaware
Self Leveling Machines, LLC	Texas
Furmanite International Finance Limited	United Kingdom
Furmanite America, LLC	Virginia
Advanced Integrity Solutions, Inc.	Texas
Furmanite Canada Corp.	Canada
Furmanite Louisiana, LLC	Delaware
Furmanite Aruba II, N.V.	Aruba
Furmanite B.V.	Netherlands
Furmanite GSG BVBA	Belgium
Furmanite AB	Sweden
Furmanite A/S	Denmark
Furmanite Limited	United Kingdom
Furmanite 1986	United Kingdom
Team Industrial Services Inspection Limited	United Kingdom
Team Industrial Services (UK) Limited	United Kingdom
Furmanite West Africa Ltd.	Nigeria
Furmanite Middle East S.P.C.	Bahrain
Aggressive Equipment Company Ltd.	United Kingdom
Furmanite Kazakhstan LLP	Kazakhstan
Team Industrial Services France SAS	France
Furmanite Malaysia LLC	Delaware
Furmanite (Malaysia) Sdn. Bhd.	Malaysia
Furmanite Australia Pty. Ltd.	Australia
Furmanite Holding B.V.	Netherlands
Furmanite NZ Limited	New Zealand
Furmanite Mechanical Technology Services Co., Ltd.	China

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Team, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-258885, 333-209871, 333-211495, 333-222128, 333-225727, and 333-232227) on Form S-8 and the registration statement (No. 333-258884) on Form S-3 of Team, Inc. of our reports dated March 16, 2022, with respect to the consolidated financial statements of Team, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Houston, Texas
March 16, 2022

Exhibit 31.1

I, Amerino Gatti, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 16, 2022

/S/ AMERINO GATTI

Amerino Gatti
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

I, Matthew E. Kvarda, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 16, 2022

/S/ MATTHEW E. KVARDA

Matthew E. Kvarda
Interim Chief Financial Officer

Exhibit 31.3

I, Matthew E. Acosta, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 16, 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 Annual Report of Team, Inc. (the Company) on Form 10-K for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Amerino Gatti, 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 Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ AMERINO GATTI

Amerino Gatti
Chairman and Chief Executive Officer
(Principal Executive Officer)

March 16, 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 Annual Report of Team, Inc. (the Company) on Form 10-K for the period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Matthew E. Kvarda, Interim Chief Financial Officer, 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 Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ MATTHEW E. KVARDA

Matthew E. Kvarda
Interim Chief Financial Officer

March 16, 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 Annual Report of Team, Inc. (the Company) on Form 10-K for the period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Matthew E. Acosta, Chief Accounting Officer, 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 Annual 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

March 16, 2022