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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 1, 2024

Mistras Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-34481**	**22-3341267**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

195 Clarksville Road Princeton Junction,	**New Jersey**	**08550**
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: **(609) 716-4000**

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d 2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	MG	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Item 2.02. Results of Operations and Financial Condition

On May 1, 2024, Mistras Group, Inc. (the "Company," "we," "us" and "our") issued a press release announcing the financial results for our first quarter of 2024, which ended March 31, 2024. A copy of the press release is attached as Exhibit 99.1 to this report.

Disclosure of Non-GAAP Financial Measures

In the press release attached, the Company uses the terms "Adjusted EBITDA", "free cash flow" and "net income before special items", which are not measures of financial performance under U.S. generally accepted accounting principles ("GAAP"). Also, in the tables to the press release, the non-GAAP financial measures "Segment and Total Company Income (Loss) before Special Items" (which includes operating income (loss) before special items) are presented and reconciled to financial measures under GAAP within the table "Segment and Total Company Income (Loss) from Operations (GAAP) to Income (Loss) from Operations before Special Items (Non-GAAP)". The non-GAAP financial measure "Diluted EPS excluding Special Items", is presented and reconciled to the financial measure under GAAP within the table "Net Income (Loss) (GAAP) and Diluted EPS (GAAP) to Net Income (Loss) Excluding Special Items (non-GAAP) and Diluted EPS Excluding Special Items (Non-GAAP)". Information about these non-GAAP financial measures are included in the press release.

Our management uses and provides these non-GAAP financial measures as a measure of operating performance and liquidity to assist in comparing performance from period to period on a consistent basis, as a measure for planning and forecasting overall expectations for the Company and for evaluating actual results against such expectations. Adjusted EBITDA and free cash flow are also performance evaluation metrics used to determine incentive compensation for the Company's executive officers.

We believe that investors and other users of the financial statements benefit from the presentation of these non-GAAP financial measures because they provide additional metrics to compare the Company's operating performance and liquidity on a consistent basis and measure underlying trends and results of the Company's business. Adjusted EBITDA and operating income before special items assist in evaluating our operating performance because they remove the impact of certain items that management believes do not directly reflect our core operations. For instance, Adjusted EBITDA generally excludes interest expense, taxes and depreciation and amortization, each of which can vary substantially from company to company depending upon accounting methods and the book value and age of assets, capital structure, capital investment cycles and the method by which assets were acquired. It also eliminates stock-based compensation, which is a non-cash expense and is excluded by management when evaluating the underlying performance of our business operations.

Our management uses free cash flow when evaluating the performance of our business operations. This financial measure also takes into account cash used to purchase fixed assets needed for business operations which are not expensed. We believe this financial measure provides an additional tool to compare cash generated by our operations on a consistent basis and measure underlying trends and results in our business.

While Adjusted EBITDA and free cash flow are terms and financial measures commonly used by investors and securities analysts, they have limitations. As non-GAAP financial measures, Adjusted EBITDA and free cash flows have no standard meaning and, therefore, may not be comparable with similar financial measures for other companies. Similarly, segment and total company income before special items and diluted EPS excluding special items has no standard meaning and may not be comparable to financial measures for other companies. Adjusted EBITDA and free cash flow are generally limited as analytical tools because they exclude charges and expenses we do incur as part of our operations as well as cash uses which are included in a GAAP cash flow statement. In addition, free cash flow does not represent residual cash flow available for discretionary expenditures since items such as debt repayments are not deducted in determining such measure.

None of these non-GAAP financial measures should be considered in isolation or as a substitute for analyzing our results as reported under U.S. GAAP.

Item 9.01. Financial Statement and Exhibits

Exhibit No.	**Description**
99.1	Press release issued by Mistras Group, Inc. on May 1, 2024

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MISTRAS GROUP, INC.

Date: May 1, 2024	By:	/s/ Edward J. Prajzner	
		Name:	Edward J. Prajzner
		Title:	Senior Executive Vice President and Chief Financial Officer

Exhibit No.	Description
99.1	Press release issued by Mistras Group, Inc. on May 1, 2024

Exhibit 99.1

MISTRAS Announces First Quarter 2024 Results

Q1 2024 Revenue of $184.4 million, up 9.8% from the prior year period; highest Q1 Revenue since 2018

Q1 2024 Net Income of $1.0 million, reflecting an improvement from a net loss of $5.0 million in the prior year period

Q1 2024 Adjusted EBITDA (non-GAAP) of $16.2 million compared to $10.4 million in the prior year period, up 55.1%; highest Q1 result historically

PRINCETON JUNCTION, N.J., May 1, 2024 (GLOBE NEWSWIRE) -- MISTRAS Group, Inc. (MG: NYSE), a leading "one source" multinational provider of integrated technology-enabled asset protection solutions, reported financial results for its first quarter ended March 31, 2024.

Highlights for the First Quarter 2024*

- **Revenue of $184.4 million, an increase of 9.8%**
- **Gross profit of $51.1 million, an increase of 10.9%, with gross profit margin of 27.7%, an increase of 30 basis points due to improved operating leverage and strong Aerospace growth, partially offset by higher healthcare claims expense in the current year period**
- **Selling, general and administrative expenses of $41.2 million, down $1.6 million or 3.8%, due to savings associated with Project Phoenix actions**
- **Net income of $1.0 million, or $0.03 per share, reflecting an improvement from a net loss of $5.0 million, or a loss of $0.17 per share in the prior year period**
- **Adjusted EBITDA of $16.2 million, an increase of 55.1%, as a result of revenue growth and the operating leverage generated from a reduction in overhead costs**

** All comparisons are consolidated and versus the equivalent prior year period, unless otherwise noted.*

Manny Stamatakis, Interim President and Chief Executive Officer commented “the first quarter was a strong start to the year for Mistras Group as we continue to execute on our key financial, operational and strategic initiatives. In particular, we achieved outstanding success with our initiatives implemented in connection with Project Phoenix, with Adjusted EBITDA up over 55% compared to the prior year period. Revenue was up almost 10%, which reflects strong spring turnaround activity and continued expansion in our Aerospace and Defense industry. Additionally, we benefited from the successful implementation of strategic price increases with our improved commercial focus, which consequentially contributed to improvement in our gross margin. Selling, general and administrative expenses ("SG&A") were also reduced on both a sequential and year-over-year basis. Furthermore, we recently announced the hiring of a Chief Transformation Officer, whose primary focus will be to sustain the momentum generated by Project Phoenix and to further improve operating leverage. Consequently, I am once again reiterating our expectation that fiscal 2024 Adjusted EBITDA will be one of our all-time high-performance years."

Edward Prajzner, Senior Executive Vice President and Chief Financial Officer, commented, "first quarter results demonstrate our continued commitment to unlocking significant value through the ongoing implementation of Project Phoenix. While we have already made significant progress, there is more work to be done, as we plan to achieve our target of an incremental overhead reduction of $12 million in 2024 versus the prior year. This will not only generate an attractive bottom-line return but will also provide funds to reinvest in our high margin growth initiatives, such as Data Analytical Solutions and the Aerospace & Defense industry. This is an exciting time for Mistras, and the entire organization is focused on capitalizing on the unique growth opportunities in our markets."

For the first quarter of 2024, consolidated revenue was $184.4 million, an increase of 9.8% from the first quarter of 2023. Revenue growth in the first quarter of 2024 was led by strong growth in our two largest end markets, a 14.7% increase in Oil & Gas as a result of the anticipated robust Spring turnaround season and a 18.9% increase in Aerospace and Defense revenue. Growth in the Oil & Gas industry was led by strong turnaround activity, which is expected to continue into the second quarter of fiscal 2024 before leveling out in the second half of the year.

First quarter 2024 gross profit increased 10.9%, with gross profit margin increasing 30 basis points. Gross profit improved from the increase in revenues and gross profit margin increased due to the significant increase in the higher margin Aerospace and Defense revenue, which was partially offset by higher healthcare claims expense in the current year period.

SG&A in the first quarter of 2024 was $41.2 million, down $1.6 million or 3.8%, from the year ago period and down $1.7 million, or 4.0%, sequentially, due to savings associated with Project Phoenix initiatives which were taken in 2023. The Company anticipates that, on a relative basis, SG&A will continue to decrease throughout the year and reduce to approximately 21% of full year 2024 revenue, from 23.6% in full year 2023. Income from operations was $5.6 million for the first quarter of 2024, compared to a loss from operations of $1.8 million in the prior year period.

The Company reported quarterly net income of $1.0 million, or $0.03 per share, compared to a loss of $5.0 million or $0.17 per share in the prior year period. Net income excluding special items (non-GAAP), primarily reorganization and related costs, was $2.2 million, or $0.07 per share for the first quarter of 2024, compared to a net loss of $3.4 million, or $0.12 per share in the prior year period.

Adjusted EBITDA was $16.2 million in the first quarter of 2024, compared to $10.4 million in the prior year period, an increase of 55.1%.

Cash Flow and Balance Sheet

The Company's net cash provided by operating activities was $0.6 million for the first quarter of 2024, compared to $4.4 million in the prior year period. Free cash flow was negative $5.3 million for the first quarter of 2024, compared to negative $0.3 million in the prior year. The Company's decreased free cash flow was primarily attributable to an increase in working capital related to timing of customer invoicing and an increase in capital expenditures compared to the prior year. The Company is intently focused on improving working capital and maintaining organic growth investments via strategic capital expenditures and an improved commercial function, in order to foster revenue growth in expanding areas such as Aerospace shop laboratories and Data Analytical Solutions.

The Company's gross debt was $198.4 million as of March 31, 2024, compared to $190.4 million as of December 31, 2023. While the Company is typically a net borrower in the first quarter of each year, the Company remains committed to using free cash flow to reduce debt throughout the remainder of 2024.

Reorganization and Other

For the first quarter of 2024, the Company recorded $1.6 million of reorganization costs related to on-going Project Phoenix efficiency and productivity initiatives, including the final portion of professional fees associated with changes made in the Company's organizational structure.

2024 Outlook

The Company reaffirms the 2024 full year guidance previously provided, that being:

a. Full year Revenue between $725 and $750 million
b. Adjusted EBITDA between $84 and $89 million
c. Free cash flow between $34 and $38 million

Mr. Stamatakis concluded, "I am encouraged by the results of the first quarter and the momentum which the Company has developed for the remainder of the year. There is always room for improvement, particularly in increasing our free cash flow generation, and we are focused on achieving our outlook over the remainder of 2024. We remain committed to strategic investments in our business to expand our proprietary technologies and extensive knowledge to solve problems for our customers and create long-term value for our shareholders. I am energized by the commitment and focus of our employees who continually demonstrate their dedication to delivering high quality results and best in class customer service to meet and exceed our customer needs."

Conference Call

In connection with this release, MISTRAS will hold a conference call on May 2, 2024, at 9:00 a.m. (Eastern).
To listen to the live webcast of the conference call, visit the Investor Relations section of MISTRAS Group's website at www.mistrasgroup.com

Note there is a new process to participate in the live question and answer session. Individuals wishing to participate may preregister at: *https://register.vevent.com/register/BIebdf48d69cb04674a4848bcd372409be* .
Upon registering, a dial-in number and unique PIN will be provided to join the conference call. Following the conference call, an archived webcast of the event will be available for one year by visiting the Investor Relations section of MISTRAS Group's website.

About MISTRAS Group, Inc. - One Source for Asset Protection Solutions®

MISTRAS Group, Inc. (NYSE: MG) is a leading "one source" multinational provider of integrated technology-enabled asset protection solutions, helping to maximize the safety and operational uptime for civilization's most critical industrial and civil assets.

Backed by an innovative, data-driven asset protection portfolio, proprietary technologies, strong commitment to Environmental, Social, and Governance (ESG) initiatives, and a decades-long legacy of industry leadership, MISTRAS leads clients in the oil and gas, aerospace and defense, renewable and nonrenewable power, civil infrastructure, and manufacturing industries towards achieving operational and environmental excellence. By supporting these organizations that help fuel our vehicles and power our society; inspecting components that are trusted for commercial, defense, and space craft; building real-time monitoring equipment to enable safe travel across bridges; and helping to propel sustainability, MISTRAS helps the world at large.

MISTRAS enhances value for its clients by integrating asset protection throughout supply chains and centralizing integrity data through a suite of Industrial IoT-connected digital software and monitoring solutions. The company's core capabilities also include non-destructive testing field and in-line inspections enhanced by advanced robotics, laboratory quality control and assurance testing, sensing technologies and NDT equipment, asset and mechanical integrity engineering services, and light mechanical maintenance and access services.

For more information about how MISTRAS helps protect civilization's critical infrastructure and the environment, visit https://www.mistrasgroup.com/.

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Forward-Looking and Cautionary Statements

Certain statements contained in this press release are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include, but are not limited to, our 2024 outlook, guidance, costs savings and other benefits we expect to realize from Project Phoenix and actions that we expect or seek to take in furtherance of our strategies and activities to enhance our financial results and future growth. Such forward-looking statements relate to MISTRAS' financial results and estimates, products and services, business model, Project Phoenix, strategy, growth opportunities, profitability and competitive position, and other matters. These forward-looking statements generally use words such as "future," "possible," "potential," "targeted," "anticipate," "believe," "estimate," "expect," "intend," "plan," "predict," "project," "will," "may," "should," "could," "would" and other similar words and phrases. Such statements are not guarantees of future performance or results, and will not necessarily be accurate indications of the times at, or by which, such performance or results will be achieved, if at all. These statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in these statements. A list, description and discussion of these and other risks and uncertainties can be found in the "Risk Factors" section of the Company's 2023 Annual Report on Form 10-K filed on March 11, 2024, as updated by our reports on Form 10-Q and Form 8-K. The forward-looking statements are made as of the date hereof, and MISTRAS undertakes no obligation to update such statements as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Measures

In addition to financial information prepared in accordance with generally accepted accounting principles in the U.S. (GAAP), this press release also contains adjusted financial measures that are not prepared in accordance with GAAP and that we believe provide investors and management with supplemental information relating to the Company's operating performance and trends that facilitate comparisons between periods and with respect to trends and projected information. The term "Adjusted EBITDA" used in this release is a financial measurement not calculated in accordance with GAAP and is defined by the Company as net income attributable to MISTRAS Group, Inc. plus: interest expense, provision for income taxes, depreciation and amortization, share-based compensation expense, certain acquisition related costs (including transaction due diligence costs and adjustments to the fair value of contingent consideration), foreign exchange (gain) loss, non-cash impairment charges, reorganization and related charges and, if applicable, certain additional special items which are noted. A reconciliation of Adjusted EBITDA to Net Income (Loss) as computed under GAAP is set forth in a table attached to this press release. The Company also uses the term "free cash flow", a non-GAAP financial measurement the Company defines as cash provided by operating activities less capital expenditures (which is classified as an investing activity). A reconciliation of these non-GAAP financial measurements to GAAP are also set forth in tables attached to this press release. In the tables attached is also a table reconciling "Segment and Total Company Income (Loss) from Operations (GAAP) to Income (Loss) from Operations before Special Items (non-GAAP)", "Net Loss (GAAP) and Diluted EPS (GAAP) to Net Loss Excluding Special Items (non-GAAP) and Diluted EPS Excluding Special Items (non-GAAP)" which reconciles the non-GAAP amounts to the GAAP financial measurement. The tables also include the term "net debt", a non-GAAP financial measurement the Company defines as the sum of the current and long-term portions of long term debt, less cash and cash equivalents. Each of these non-GAAP financial measurements has material limitations as a performance or liquidity measure and should not be considered alternatives to Net Income (Loss) or any other measurements derived in accordance with GAAP. Because Income (loss) from operations before special items and other non-GAAP financial measurements used in this press release may not be calculated in the same manner by all companies, these measurements may not be comparable to other similarly-titled measurements used by other companies.

Mistras Group, Inc. and Subsidiaries
Unaudited Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

	March 31, 2024 (unaudited)	December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 16,855	$ 17,646
Accounts receivable, net	140,404	132,847
Inventories	15,079	15,283
Prepaid expenses and other current assets	14,632	14,580
Total current assets	186,970	180,356
Property, plant and equipment, net	79,702	80,972
Intangible assets, net	42,660	43,994
Goodwill	185,726	187,354
Deferred income taxes	2,647	2,316
Other assets	44,422	39,784
Total assets	$ 542,127	$ 534,776
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 15,629	$ 17,032
Accrued expenses and other current liabilities	84,475	84,331
Current portion of long-term debt	9,464	8,900
Current portion of finance lease obligations	4,907	5,159
Income taxes payable	406	1,101
Total current liabilities	114,881	116,523
Long-term debt, net of current portion	188,962	181,499
Obligations under finance leases, net of current portion	11,151	11,261
Deferred income taxes	2,685	2,552
Other long-term liabilities	36,983	32,438
Total liabilities	354,662	344,273
Commitments and contingencies		
Equity		
Preferred stock, 10,000,000 shares authorized	—	—
Common stock, $0.01 par value, 200,000,000 shares authorized, 30,910,552 and 29,895,487 shares issued and outstanding	328	305
Additional paid-in capital	247,329	247,165
Accumulated deficit	(27,947)	(28,942)
Accumulated other comprehensive loss	(32,565)	(28,336)
Total Mistras Group, Inc. stockholders’ equity	187,145	190,192
Noncontrolling interests	320	311
Total equity	187,465	190,503
Total liabilities and equity	$ 542,127	$ 534,776

Mistras Group, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Income (Loss)
(in thousands, except per share data)

	Three months ended March 31,	
	2024	**2023**
Revenue	$ 184,442	$ 168,016
Cost of revenue	127,418	116,051
Depreciation	5,934	5,888
Gross profit	51,090	46,077
Selling, general and administrative expenses	41,189	42,823
Reorganization and other costs	1,557	2,076
Research and engineering	343	480
Depreciation and amortization	2,447	2,525
Acquisition-related expense, net	1	3
Income (loss) from operations	5,553	(1,830)
Interest expense	4,430	4,068
Income (loss) before provision (benefit) for income taxes	1,123	(5,898)
Provision (benefit) for income taxes	119	(920)
Net income (loss)	1,004	(4,978)
Less: net income attributable to noncontrolling interests, net of taxes	9	8
Net income (loss) attributable to Mistras Group, Inc.	$ 995	$ (4,986)
Earnings (loss) per common share		
Basic	$ 0.03	$ (0.17)
Diluted	$ 0.03	$ (0.17)
Weighted-average common shares outstanding:		
Basic	30,680	30,021
Diluted	31,356	30,021

Mistras Group, Inc. and Subsidiaries
Unaudited Operating Data by Segment
(in thousands)

	Three months ended March 31,	
	2024	2023
Revenues		
North America	$ 150,349	$ 136,932
International	33,047	29,407
Products and Systems	3,210	3,739
Corporate and eliminations	(2,164)	(2,062)
	$ 184,442	$ 168,016

	Three months ended March 31,	
	2024	2023
Gross profit		
North America	$ 39,991	$ 36,637
International	9,459	7,367
Products and Systems	1,613	2,063
Corporate and eliminations	27	10
	$ 51,090	$ 46,077

Mistras Group, Inc. and Subsidiaries
Unaudited Revenues by Category
(in thousands)

Revenue by industry was as follows:

Three Months Ended March 31, 2024	North America	International	Products & Systems	Corp/Elim	Total
Oil & Gas	$ 103,027	$ 10,066	$ 72	—	$ 113,165
Aerospace & Defense	15,375	6,732	11	—	22,118
Industrials	8,909	5,853	437	—	15,199
Power Generation & Transmission	3,592	1,682	578	—	5,852
Other Process Industries	7,928	3,933	39	—	11,900
Infrastructure, Research & Engineering	3,972	2,205	409	—	6,586
Petrochemical	3,813	531	—	—	4,344
Other	3,733	2,045	1,664	(2,164)	5,278
Total	$ 150,349	$ 33,047	$ 3,210	$ (2,164)	$ 184,442

Three Months Ended March 31, 2023	North America	International	Products & Systems	Corp/Elim	Total
Oil & Gas	$ 89,773	$ 8,855	$ 37	—	$ 98,665
Aerospace & Defense	13,611	4,980	11	—	18,602
Industrials	9,302	6,053	558	—	15,913
Power Generation & Transmission	4,987	1,657	1,326	—	7,970
Other Process Industries	9,109	3,237	27	—	12,373
Infrastructure, Research & Engineering	2,483	2,136	1,142	—	5,761
Petrochemical	5,137	145	—	—	5,282
Other	2,530	2,344	638	(2,062)	3,450
Total	$ 136,932	$ 29,407	$ 3,739	$ (2,062)	$ 168,016

Oil & Gas Revenue by sub-industry was as follows:

	Three months ended March 31,	
	2024	2023
	($ in thousands)	
Oil and Gas Revenue		
Upstream	$ 41,767	$ 36,939
Midstream	21,392	21,231
Downstream	50,006	40,495
Total	$ 113,165	$ 98,665

Consolidated Revenue by type was as follows:

	Three months ended March 31,	
	2024	2023
	($ in thousands)	
Field Services	$ 126,355	$ 109,680
Shop Laboratories	17,195	13,132
Data Analytical Solutions	15,539	16,812
Other	25,353	28,392
Total	$ 184,442	$ 168,016

Mistras Group, Inc. and Subsidiaries
Unaudited Reconciliation of Segment and Total Company Income (Loss) from Operations (GAAP) to Income (Loss) from Operations before Special Items (non-GAAP)
(in thousands)

	Three months ended March 31,	
	2024	2023
North America:		
Income from operations (GAAP)	$ 13,561	$ 9,378
Reorganization and other costs	—	61
Income from operations before special items (non-GAAP)	$ 13,561	$ 9,439
International:		
Income (loss) from operations (GAAP)	$ 1,124	$ (568)
Reorganization and other costs	102	107
Income (loss) from operations before special items (non-GAAP)	$ 1,226	$ (461)
Products and Systems:		
Income from operations (GAAP)	$ 314	$ 384
Reorganization and other costs	2	—
Income from operations before special items (non-GAAP)	$ 316	$ 384
Corporate and Eliminations:		
Loss from operations (GAAP)	$ (9,446)	$ (11,024)
Reorganization and other costs	1,453	1,908
Acquisition-related expense, net	1	3
Loss from operations before special items (non-GAAP)	$ (7,992)	$ (9,113)
Total Company:		
Income (loss) from operations (GAAP)	$ 5,553	$ (1,830)
Reorganization and other costs	1,557	2,076
Acquisition-related expense, net	1	3
Income from operations before special items (non-GAAP)	$ 7,111	$ 249

Mistras Group, Inc. and Subsidiaries
Unaudited Summary Cash Flow Information
(in thousands)

	Three months ended March 31,	
	2024	2023
Net cash provided by (used in):		
Operating activities	$ 604	$ 4,433
Investing activities	(5,648)	(4,460)
Financing activities	5,127	(3,951)
Effect of exchange rate changes on cash	(874)	207
Net change in cash and cash equivalents	$ (791)	$ (3,771)

Mistras Group, Inc. and Subsidiaries
Unaudited Reconciliation of Net Cash Provided by Operating Activities (GAAP) to Free Cash Flow (non-GAAP)
(in thousands)

	Three months ended March 31,	
	2024	2023
Net cash provided by operating activities (GAAP)	$ 604	$ 4,433
Less:		
Purchases of property, plant and equipment	(4,804)	(4,332)
Purchases of intangible assets	(1,117)	(361)
Free cash flow (non-GAAP)	$ (5,317)	$ (260)

Mistras Group, Inc. and Subsidiaries
Unaudited Reconciliation of Gross Debt (GAAP) to Net Debt (non-GAAP)
(in thousands)

	March 31, 2024	December 31, 2023
Current portion of long-term debt	$ 9,464	$ 8,900
Long-term debt, net of current portion	188,962	181,499
Total Debt (Gross)	198,426	190,399
Less: Cash and cash equivalents	(16,855)	(17,646)
Total Debt (Net)	$ 181,571	$ 172,753

Mistras Group, Inc. and Subsidiaries
Unaudited Reconciliation of Net Income (Loss) (GAAP) to Adjusted EBITDA (non-GAAP)
(in thousands)

	Three Months Ended March 31,	
	2024	**2023**
Net Income (loss) (GAAP)	$ 1,004	$ (4,978)
Less: Net income attributable to non-controlling interests, net of taxes	9	8
Net Income (loss) attributable to Mistras Group, Inc.	$ 995	$ (4,986)
Interest expense	4,430	4,068
Provision (benefit) for income taxes	119	(920)
Depreciation and amortization	8,381	8,413
Share-based compensation expense	1,228	1,542
Acquisition-related expense	1	3
Reorganization and other related costs	1,557	2,076
Foreign exchange (gain) loss	(561)	219
Adjusted EBITDA (non-GAAP)	$ 16,150	$ 10,415

Mistras Group, Inc. and Subsidiaries
Unaudited Reconciliation of Net Income (Loss) (GAAP) and Diluted EPS (GAAP) to
Net Income (Loss) Excluding Special Items (non-GAAP) and Diluted EPS Excluding Special Items (non-GAAP)
(tabular dollars in thousands, except per share data)

	Three Months Ended March 31,	
	2024	2023
Net income (loss) attributable to Mistras Group, Inc. (GAAP)	$ 995	$ (4,986)
Special items	1,558	2,079
Tax impact on special items	(381)	(504)
Special items, net of tax	$ 1,177	$ 1,575
Net income (loss) attributable to Mistras Group, Inc. Excluding Special Items (non-GAAP)	$ 2,172	$ (3,411)
Diluted EPS (GAAP)[1]	$ 0.03	$ (0.17)
Special items, net of tax	0.04	0.05
Diluted EPS Excluding Special Items (non-GAAP)	$ 0.07	$ (0.12)

[1] For the three months ended March 31, 2023, 1,513,000 shares, related to restricted stock were excluded from the calculation of diluted EPS due to the net loss for the period.