



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 995 541 467
Organisasjonsform: Aksjeselskap
Foretaksnavn: TROMS OFFSHORE SUPPLY AS
Forretningsadresse: c/o Tidewater Marine AS
Strandgata 5
4307 SANDNES

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Daniel Allen Hudson (Styreleder) og Leif Snorre Tarberg (Styremedlem)
Dato for fastsettelse av årsregnskapet: 14.02.2023

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 17.04.2024



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2,9	-362 858 956	201 443 309
Sum kostnader		-362 858 956	201 443 309
Driftsresultat		362 858 956	-201 443 309
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	3,4	7 621 068	69 167 897
Annen renteinntekt	4	6 041	531 172
Annen finansinntekt	4	41 115 271	509 256
Sum finansinntekter		48 742 380	70 208 325
Rentekostnad til foretak i samme konsern	3,4	73 582 302	68 520 865
Annen rentekostnad	4	7 038 298	30 824 958
Annen finanskostnad	4	29 821 291	16 044 229
Sum finanskostnader		110 441 891	115 390 052
Netto finans		-61 699 511	-45 181 727
Ordinært resultat før skattekostnad		301 159 445	-246 625 036
Skattekostnad på ordinært resultat	5	0	0
Ordinært resultat etter skattekostnad		301 159 445	-246 625 036
Årsresultat		301 159 445	-246 625 036
Overføringer og disponeringer			
Overføring til/fra fond	6	301 159 445	-246 625 036
Sum overføringer og disponeringer		301 159 445	-246 625 036



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum anleggsmidler		0	0
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		11 824	0
Konsernfordringer	3,8,9	1 677 424 295	1 205 741 131
Sum fordringer		1 677 436 119	1 205 741 131
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	10	1 231 359	2 101 619
Sum bankinnskudd, kontanter og lignende		1 231 359	2 101 619
Sum omløpsmidler		1 678 667 478	1 207 842 750
SUM EIENDELER		1 678 667 478	1 207 842 750
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	6	2 167 626	2 167 626
Accumulated loss	6	-1 263 349 946	-1 564 509 390
Sum innskutt egenkapital		-1 261 182 320	-1 562 341 764
Sum egenkapital		-1 261 182 320	-1 562 341 764
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			



Balanse

Beløp i: NOK	Note	2021	2020
Gjeld til kredittinstitusjoner	11	0	198 584 047
Langsiktig konserngjeld	3,8,9	2 288 437 655	1 758 375 685
Sum annen langsiktig gjeld		2 288 437 655	1 956 959 732
Sum langsiktig gjeld		2 288 437 655	1 956 959 732
Kortsiktig gjeld			
Kortsiktig konserngjeld	3,8,9	650 070 574	563 294 011
Annen kortsiktig gjeld		1 341 568	249 849 966
Tax payable	5	0	0
Sum kortsiktig gjeld		651 412 142	813 143 977
Sum gjeld		2 939 849 797	2 770 103 709
SUM EGENKAPITAL OG GJELD		1 678 667 477	1 207 761 945



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2023 309461

Enheten

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Organisasjonsform: Aksjeselskap
Foretaksnavn: TROMS OFFSHORE SUPPLY AS
Forretningsadresse: c/o Tidewater Marine AS
Strandgata 5
4307 SANDNES

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årsregnskapet til selskapet: Regnskapslovens alminnelige regler
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årsregnskapet til konsernet: -

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Leif Snorre Tarberg (Styremedlem)
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År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021.

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Brønnøysundregistrene, 22.02.2023



Organisasjonsnr: 995 541 467
TROMS OFFSHORE SUPPLY AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2,9	-362 858 956	201 443 309
Sum kostnader		-362 858 956	201 443 309
Driftsresultat		362 858 956	-201 443 309
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	3,4	7 621 068	69 167 897
Annen renteinntekt	4	6 041	531 172
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Ordinært resultat før skattekostnad		301 159 445	-246 625 036
Skattekostnad på ordinært resultat	5	0	0
Ordinært resultat etter skattekostnad		301 159 445	-246 625 036
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Overføringer og disponeringer			
Overføring til/fra fond	6	301 159 445	-246 625 036
Sum overføringer og disponeringer		301 159 445	-246 625 036



Organisasjonsnr: 995 541 467
TROMS OFFSHORE SUPPLY AS

BALANSE

Beløp i: NOK **Note** **2021** **2020**

BALANSE - EIENDELER

Anleggsmidler Immaterielle eiendeler

Sum anleggsmidler 0 0

Omløpsmidler Varer

Fordringer

Andre fordringer 11 824 0
Konsernfordringer 3, 8, 9 1 677 424 295 1 205 741 131
Sum fordringer 1 677 436 119 1 205 741 131

Bankinnskudd, kontanter og lignende

Bankinnskudd, kontanter
og lignende 10 1 231 359 2 101 619
Sum bankinnskudd,
kontanter og lignende 1 231 359 2 101 619

Sum omløpsmidler 1 678 667 478 1 207 842 750

SUM EIENDELER 1 678 667 478 1 207 842 750

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Selskapskapital 6 2 167 626 2 167 626
Accumulated loss 6 -1 263 349 946 -1 564 509 390
Sum innskutt egenkapital -1 261 182 320 -1 562 341 764

Sum egenkapital -1 261 182 320 -1 562 341 764

Gjeld

Langsiktig gjeld

Annen langsiktig gjeld

Gjeld til
kredittinstitusjoner 11 0 198 584 047
Langsiktig konserngjeld 3, 8, 9 2 288 437 655 1 758 375 685
Sum annen langsiktig gjeld 2 288 437 655 1 956 959 732

Sum langsiktig gjeld 2 288 437 655 1 956 959 732

Kortsiktig gjeld

Kortsiktig konserngjeld 3, 8, 9 650 070 574 563 294 011



Annen kortsiktig gjeld		1 341 568	249 849 966
Tax payable	5	0	0
Sum kortsiktig gjeld		651 412 142	813 143 977
Sum gjeld		2 939 849 797	2 770 103 709
SUM EGENKAPITAL OG GJELD		1 678 667 477	1 207 761 945



Organisasjonsnr: 995 541 467
TROMS OFFSHORE SUPPLY AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
1

Regnskapsprinsipper
Se note 1 vedlagt regnskap

Note
12

Er det usikkerhet om fortsatt drift?: Ja

Se note 12 i vedlat regnskap

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



KPMG AS
Forusparken 2
Postboks 57
4064 Stavanger

Telephone +47 45 40 40 63
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of Troms Offshore Supply AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Troms Offshore Supply AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 12 and the Board of Directors' report which indicate that the Company has a significant negative equity amounting to NOK -1 261 182 320. This matter and other circumstances that are stated in note 12 and in the Board of Directors' report indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The company's financial statements have been submitted after the expiry of the statutory time limit for preparation of financial statements.

Other Information

The Board of Directors (management) is responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund

Penneo Dokumentnr: INOC8-250CZ-J104E-WOCYH-LUFYT-J1ED3



Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditor's Report - Troms Offshore Supply AS

Other Matters

It is assumed that the equity is less than adequate considering the risk and the scope of the Company's business. The Board of Directors has not fulfilled its obligation under the Norwegian Limited Companies Act section 3-5. Depending on the circumstances, this may lead to liability for the Board of Directors.

Stavanger, 20 February 2023
KPMG AS

Mads Hermansen
State Authorised Public Accountant

Penneo Dokumentnr: INOC8-250CZ-J1M4E-WOCYH-LUFYT-J1ED3



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De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Mads Aleksander Hermansen

Partner

På vegne av: KPMG

Serienummer: 9578-5997-4-280077

IP: 80.232.xxx.xxx

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Troms Offshore Supply AS

Financial Statements 2021

Org. no. 995 541 467



Troms Offshore Supply AS Financial Statements 2021

Profit & loss statement

	Note	2021	2020
Operating revenue and expenses			
Revenue		0	0
Total operating revenue		0	0
Other operating expenses	2, 9	-362 858 956	201 443 309
Total operating expenses		-362 858 956	201 443 309
Operating profit / loss (-)		362 858 956	-201 443 309
Financial income and expenses			
Interest income from intercompany	3, 4	7 621 068	69 167 897
Other interest income	4	6 041	531 172
Other finance income	4	41 115 271	509 256
Interest expense to intercompany	3, 4	73 582 302	68 520 865
Other interest expense	4	7 038 298	30 824 958
Other finance expense	4	29 821 291	16 044 229
Net financial income / expense (-)		-61 699 511	-45 181 727
Profit / loss (-) before tax		301 159 445	-246 625 036
Tax expense	5	0	0
Net income		301 159 445	-246 625 036
Allocation of net income			
To accumulated loss	6	301 159 445	-246 625 036
Total		301 159 445	-246 625 036



Troms Offshore Supply AS
Financial Statements 2021

Balance sheet

	Note	31 Dec 21	31 Dec 20
ASSETS			
Fixed assets			
Financial fixed assets			
Investments in subsidiaries	7	0	0
Total financial fixed assets		0	0
Total fixed assets		0	0
Short term assets			
Short term receivables			
Short term intercompany receivables	3, 8, 9	1 677 424 295	1 205 741 131
Other short term receivables		11 824	0
Total short term receivables		1 677 436 119	1 205 741 131
Cash and bank deposits	10	1 231 359	2 101 619
Total short term assets		1 678 667 478	1 207 842 750
Total assets		1 678 667 478	1 207 842 751



Troms Offshore Supply AS
Financial Statements 2021

Balance sheet

	Note	31 Dec 21	31 Dec 20
EQUITY AND LIABILITIES			
Paid-in capital			
Share capital	6	2 167 626	2 167 626
Total paid-in capital		2 167 626	2 167 626
Other equity			
Accumulated loss	6	-1 263 349 946	-1 564 509 390
Total other equity		-1 263 349 946	-1 564 509 390
Total equity		-1 261 182 320	-1 562 341 764
Liabilities			
Other long term liabilities			
Long term interest bearing debt	11	0	198 584 047
Long term intercompany payables	3, 8, 9	2 288 437 655	1 758 375 685
Total other long term liabilities		2 288 437 655	1 956 959 732
Short term liabilities			
Account payables		0	80 805
Short term intercompany payables	3, 8, 9	650 070 574	563 294 011
Tax payable	5	0	0
Other short term liabilities		1 341 568	249 849 966
Total short term liabilities		651 412 143	813 224 782
Total liabilities		2 939 849 798	2 770 184 514
Total equity and liabilities		1 678 667 478	1 207 842 751

Sandnes, 14 February 2023

Daniel Allen Hudson
Chairman of the Board

Leif Shorre Tarberg
Board Member



Troms Offshore Supply AS

Financial Statements 2021

Cash flow statement

	2021	2020
Cash flow from operational activities		
Profit / loss (-) before tax	301 159 445	-246 625 036
Net taxes paid	0	0
Gain (-) / loss sale of fixed assets	0	0
Depreciation and amortization of fixed assets	0	0
Impairment loss on intercompany receivables	0	0
Change in trade receivables and payables	-80 805	80 805
Change in other current balance sheet items	-9 859 684	269 882 926
Net cash flow from operational activities	291 218 956	23 338 695
Cash flow from investing activities		
Proceeds from sale of fixed assets	0	0
Purchase of fixed assets	0	0
Net cash flow from investing activities	0	0
Cash flow from financing activities		
Change in short term interest bearing debt	-238 660 538	151 925 570
Change in long term interest bearing debt	-198 584 047	-351 584 590
Change in short term intercompany receivables and payables	-384 906 601	-346 621 325
Change in long term intercompany receivables and payables	530 061 970	520 254 369
Net cash flow from financing activities	-292 089 216	-26 025 974
Net change in cash and cash equivalents	-870 260	-2 687 279
Cash and cash equivalents at 1 January	2 101 619	4 788 900
Cash and cash equivalents at 31 December	1 231 359	2 101 619



Troms Offshore Supply AS Financial Statements 2021

Notes

Note 1 - Accounting principles

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also requires management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Functional and presentation currency

The financial statements are presented in NOK. This is also the company's functional currency.

Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Other receivables are classified as short term assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities.

Investment in subsidiaries

Shares in subsidiaries are carried at cost. The shares are written down to recoverable amount if there is a decline in value and the decline is not considered temporary. Impairment losses are reversed if the basis for the write-down ceases to exist.

The company holds no interest in joint ventures or associates.

Receivables

Trade receivables are recognised in the balance sheet at nominal value less provision for bad debts. The provision is made on the basis of an individual assessment. Significant financial problems for a customers, risk of bankruptcy, past experience with delay and/or insufficient payment are considered indicators that a provision should be made.

Other receivables, both short and long term, are recognised at the lower of nominal and net realisable value. Net realisable value is the present value of estimated future payments.

Liabilities

Liabilities are recognised in the balance sheet at nominal amount.

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated using actual tax rates on the basis of the temporary differences which exist between accounting and tax values, and any losses brought forward for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and losses brought forward, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net. Deferred tax is reflected at nominal value.

Foreign currencies

Receivables and liabilities in foreign currencies are recognized at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as operating income and operating expenses.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash and bank deposits.



Troms Offshore Supply AS
Financial Statements 2021

Notes

Note 2 - Employees, remunerations, etc.

Employees

The company has no employees. The crew operating the vessels owned by the company are employed by the associated company Tidewater Marine AS.

Pensions

The company is not required to have an occupational pension scheme in accordance with the Mandatory Occupational Pensions Act ("lov om obligatorisk tjenestepensjon" as the company has no employees.

Auditor's remuneration

Specification of auditor's remuneration excl. VAT:

	2021
Statutory audit	90 000
Preparation of financial statements and tax return	60 000
Other assurance services	0
Other services	0
Total	150 000

Note 3 - Transactions with group companies

Income from group companies

	2021	2020
Interest income	7 621 068	69 167 897
Total	7 621 068	69 167 897

Expenses to group companies

Interest expenses	73 582 302	68 520 865
Total	73 582 302	68 520 865

Note 4 - Financial items

Financial income

	2021	2020
Interest income from intercompany	7 621 068	69 167 897
Interest income	6 041	531 172
Foreign exchange gains	41 115 271	509 256
Total	48 742 380	70 208 325

Financial expenses

Interest expense to intercompany	73 582 302	68 520 865
Interest expense	7 038 298	30 824 958
Foreign exchange losses	29 821 291	16 044 229
Total	110 441 891	115 390 052

Net financial income / expense (-)

	-61 699 511	-45 181 727
--	--------------------	--------------------

**Troms Offshore Supply AS**
Financial Statements 2021**Notes****Note 5 - Taxes**

	2021	2020
Tax base calculation		
Profit before income tax	301 159 445	-246 625 036
Permanent differences	-370 554 228	214 085 199
Change in temporary differences	0	-134 698
Non deductible interest expenses	66 918 929	29 646 754
Utilization of accumulated loss brought forward	0	0
Basis for income tax	-2 475 854	-3 027 781

Income tax payable 22 % 0 0

Income tax expense

Tax payable	0	0
Change in deferred tax	0	0
Total income tax expense	0	0

Spesification of basis for deferred tax

	31 Dec 21	31 Dec 20
Fixed assets	0	0
Provisions	0	0
Total temporary differences	0	0
Net operating loss brought forward	-152 651 655	-150 175 801
Accumulated non deductible interest expenses	-96 565 683	-29 646 754
Temporary differences not recognised in the balance sheet	249 217 338	179 822 555
Total basis for deferred tax	0	0

Deferred tax liability / asset (-) 22 % 0 0

The deferred tax asset has not been recognized in the balance sheet due to uncertainty related to the company's ability to utilize the deferred tax asset in the foreseeable future.

	2021	2020
Reconciliation of total income tax expense		
Tax calculated as 22% of result before taxes	66 255 078	-54 257 508
Effect of permanent differences	-81 521 930	47 098 744
Effect of not recognized deferred tax asset	15 266 852	7 158 764
Total income tax expense	0	0

Note 6 - Equity, share capital, shareholders, etc.

	Share capital	Accumulated loss	Total
Equity 1 January 2021	2 167 626	-1 564 509 393	-1 562 341 767
Net income 2021		301 159 445	301 159 445
Equity 31 December 2021	2 167 626	-1 263 349 948	-1 261 182 320

The share capital of NOK 2,167,626 consists of 1 share with nominal value of NOK 2,167,626. The share is owned by JB Holding Company, B.V. Troms Offshore Supply AS is exempt from the obligation to prepare consolidated financial statements at Troms Offshore Supply AS level in Norway. The consolidated financial statements are prepared by the ultimate parent Tidewater Inc, which can be contacted at 6002 Roger Dale Road, Suite 600, Houston Texas 77072 USA.

The Company's Board of Directors, management and the ultimate parent company, Tidewater Inc., is in the process of addressing the negative equity position. Reference is made to note 12 for further details.

**Troms Offshore Supply AS**
Financial Statements 2021

Notes

Note 7 - Investments in subsidiaries

	Troms Offshore Fleet Holding AS	Troms Offshore Management AS	Total
Cost price 1 January	1 342 933 749	32 530 000	1 375 463 749
Additions / Disposals	0	0	0
Cost price 31 December	1 342 933 749	32 530 000	1 375 463 749
Acc. impairment 1 January	1 342 933 749	32 530 000	1 375 463 749
Current year impairment	0	0	0
Acc. impairment 31 December	1 342 933 749	32 530 000	1 375 463 749
Book value 31 December	0	0	0
Net income 2021	358 316 886	-1 399 526	
Equity 31 December 2021	-737 095 931	55 846 312	
Owner share	100 %	100 %	
Registered office	Sandnes, Norway	Sandnes, Norway	

Note 8 - Receivables and liabilities

Receivables due more than one year after
the balance sheet date

The company does not have any long term receivables due more than one year after the balance sheet date.

Liabilities due more than one year after
the balance sheet date

Long term intercompany liabilities	2 288 437 655	1 758 375 685
Total	2 288 437 655	1 758 375 685

Note 9 - Receivables and liabilities to group companies

Receivables and payables to group companies which are of long term characteristics are classified as long term receivables and liabilities. Long term receivables and liabilities of the same characteristics against the same counterparty are presented net. The same principle is applied for short term receivables and liabilities.

Short term receivables

Troms Offshore Management AS	66 564 675	62 743 030
Troms Offshore Fleet Holding AS*	1 489 368 379	1 024 437 613
Other group companies	121 491 242	118 560 487
Total	1 677 424 296	1 205 741 131

Long term payables

Other group companies**	2 288 437 655	1 758 375 685
Total	2 288 437 655	1 758 375 685

Short term payables

Troms Offshore Management AS	4 944 647	4 765 031
Troms Offshore Fleet Holding AS	625 276 405	539 942 951
Tidewater Norge AS	174 201	169 164
Tidewater Rederi AS	18 839 311	18 292 595
Other group companies	836 009	124 270
Total	650 070 573	563 294 011



Troms Offshore Supply AS
Financial Statements 2021

Notes

*The Company recorded an allowance for loss on its subsidiary Troms Offshore Fleet Holding AS as per 31.12.2020 amounting to NOK -1.101.575.597, equivalent to the negative equity in the subsidiary. As such, the Company has assessed that an adjustment to the allowance for loss to reflect the negative equity in the subsidiary as per 31.12.2021 is necessary. This has led to a reversal of allowance for loss of NOK 364 479 666 as per 31.12.2021. During 2021 the Company has also further increased their short term receivables from Troms Offshore Fleet Holding AS with NOK 100 451 100.

**With reference to note 11 and repayment of external debt in 2021, the Company replaced this with a new intercompany loan to the group company Tidewater Corporate Services L.L.C.

Restatement of long term receivables and liabilities to group companies in 2020

The company notes that all long term receivables and parts of long term liabilities has been reclassified as short term, as the company not has written agreements in place for all balances. Due to this the related 2020 balances has been restated respectively:

Financial statement caption	Signed 2020 accounts	Restated accounts 2020
Long term intercompany receivables	801 749 574	0
Short term intercompany receivables	403 991 557	1 205 741 131
Long term intercompany payables	2 155 369 564	1 758 375 685
Short term intercompany payables	166 300 132	563 294 011

Note 10 - Restricted funds

The company does not have any restricted funds as at 31 December 2021.

Note 11 - External debt

Long term liabilities	2021	2020
Interest bearing loans and borrowings	0	198 584 047
Total	0	198 584 047
Short term liabilities	2021	2020
Interest bearing loans and borrowings	0	238 660 538
Total	0	238 660 538

The external debt was repaid in November 2021.

Note 12 - Going concern

The Board of Directors concludes that Troms Offshore Supply AS is a going concern.

The Company has significant negative equity per 31.12.2021, as disclosed in note 6. The Company has access to funding if required from the ultimate parent Tidewater Inc., which has declared that it will provide liquidity to the company until 31 December 2023, if necessary.

The board of directors have set forward a plan to increase the equity with approximately 40 million USD in Q1 2023.



TROMS OFFSHORE SUPPLY AS

ANNUAL REPORT

Troms Offshore Supply AS was established on May 19th 2010 and is headquartered in Sandnes. In addition, the company has an office in Oslo.

The company provides administrative services for its subsidiaries; *Troms Offshore Fleet Holding AS* and *Troms Offshore Management AS*, who directly or indirectly own, operate and charter out large, modern Platform Supply Vessels (PSV's) to oil & gas related companies with activities mainly in the North Sea and Arctic waters.

Troms Offshore Supply AS is owned by JB Holding Company B.V. which is a wholly owned subsidiary in the Tidewater Inc. group of companies.

The financial statements for 2021 consist of the full calendar year of 1st January to 31st December 2021.

Business Review

The market was still affected by the pandemic in the beginning of 2021. The Norwegian government decided last year on an improved package to the offshore industry which is intended to boost liquidity to allow the operators to continue with planned and potentially new projects. We slowly start to see some effect of this and there is lot of optimism for the coming season in 2022. There was increased activity in the first half of the year 2021 which caused the spot market to be very strong and in May rates of more than NOK 200,000 were achieved. The strong market was expected to last through the summer. However, a combination of owners taking vessels out of layup, reflagging to NOR flag and sublets of vessel from Charterers and delayed start-up of rig programs caused a dramatic drop in rates from end June and through the summer. We have seen rates from well above NOK 200,000 in May to NOK 50,000 level in July /August which only shows the volatility in the market and the thin balance of demand/supply.

As all vessels have bareboat agreement with Tidewater Rederi in Norway and Tidewater Marine in UK, we expect little exposure to the volatile spot/term market. Hence, we expect a sufficient cashflow to meet our operational financial obligations.

Going Concern

In accordance with section 3-3 of the Norwegian Accounting Act, it is confirmed that the assumption of going concern is present and used as basis for the preparation of the accounts. The Board believes that the financial statements give a true and fair view of the Troms Offshore Supply AS assets, liabilities, financial position and results.

For the year ending December 2021, the Company made a profit of NOK 301,159,445. The Board of Directors has set forward measures to ensure the Company's operations. For the next 12 months, the Company will have access to funding, if required, from the ultimate parent, Tidewater Inc. A letter of support to this effect has been provided for ongoing operations.



Reference should be made to Note 12 in the audited Financial Statements for further detail on going concern & negative equity.

Working Environment & Staff

Health, safety & environment are central to the business and are integrated into the Group's quality assurance system.

As of 31st December 2021, the company had no employees.

Financial Performance and financial risk

The accounts have been prepared with a profit after tax of NOK 301,159,445. The Board of Directors do not propose the payment of a dividend for the current financial year.

The company is exposed to interest rate risk, foreign currency risk, liquidity risk and market risk in its ordinary business operations and manages to accept acceptable risk in these areas.

The company's financial liabilities mainly comprise of an internal loan from Tidewater Corporate Services L.L.C.

Transactions with group companies in foreign currency have currency risk in line with fluctuations in exchange rates. The company is also exposed to foreign currency risk through its long term intercompany receivables and liabilities due to the fact that these loans are denominated in currencies other than NOK.

The equity as at 31 December 2021 amounted to NOK -1,261 million (2020 NOK -1,562 million). Equity ratio based on total assets was -75% (2020 : -129%).

Steps to improve the equity position have been taken through the year and will continue. This matter continues to be focussed on by the Directors and action will mainly be to "round trip" cash to clear intercompany balances.

Director & Officer insurance cover is in place against potential liability to the Company. This is a Tidewater Group policy and provides cover to the Norwegian subsidiaries as long as the entity is more than 50% owned or controlled by Tidewater. The total limit of liability under the policy is USD 75m and premium for the year 2022-23 is USD 868K.

Company Activity / Future Development

Through its wholly owned ship-owning subsidiaries, Troms Offshore Supply AS operates six PSV's, with an average age of ten years.

Troms Offshore will continue to own the vessels and earn income by means of formal bareboat charter agreements. The Board consider that the agreed bareboat charter rates are sufficient to cover the financial burden of each of the owning entities.

The Board is of the opinion that the long-term outlook for the Company is positive.



Events after the balance sheet date

Discussions have been ongoing to finalise what action can be taken to resolve the negative equity position of this entity. It has been decided to “round trip” cash from the Corporate office to clear outstanding balances. Furthermore, cash will be used to clear other intercompany balances where possible.

Oslo, February 14th, 2023

Daniel Hudson

Leif Tarberg



TIDEWATER



2021 ANNUAL REPORT



Governance

Board of Directors

Larry T. Rigdon	Chairman of the Board
Darron M. Anderson	Member of Audit Committee and Member of Nominating and Corporate Governance Committee
Melissa Cogle	Member of Environmental, Social and Governance Committee and Member of Audit Committee
Dick H. Fagerstal	Chairman of Audit Committee, Member of Environmental, Social and Governance Committee and Member of Nominating and Corporate Governance Committee
Quintin V. Kneen	President and Chief Executive Officer and Director
Louis A. Raspino	Chairman of Compensation Committee and Member of Audit Committee
Robert E. Robotti	Member of Compensation Committee and Member of Environmental, Social and Governance Committee
Kenneth H. Traub	Chairman of Nominating and Corporate Governance Committee and Member of Compensation Committee
Lois K. Zabrocky	Chair of Environmental, Social and Governance Committee, Member of Audit Committee and Member of Compensation Committee

Corporate Officers

Quintin V. Kneen	President and Chief Executive Officer and Director
Sam R. Rubio	Executive Vice President and Chief Financial Officer
David E. Darling	Executive Vice President and Chief Operating Officer
Daniel A. Hudson	Executive Vice President, General Counsel and Corporate Secretary
Lee Johnson	Senior Vice President and Chief Information Officer
Darren J. Vorst	Vice President and Treasurer



Corporate Information

Corporate Information

Information about stockholder accounts may be obtained by contacting the Transfer Agent and Registrar for Tidewater's common stock:

Computershare Investor Services
P. O. Box 505000
Louisville, KY 40233-5000

Overnight correspondence should be sent to:

Computershare Investor Services
462 South 4th Street
Suite 1600
Louisville, KY 40202
Phone: +1.781.575.2879 or
+1.800.730.4001

General stockholder information is available on the Computershare website:
www.computershare.com/investor

STOCK EXCHANGE

Tidewater's common stock is traded on the New York Stock Exchange under the symbol TDW.

FORM 10-K REPORT

Tidewater's 2021 Annual Report and Form 10-K may be obtained without charge by contacting the Company's Investor Relations Department at corporate headquarters. Tidewater's SEC filings can also be viewed online at the Company's **SEC Filing page**.

WEBSITE AND E-MAIL ALERTS

For information concerning the Company, including **quarterly financial results, events calendar, and news releases** visit www.tdw.com.

Register for email alerts about news releases, SEC filings, events and presentations, and end-of-day stock quote at the Company's **Email Alert page**. Tidewater's Investor Relations website can be found at investor.tdw.com.

Investor Relations

Requests for information concerning the Company should be directed to the Investor Relations Department using the address or phone numbers listed below. Requests for information can also be submitted at the Company's website, www.tdw.com

Tidewater Inc.
842 West Sam Houston Parkway North, Suite 400
Houston, Texas 77024
USA
Toll Free: +1.800.678.8433
Phone: +1.713.470.5300
www.tdw.com

INVESTOR CONTACT:

Investor Relations Department
842 West Sam Houston Parkway North, Suite 400
Houston, Texas 77024
USA
+1.713.470.5292
ir@tdw.com



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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: 1-6311

Tidewater Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)
842 West Sam Houston Parkway North, Suite 400
Houston, Texas
(Address of principal executive offices)



72-0487776
(I.R.S. Employer Identification No.)

77024
(Zip Code)

Registrant's telephone number, including area code: (713) 470-5300

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, \$0.001 par value per share	TDW	New York Stock Exchange
Series A Warrants to purchase shares of common stock	TDW.WS.A	New York Stock Exchange
Series B Warrants to purchase shares of common stock	TDW.WS.B	New York Stock Exchange
Warrants to purchase shares of common stock	TDW.WS	NYSE American

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 an 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. Yes No

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

As of June 30, 2021, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$468.1 million based on the closing sales price as reported on the New York Stock Exchange of \$12.05 per share. Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of February 28, 2022, 41,322,217 shares of the registrant's common stock, \$0.001 par value per share, were outstanding. Registrant has no other class of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement to be filed in connection with its 2022 annual meeting of stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.



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TIDEWATER INC.
FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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FORWARD-LOOKING STATEMENTS

In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, this Annual Report on Form 10-K and the information incorporated herein by reference contain certain forward-looking statements which reflect our current view with respect to future events and future financial performance. Forward-looking statements are all statements other than statements of historical fact. All such forward-looking statements are subject to risks and uncertainties, and our future results of operations could differ materially from our historical results or current expectations reflected by such forward-looking statements. Some of these risks are discussed in this Annual Report on Form 10-K including in Item 1A "Risk Factors" and include, without limitation, fluctuations in worldwide energy demand and oil and natural gas prices; industry overcapacity; our limited capital resources available to replenish our asset base as needed, including through acquisitions or vessel construction, and to fund our capital expenditure needs; uncertainty of global financial market conditions and potential constraints in accessing capital or credit if and when needed with favorable terms, if at all; changes in decisions and capital spending by customers in the energy industry and the industry expectations for offshore exploration, field development and production; consolidation of our customer base; loss of a major customer; changing customer demands for vessel specifications, which may make some of our older vessels technologically obsolete for certain customer projects or in certain markets; rapid technological changes; delays and other problems associated with vessel maintenance; the continued availability of qualified personnel and our ability to attract and retain them; the operating risks normally incident to our lines of business, including the potential impact of liquidated counterparties; our ability to comply with covenants in our indentures and other debt instruments; acts of terrorism and piracy; the impact of regional or global public health crises or pandemics; the impact of potential information technology, cybersecurity or data security breaches; integration of acquired businesses and entry into new lines of business; disagreements with our joint venture partners; natural disasters or significant weather conditions; unsettled political conditions, war, civil unrest and governmental actions, such as expropriation or enforcement of customs or other laws that are not well developed or consistently enforced; the risks associated with our international operations, including local content, local currency or similar requirements especially in higher political risk countries where we operate; interest rate and foreign currency fluctuations; labor changes proposed by international conventions; increased regulatory burdens and oversight; changes in laws governing the taxation of foreign source income; retention of skilled workers; our participation in industry wide, multi-employer, defined pension plans; enforcement of laws related to the environment, labor and foreign corrupt practices; increased global concern, regulation and scrutiny regarding climate change; increased stockholder activism; the potential liability for remedial actions or assessments under existing or future environmental regulations or litigation; the effects of asserted and unasserted claims and the extent of available insurance coverage; and the resolution of pending legal proceedings.

Forward-looking statements, which can generally be identified by the use of such terminology as "may," "can," "potential," "expect," "project," "target," "anticipate," "estimate," "forecast," "believe," "think," "could," "continue," "intend," "seek," "plan," and similar expressions contained in this Annual Report on Form 10-K, are not guarantees or assurances of future performance or events. Any forward-looking statements are based on our assessment of current industry, financial and economic information, which by its nature is dynamic and subject to rapid and possibly abrupt changes, which we may or may not be able to control. Further, we may make changes to our business plans that could or will affect our results. While management believes that these forward-looking statements are reasonable when made, there can be no assurance that future developments that affect us will be those that we anticipate and have identified. The forward-looking statements should be considered in the context of the risk factors listed above and discussed in greater detail elsewhere in this Annual Report on Form 10-K. Investors and prospective investors are cautioned not to rely unduly on such forward-looking statements, which speak only as of the date hereof. Management disclaims any obligation to update or revise any forward-looking statements contained herein to reflect new information, future events or developments.

In certain places in this Annual Report on Form 10-K, we may refer to reports published by third parties that purport to describe trends or developments in energy production and drilling and exploration activity and we specifically disclaim any responsibility for the accuracy and completeness of such information and have undertaken no steps to update or independently verify such information.



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PART I

This section highlights information that is discussed in more detail in the remainder of the document.

ITEM 1. BUSINESS

Tidewater Inc., a Delaware corporation that is a listed company on the New York Stock Exchange (NYSE) under the symbol “TDW”, provides offshore marine support and transportation services to the global offshore energy industry through the operation of a diversified fleet of marine service vessels. We were incorporated in 1956 and conduct our operations through wholly-owned United States (U.S.) and international subsidiaries, as well as through joint ventures in which Tidewater has either majority or non-controlling interests (generally where required to satisfy local ownership or local content requirements). Unless otherwise required by the context, the terms “we”, “us”, “our” and “the company” as used herein refer to Tidewater Inc. and its consolidated subsidiaries and predecessors.

On July 31, 2017, Tidewater successfully emerged from Chapter 11 bankruptcy proceedings and adopted fresh-start accounting.

About Tidewater

Our vessels and associated vessel services provide support primarily for all phases of offshore oil and natural gas exploration, field development and production as well as windfarm development and maintenance. These services include towing of, and anchor handling for, mobile offshore drilling units; transporting supplies and personnel necessary to sustain drilling, workover and production activities; offshore construction and seismic and subsea support; geotechnical survey support for windfarm construction, and a variety of specialized services such as pipe and cable laying. In addition, we have one of the broadest geographic operating footprints in the offshore vessel industry.

Our principal customers are large, international integrated and independent oil and natural gas exploration, field development and production companies (IOCs); select mid-sized and smaller independent exploration and production (E&P) companies; foreign government-owned or government-controlled organizations and other related companies that explore for, develop and produce oil and natural gas (NOCs); drilling contractors; and other companies that provide various services to the offshore energy industry, including but not limited to, offshore construction companies, windfarm development companies, diving companies and well stimulation companies.

Our active offshore support vessel fleet consists primarily of company owned vessels. As of December 31, 2021, we owned 135 active vessels of which nine have been temporarily stacked or withdrawn from service. In addition, we owned 18 vessels that have been designated for sale and have been classified as such on the Balance Sheet. Please refer to Notes (1) and (7) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional information regarding our stacked vessels and vessels held for sale.

Our revenues, net earnings and cash flows from operations are largely dependent upon the activity level of our offshore support vessel fleet. Our business activity is largely dependent on offshore exploration, field development and production activity by our customers. Our customers’ business activity, in turn, is dependent on actual and expected crude oil and natural gas prices, which fluctuate depending on expected future levels of supply and demand for crude oil and natural gas, and on estimates of the cost (and relative cost) of finding, developing and producing crude oil and natural gas reserves.

Depending on vessel capabilities and availability, our vessels operate in the shallow, intermediate and deepwater offshore markets. Deepwater oil and gas development typically involves significant capital investment and multi-year development plans. Although these projects are generally less susceptible to short-term fluctuations in the price of crude oil and natural gas, deepwater exploration and development projects are generally more costly than other onshore and offshore exploration and development. As a result, the low levels of crude oil prices over the past few years have caused many IOCs, E&P companies and NOCs to restrain their level of capital expenditures in regard to deepwater projects. Recent recoveries in crude oil and natural gas prices have not yet resulted in a return to pre-pandemic (see discussion below) levels of activity. Even so, we expect an increase in activity in the year 2022 over the year 2021 levels as our customers seek to restore their production capacity. Offshore windfarm developments are forecasted to increase over the coming years, and these may provide additional opportunities for a certain cross-section of our larger vessels. These projects generally require fewer and more specialized vessels.

Revenues are derived primarily from vessel time charter or similar contracts that are generally from three months to several years in duration, and, to a lesser extent, from vessel time charter contracts on a “spot” basis, which is a short-term agreement ranging from one day to three months to provide offshore marine services to a customer for a specific short-term job. The base rate of hire for a term contract is generally a fixed rate, though some charter arrangements allow us to recover specific additional costs.



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COVID-19 Pandemic

In the first quarter of 2020, the World Health Organization declared an outbreak of a coronavirus (COVID-19) to be a pandemic (the COVID-19 pandemic) and, in response, much of the industrialized world had initiated severe measures to lessen its impact. The ongoing COVID-19 pandemic created significant volatility, uncertainty, and economic disruption throughout 2020 and 2021. With respect to our sector, the COVID-19 pandemic resulted in a much lower demand for oil as national, regional, and local governments imposed travel restrictions, border closings, restrictions on public gatherings, stay at home orders, and limitations on business operations in order to contain its spread. During this same period, oil-producing countries struggled to reach consensus on worldwide production levels, resulting in both a market oversupply of oil and a precipitous fall in crude oil prices.

Combined, these conditions adversely affected our operations and business beginning in late March 2020 and continuing through the remainder of 2020 and 2021. Our industry began to experience signs of recovery in the fourth quarter of 2021 and into the current year. The initial reduction in demand for hydrocarbons together with a decline in the price of crude oil at the outset of the pandemic, resulted in our primary customers, the oil and gas companies, making material reductions to their planned spending on offshore projects, compounding the effect of COVID-19 on offshore operations. Worldwide demand for crude oil has increased steadily since the second quarter of 2020 and is now near pre-pandemic levels. See further discussion of the impact of COVID-19, including the resulting crude oil demand and price impact, on our operations in 2021 and our responses to the challenges of these events in "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Item 7 of this Annual Report on Form 10-K.

Offices and Facilities

Our worldwide headquarters and principal executive offices are located at 842 West Sam Houston Parkway North, Suite 400, Houston, Texas 77024, and our telephone number is (713) 470-5300. Our U.S. marine operations are based in Amelia, Louisiana and Houston, Texas. We conduct our international operations through facilities and offices located in over 30 countries. Our principal international offices and/or warehouse facilities, most of which are leased, are in Brazil; Mexico; Trinidad; Scotland; Egypt; Angola; Nigeria; Cameroon; Singapore; Kingdom of Saudi Arabia; Dubai, United Arab Emirates; and Norway. Our operations generally do not require highly specialized facilities, and suitable facilities are generally available on a leased basis as required.

Reporting Segments and Vessel Classifications

Our reporting segments are based on geographic markets: the Americas segment, which includes the U.S. Gulf of Mexico (GOM), Trinidad, Mexico and Brazil; the Middle East/Asia Pacific segment, which includes Saudi Arabia, East Africa, Southeast Asia and Australia; the Europe/Mediterranean segment, which includes the United Kingdom, Norway and Egypt; and the West Africa segment, which includes Angola, Nigeria, and other coastal regions of West Africa. Our vessels routinely move from one geographic region and reporting segment to another, and from one operating area to another operating area within the geographic regions and reporting segments. Discussed below are our three major vessel classes along with a description of the type of vessels categorized in each vessel class and the services the respective vessels typically perform.

Deepwater Vessels

Deepwater vessels, in the aggregate, are usually our largest contributor to consolidated vessel revenue and vessel operating margin. Included in this vessel class are large platform supply vessels (PSVs) (typically longer than 230-feet and/or with greater than 2,800 tons in dead weight cargo carrying capacity) and large, higher-horsepower anchor handling tug supply vessels (AHTS vessels) (generally greater than 10,000 brake horsepower or BHP). These vessels are generally chartered to customers for use in transporting supplies and equipment from shore bases to deepwater and intermediate water depth offshore drilling rigs and production platforms and for otherwise supporting intermediate and deepwater drilling, production, construction and maintenance operations. Deepwater PSVs generally have large cargo carrying capacities, both below deck (liquid mud tanks and dry bulk tanks) and above deck. Deepwater AHTS vessels are equipped to tow drilling rigs and other marine equipment, as well as to set anchors for the positioning and mooring of drilling rigs that generally do not have dynamic positioning capabilities. Many of our deepwater PSVs and AHTS vessels are outfitted with dynamic positioning capabilities, which allow the vessels to maintain an absolute or relative position when mooring to an offshore installation, rig or another vessel is deemed unsafe, impractical or undesirable. Many of our deepwater PSVs and AHTS vessels also have oil recovery, firefighting, standby rescue and/or other specialized equipment. Our customers have high standards regarding safety and other operational competencies and capabilities, in part to meet the regulatory standards that continue to be more stringent.



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Our deepwater class of vessels also includes specialty vessels that can support offshore well stimulation, construction work, subsea services and/or serve as remote accommodation facilities. These vessels are generally available for routine supply and towing services, but are also outfitted, and primarily intended, for specialty services. For example, these vessels can be equipped with a variety of lifting and deployment systems, including large capacity cranes, winches or reel systems.

Towing-Supply Vessels

Included in this class are non-deepwater AHTS vessels with horsepower less than 10,000 BHP, and non-deepwater PSVs that are generally less than 230 feet in length. The vessels in this class perform the same respective functions and services as deepwater AHTS vessels and deepwater PSVs except towing-supply vessels are generally chartered to customers for use in intermediate and shallow waters.

Other Vessels

Included in this class are crew boats, utility vessels and offshore tugs. Crew boats and utility vessels are chartered to customers for use in transporting personnel and supplies from shore bases to offshore drilling rigs, platforms and other installations. These vessels are also often equipped for oil field security missions in markets where piracy, kidnapping or other potential violence presents a concern. Offshore tugs are used to tow floating drilling rigs and barges; to assist in the docking of tankers; and to assist pipe laying, cable laying and construction barges.

Customers and Contracting

Our operations are dependent upon the levels of activity in offshore crude oil and natural gas exploration, field development and production throughout the world, which are affected by trends in global crude oil and natural gas pricing, including expectations of future commodity pricing, which are ultimately influenced by the supply and demand relationship for these natural resources. The activity levels of our customers are also influenced by the cost (and relative cost) of exploring for and producing crude oil and natural gas offshore, which can be affected by environmental regulations, technological advances that affect energy production and consumption, significant weather conditions, the ability of our customers to raise capital, and local and international economic and political environments, including government mandated moratoriums.

Our primary source of revenue is derived from time charter contracts on our vessels on a rate per day of service basis; therefore, vessel revenues are recognized daily throughout the contract period.

The following table discloses our customers that accounted for 10% or more of total revenues:

	Years Ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Chevron Corporation	15.7%	14.3%	13.0%
Saudi Aramco	11.8%	11.5%	*

* Less than 10% of total revenues.

While it is normal for our customer base to change over time as our vessel time charter contracts turn over, the unexpected loss of any of our significant customers could, at least in the short term, have a material adverse effect on our vessel utilization and our results of operations. Our five and ten largest customers accounted for approximately 45.9% and 60.2% of our total revenues for the year ended December 31, 2021, respectively.

Competition

We have numerous mid-size and large competitors. The principal competitive factors for the offshore support vessel service industry are the quality, suitability and technical capabilities of vessels, availability of vessels and related equipment, price and quality of service. In addition, the ability to demonstrate a strong record for safety and efficiency and attract and retain qualified and skilled personnel are also important competitive factors. We have numerous competitors in all areas in which we operate around the world, and the business environment in each of these markets is highly competitive. Competition in international markets may be adversely affected by regulations requiring, among other things, local construction, flagging, ownership or control of vessels, the awarding of contracts to local contractors, the employment of local citizens and/or the purchase of supplies from local vendors.



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Our diverse, mobile asset base and the wide geographic distribution of our assets generally enable us to respond relatively quickly to changes in market conditions and to provide a broad range of vessel services to customers around the world. We believe that the size, age, diversity and geographic distribution of a vessel operator's fleet, economies of scale and experience level in the many areas of the world are competitive advantages in our industry. In the Americas region, we benefit from cabotage which includes rules and restrictions promulgated thereunder by the Merchant Marine Act of 1920 and the Shipping Act, 1916, as amended (collectively, the Jones Act), which limit vessels that can operate in the U.S. Gulf of Mexico to those owned by companies that qualify as U.S. citizens. Also, in certain foreign countries, preferences given to vessels owned by local companies may be mandated by local law or by national oil companies. We have attempted to mitigate some of the impact of such preferences through affiliations with local companies.

Increases in worldwide vessel capacity generally have the effect of lowering charter rates, particularly when there are lower levels of exploration, field development and production activity in the crude oil and natural gas industry, as was the case in late calendar 2014 when oil prices began to trend lower. In addition, the COVID-19 pandemic created additional oversupply as customers have cancelled or delayed projects as discussed above.

Angolan Joint Venture (Sonatide)

We previously disclosed the significant financial and operational challenges that we confront with respect to operations in Angola, as well as steps that we have taken to address or mitigate those risks. The amounts due from Sonatide are denominated in U.S. dollars; however, the underlying third-party customer payments to Sonatide were satisfied, in part, in Angolan kwanzas. We and Sonangol, our partner in Sonatide, have had discussions regarding how the net losses from the devaluation of certain Angolan kwanza denominated accounts should be shared. In late 2019, we were informed that, as part of a broad privatization program, Sonangol intended to seek to divest itself from Sonatide. In January 2022, we acquired the 51% interest of Sonatide previously held by our partner, which has resulted in Sonatide becoming a wholly-owned subsidiary. Please refer to Note (15) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional information regarding this acquisition.

In the second quarter of 2020, Sonatide declared a \$35.0 million dividend. On June 22, 2020, Sonangol received \$17.8 million and we received \$17.2 million. Our share of the dividend is reflected as dividend income from unconsolidated company in the consolidated statement of operations. In addition, as a result of this dividend payment, the cash balances of the joint venture were significantly reduced and we determined that, as a result, a significant portion of our net due from Sonatide balance was compromised. During the years ended December 31, 2021 and 2020, we recorded a \$0.4 and \$40.9 million affiliate credit loss impairment expense, respectively.

Refer to Notes (4) and (15) of Notes to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on Sonatide.

Nigerian Joint Venture (DTDW)

We own 40% of DTDW in Nigeria. Our partner, who owns 60%, is a Nigerian national. DTDW owns one offshore support vessel. We also operate company owned vessels in Nigeria for which the joint venture receives a commission. As of December 31, 2020 and 2021, we had no company owned vessels operating in Nigeria and the DTDW owned vessel was not employed.

Cash flow projections indicate that DTDW does not have sufficient funds to meet its obligations to us or its vendors. Therefore, during the year ended December 31, 2020, we recorded affiliate credit loss impairment expense totaling \$12.1 million and additional impairment expense of \$2.0 million for the guarantee of our expected share of DTDW's long-term debt. Our operations in Nigeria have been severely impacted and we have effectively ceased activity. We have created a fully reserved position in our consolidated balance sheet to account for our expected liabilities related to certain obligations of the joint venture.

As of December 31, 2020, DTDW had long-term debt of \$4.7 million which was secured by the vessel owned by DTDW and guarantees from the DTDW partners (in proportion to their ownership interests). On April 22, 2021, we paid approximately \$2.0 million, which represented our portion of the joint venture debt guarantee which was expensed in 2020 and our partner assumed the remaining joint venture debt which represented his portion of the guarantee.

Refer to Note (4) of Notes to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on the Nigerian joint venture.



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International Labour Organization's Maritime Labour Convention

The International Labour Organization's Maritime Labour Convention, 2006 (the MLC) mandates globally, among other things, seafarer living and working conditions (accommodations, wages, conditions of employment, health and other benefits) aboard ships that are engaged in commercial activities. Since its initial entry into force on August 20, 2013, 90 countries have now ratified the MLC.

We maintain certification of our vessels to MLC requirements, perform maintenance and repairs at shipyards, and make port calls during ocean voyages in accordance with the MLC based on the dates of enforcement by countries in which we operate. In addition, where possible, we continue to work with identified flag states to seek substantial equivalencies to comparable national and industry laws that meet the intent of the MLC and allow us to standardize operational protocols among our fleet.

Government Regulation

We are subject to various U.S. federal, state and local statutes and regulations governing the ownership, operation and maintenance of our vessels. Our U.S. flagged vessels are subject to the jurisdiction of the U.S. Coast Guard, the U.S. Customs and Border Protection, and the U.S. Maritime Administration. We are also subject to international laws and conventions and the laws of international jurisdictions where we operate.

Under the citizenship provisions of the Jones Act, we would not be permitted to engage in the U.S. coastwise trade if more than 25% of our outstanding stock are owned by non-U.S. Citizens (as defined by the Jones Act). For a company engaged in the U.S. coastwise trade to be deemed a U.S. citizen: (i) it must be organized under the laws of the United States or of a state, territory or possession thereof, (ii) each of the chief executive officer and the chairman of the board of directors of such corporation must be a U.S. citizen, (iii) no more than a minority of the number of directors of such corporation necessary to constitute a quorum for the transaction of business can be non-U.S. Citizens and (iv) at least 75% of the interest in such corporation must be owned by U.S. citizens. We have a dual stock certificate system to protect against non-U.S. Citizens owning more than 25% of our common stock. In addition, our charter provides us with certain remedies with respect to any transfer or purported transfer of shares of our common stock that would result in the ownership by non-U.S. Citizens of more than 24% of our common stock. Based on the latest information available to us, less than 24% of our outstanding common stock was owned by non-U.S. Citizens as of December 31, 2021.

Our vessel operations in the U.S. Gulf of Mexico (GOM) are considered to be coastwise trade. U.S. law requires that vessels engaged in the U.S. coastwise trade must be built in the U.S. and registered under U.S. flag. In addition, once a U.S. built vessel is registered under a non-U.S. flag, it cannot thereafter engage in U.S. coastwise trade. Therefore, our non-U.S. flagged vessels must operate outside of the U.S. coastwise trade zone. Of the total 135 active vessels that we owned or operated at December 31, 2021, 125 vessels were registered under flags other than the United States and 10 vessels were registered under the U.S. flag.

All our offshore vessels are subject to either United States or international safety and classification standards or sometimes both. Deepwater PSVs, deepwater AHTS vessels, towing-supply vessels, and crew boats are required to undergo periodic inspections generally twice within every five year period pursuant to U.S. Coast Guard regulations. Vessels registered under flags other than the United States are subject to similar regulations and are governed by the laws of the applicable international jurisdictions and the rules and requirements of various classification societies, such as the American Bureau of Shipping.

We comply with the International Ship and Port Facility Security (ISPS) Code, an amendment to the Safety of Life at Sea (SOLAS) Convention (1974/1988), and further mandated in the Maritime Transportation and Security Act of 2002 to align United States regulations with those of the ISPS Code and SOLAS. Under the ISPS Code, we perform worldwide security assessments, risk analyses, and develop vessel and required port facility security plans to enhance safe and secure vessel and facility operations. Additionally, we have developed security annexes for those U.S. flag vessels that transit or work in waters designated as high risk by the U.S. Coast Guard pursuant to the latest revision of Maritime Security Directive 104-6.

Occupational Safety and Health Compliance

In the U.S., we are subject to the Occupational Safety and Health Act (OSHA) and other similar laws and regulations, which establish workplace standards for the protection of the health and safety of employees, including the implementation of hazard communications programs designed to inform employees about hazardous substances in the workplace, potential harmful effects of these substances, and appropriate control measures.



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As described above, certain of the international jurisdictions in which we operate, including the U.K., have ratified the MLC, which establishes minimum requirements for working conditions of seafarers, including conditions of employment, hours of work and rest, grievance and complaints procedures, accommodations, recreational facilities, food and catering, health protection, medical care, welfare and social security protection. Although the U.S. is not a party to the MLC, U.S. flag vessels operating internationally must comply with the MLC when calling on a port in a country that is a party to the MLC.

Environmental Compliance

During the ordinary course of business, our operations are subject to a wide variety of environmental laws and regulations that govern the discharge of oil and pollutants into navigable waters. Violations of these laws may result in civil and criminal penalties, fines, injunctions and other sanctions. Compliance with the existing governmental regulations that have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment has not had, nor is expected to have, a material effect on us. Environmental laws and regulations are subject to change, however, and may impose increasingly strict requirements, and, as such, we cannot estimate the ultimate cost of complying with such potential changes to environmental laws and regulations. In addition, a wide range of governmental regulatory agencies, including the U.S. Coast Guard (USCG), the U.S. Environmental Protection Agency (EPA), the U.S. Department of Transportation's Office of Pipeline Safety, the U.S. Bureau of Safety and Environmental Enforcement and certain individual states, regulate vessels and other structures in accordance with the requirements of federal and state law. There is currently little uniformity among the regulations issued by these agencies, which increases our compliance costs and risk of non-compliance. Existing U.S. environmental laws and regulations to which we are subject include, but are not limited to:

- the Clean Air Act, which restricts the emission of air pollutants from many sources and imposes various preconstruction, operational, monitoring and reporting requirements, and that the EPA has relied upon as the authority for adopting climate change regulatory initiatives relating to greenhouse gas emissions;
- the Clean Water Act, which regulates discharges of pollutants from facilities to state and federal waters and establishes the extent to which waterways are subject to federal jurisdiction and rulemaking as protected waters of the U.S.;
- the Oil Pollution Act of 1990, which subjects owners and operators of vessels, onshore facilities, and pipelines, as well as lessees or permittees of areas in which offshore facilities are located, to liability for removal costs and damages arising from an oil spill in waters of the United States;
- the Comprehensive Environmental Response, Compensation and Liability Act of 1980, which imposes liability on generators, transporters, and arrangers of hazardous substances at sites where hazardous substance releases have occurred or are threatening to occur; and
- U.S. Department of the Interior regulations, which govern oil and natural gas operations on federal lands and waters and impose obligations for establishing financial assurances for decommissioning activities, liabilities for pollution cleanup costs resulting from operations, and potential liabilities for pollution damages.

In the U.S. and abroad, we are subject to the International Convention for the Prevention of Pollution from Ships (MARPOL), an international convention that imposes environmental standards on the shipping industry relating to oil spills, management of garbage, the handling of certain substances, sewage and air emissions. Annex VI of MARPOL addresses air emissions, including emissions of sulfur and nitrous oxide, and requires the use of low sulfur fuels worldwide in both auxiliary and main propulsion diesel engines on vessels. The International Maritime Organization designates the waters off North America as an Emission Control Area, meaning that vessels operating in the U.S. must use fuel with a sulfur content no greater than 0.1%. Directives have been issued designed to reduce the emission of nitrogen oxides and sulfur oxides. These can impact both the fuel and the engines that may be used onboard vessels. For further discussion of regulatory risks related to climate change see "Risk Factors" in Item 1A and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report on Form 10-K.

We are also involved in various legal proceedings that relate to asbestos and other environmental matters. The amount of ultimate liability, if any, with respect to these proceedings is not expected to have a material adverse effect on our financial position, results of operations, or cash flows. We are proactive in establishing policies and operating procedures for safeguarding the environment against any hazardous materials aboard our vessels and at shore-based locations. The Oil Pollution Act of 1990 also requires owners and operators of vessels over 300 gross tons to provide the USCG with evidence of financial responsibility to cover the cost of cleaning up oil spills from those vessels. Several foreign jurisdictions also require us to present satisfactory evidence of financial responsibility. We satisfy these requirements through appropriate insurance coverage, as discussed below in "Risk Management."



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Moreover, environmental laws and regulations also can affect the resale value or significantly reduce the useful lives of our vessels, require a reduction in carrying capacity, ship modifications or operational changes or restrictions (and related increased operating costs) or retirement of service, lead to decreased availability or higher cost of insurance coverage for environmental matters or result in the denial of access to, or detention in, certain jurisdictional waters or ports. Whenever possible, hazardous materials are maintained or transferred in confined areas to ensure containment, if accidents were to occur. In addition, we have established operating policies that are intended to increase awareness of actions that may harm the environment, including being committed to responsible ship recycling in accordance with the Hong Kong convention and European Ship Recycling Regulation.

In addition to governmental regulation, large oil and gas producers have developed strict due diligence processes for selecting their suppliers out of concerns for the environmental impact of their operations. Our failure to maintain any of our vessels to the standards required by the industry could put us in breach of the applicable charter agreement and lead to termination of such agreement. Should we not be able to successfully clear such risk assessment processes on an ongoing basis, the future employment of our vessels could also be adversely affected since it might lead to the termination of existing charters.

Safety

We are dedicated to ensuring the safety of our operations for our employees, our customers and any personnel associated with our operations. Tidewater's principal operations occur in offshore waters where the workplace environment presents many safety challenges. Management communicates frequently with company personnel to promote safety and instill safe work habits using company media directed at, and regular training of, both our seamen and shore-based personnel. We dedicate personnel and resources to ensure safe operations and regulatory compliance. Our Director of Health, Safety, Environment and Security (HSES) Management is involved in numerous proactive efforts to prevent accidents and injuries from occurring. The HSES Director also reviews all incidents that occur, focusing on lessons that can be learned from such incidents and opportunities to incorporate such lessons into our on-going safety-related training. In addition, we employ safety personnel to be responsible for administering our safety programs and fostering our safety culture. Our position is that each of our employees is a safety supervisor with the authority and the obligation to stop any operation that they deem to be unsafe.

Risk Management

The operation of any marine vessel involves an inherent risk of marine losses (including physical damage to the vessel) attributable to adverse sea and weather conditions, mechanical failure, and collisions. In addition, the nature of our operations exposes us to the potential risks of damage to and loss of drilling rigs and production facilities, hostile activities attributable to war, sabotage, piracy and terrorism, as well as business interruption due to political action or inaction, including nationalization of assets by foreign governments. Any such event may lead to a reduction in revenues or increased costs. Our vessels are generally insured for their estimated market value against damage or loss, including war, acts of terrorism, and pollution risks, but we do not directly or fully insure for business interruption. We also carry workers' compensation, maritime employer's liability, director and officer liability, general liability (including third party pollution) and other insurance customary in the industry.

The continued threat of terrorist activity and other acts of war or hostility have significantly increased the risk of political, economic and social instability in some of the geographic areas in which we operate. It is possible that further acts of terrorism may be directed against the United States domestically or abroad, and such acts of terrorism could be directed against properties and personnel of U.S. headquartered companies such as ours. The resulting economic, political and social uncertainties, including the potential for future terrorist acts and war, could cause the premiums charged for the insurance coverage to increase. We currently maintain war risk coverage on our entire fleet.

We seek to secure appropriate insurance coverage at competitive rates, in part, by maintaining self-insurance up to certain individual and aggregate loss limits. We carefully monitor claims and actively participate in claims estimates and adjustments. Estimated costs of self-insured claims, which include estimates for incurred but unreported claims, are accrued as liabilities on our balance sheet.

We believe that our insurance coverage is adequate. We have not experienced a loss in excess of insurance policy limits; however, there is no assurance that our liability coverage will be adequate to cover claims that may arise. While we believe that we should be able to maintain adequate insurance in the future at rates considered commercially acceptable, we cannot guarantee that such insurance will continue to be available at commercially acceptable rates given the markets in which we operate. For further discussion of our risks see "Risk Factors" in Item 1A of this Annual Report on Form 10-K.



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Environmental, Social and Governance Factors

We are committed to transparently reporting on environmental, social and governance (ESG) factors that may be relevant to us. Our board of directors engages in regular discussions relating to environmental matters and our response to ESG-related risks and opportunities. There has been an increasing amount of ESG disclosure by publicly listed companies in recent years and we expect this trend to continue. Increasing ESG disclosure may be driven by investor expectations, SEC requirements, regulation or in response to stakeholder concerns. We use internationally-recognized methods and reporting standards to measure and disclose our performance in relation to ESG factors. In 2021, we issued our inaugural formal sustainability report, reviewing our ESG performance, actions and initiatives for the 2020 calendar year. This report was developed in accordance with Global Reporting Initiative (GRI) reporting standards, in addition to the Sustainability Accounting Standards Board (SASB) Marine Transportation standard. A climate risk review was also performed in accordance with the recommendations provided by the Taskforce on Climate-Related Financial Disclosures (TCFD) and the results of this review were included in the Sustainability Report. For further discussion of ESG risks and considerations see “Risk Factors” in Item 1A and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of this Annual Report on Form 10-K.

Energy Transition

Climate change concerns have precipitated a call from governments and other entities to transition from fossil fuels for energy production and power transportation. The primary offender in climate change is considered to be carbon emissions. The recent goal of the advocates of the energy transition is to reduce world-wide carbon emissions to net zero by the year 2050. The preferred energy sources that produce no carbon emissions are wind, solar and nuclear. Our Sustainability Report addresses our progress toward attaining lower carbon emissions and supporting more environmentally friendly energy sources. We believe that our long-term success depends on our ability to effectively navigate the energy transition and we believe we will have opportunities to participate in that transition while also supporting the fossil fuel industry. We currently have a few vessels supporting the wind farm business. We also expect to have significant opportunities from the offshore E&P industry as they dismantle their massive offshore production infrastructure during the transition. We believe that the fossil fuel industry will continue to provide fuel for energy throughout the transition and we are prepared to provide support through the process.

Seasonality

Our global vessel fleet generally has its highest utilization rates in the warmer months when the weather is more favorable for offshore exploration, field development and construction work in the oil and gas industry. Hurricanes, cyclones, the monsoon season, and other severe weather can negatively or positively impact vessel operations. Our GOM operations can be impacted by the Atlantic hurricane season from the months of June through November, when offshore exploration, field development and construction work tend to slow or halt to mitigate potential losses and damage that may occur to the offshore oil and gas infrastructure should a hurricane enter the area. However, demand for offshore marine vessels typically increases in the GOM in connection with repair and remediation work that follows any hurricane damage to offshore crude oil and natural gas infrastructure. Our vessels that operate offshore in India, other areas in Southeast Asia and the Western Pacific are impacted by the monsoon season, which occurs across the region from November to April. Vessels that operate in the North Sea can be impacted by a seasonal slowdown in the winter months, generally from November to March. Although hurricanes, cyclones, monsoons and other severe weather can have a seasonal impact on operations, our business volume is more dependent on crude oil and natural gas pricing, global supply of crude oil and natural gas, and demand for our offshore support vessels and other services than on any seasonal variation.

Human Capital Management

Employees and Labor Relations

As of December 31, 2021, we employ approximately 4,400 employees worldwide. Our global footprint has over 90% of our fleet working internationally in more than 30 countries. We are not a party to any union contract in the United States but through several subsidiaries, we are subject to union agreements covering local nationals in several countries other than the United States, most heavily in the North Sea with UK and Norwegian mariners.



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Culture and Engagement

Company culture is a key focus for the Chief Human Resource Officer (CHRO) and the rest of the senior leadership. Tidewater's culture is promoted through its "7 Cs":

- Capability
- Collaboration
- Commitment
- Communication
- Compassion
- Compliance
- Courage

Our focus is on creating an environment where our colleagues feel respected, valued, and can contribute to their fullest potential. We leverage technology to promote online collaborative workspaces to bring our colleagues together across multiple time zones and geographies and create a global sense of community. In 2021, the COVID-19 pandemic had a significant impact on our human capital management. A large majority of our onshore workforce has worked remotely beginning in the second quarter of 2020 and, for those who continue to work on site, we instituted safety protocols and procedures in line with guidance provided by the Center for Disease Control (CDC).

Health and Safety

We maintain a safety culture grounded on the premise of eliminating workplace incidents, risks and hazards. We are dedicated to ensuring the safety of our employees, our customers and any personnel associated with our operations. Our principal operations occur in offshore waters where the workplace environment presents many safety challenges. Management communicates frequently with company personnel to promote safety and instill safe work habits using company media directed at, and regular training of, both our mariners and shore-based personnel. We dedicate personnel and resources to ensure safe operations and regulatory compliance. In addition, we employ safety personnel who are responsible for administering our safety programs and fostering our safety culture and monitoring the results of our safety programs and initiatives. Our position is that each of our employees is a safety supervisor with the authority and the obligation to stop any operation that they deem to be unsafe.

By establishing practical safeguards against all identified risks, we take a consistent and proactive approach to minimizing the number of accidents, incidents and hazardous occurrences. We utilize both leading and lagging indicators to monitor the performance of our health and safety programs. Lagging indicators include the Total Recordable Incident Rate (TRIR) and the Lost Time Incident Rate (LTIR) based upon the number of incidents per one million working hours. Leading indicators include reporting and closure of all near miss events and Health, Safety and Environmental (HSE) training activities. In calendar year 2021, we had a TRIR of 0.67, a LTIR of 0.07 and no work-related fatalities.

In 2021, we continued to experience significant challenges resulting from COVID-19. Revised safety protocols were immediately implemented and management in each area of operation ensured constant compliance with local government, customer and other restrictions and guidelines to help mitigate risk of exposure of our employees and contractors.

Inclusion and Diversity

We embrace the diversity of our team members, stakeholders and customers, including their unique backgrounds, experiences, thoughts and talents. Everyone is valued and appreciated for their distinct contributions to the growth and sustainability of our business. We strive to cultivate a culture and vision that supports and enhances our ability to recruit, develop and retain diverse talent at every level. We are an equal opportunity employer, with all qualified applicants receiving consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, disability or protected veteran status. We comply with all applicable employment, labor and immigration requirements, and require our personnel to cooperate with all compliance efforts. We have a policy of continuous improvement; opportunities to further connect and support collaboration between our diverse employee base continue to be identified and addressed with further investments in training, tools and systems.



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We are committed to racial equality and fostering a culture of diversity and inclusion throughout our organization, a commitment that both starts with, and is reflected in, our board of directors. We have made diversity and inclusion an important part of our hiring and retention efforts. Our CHRO has primary responsibility for our human capital management strategy, including attracting, developing, engaging and retaining those talented employees. The CHRO is also responsible for the design of employee compensation and benefits programs in addition to promoting diversity and inclusion throughout the Company.

Available Information

We make available free of charge, on or through our website (www.tdw.com), our Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (Exchange Act) and amendments to such filings, as soon as reasonably practicable after each is electronically filed with, or furnished to, the Securities and Exchange Commission (the SEC). The SEC maintains a website that contains our reports, proxy and information statements, and our other SEC filings. The address of the SEC's website is www.sec.gov. Information appearing on our website is not part of any report that we file with the SEC.

We have adopted a Code of Business Conduct and Ethics (Code), which is applicable to our directors, chief executive officer, chief financial officer, principal accounting officer, and other officers and employees on matters of business conduct and ethics, including compliance standards and procedures. The Code is publicly available on our website at www.tdw.com. We will make timely disclosure by a Current Report on Form 8-K and on our website of any change to, or waiver from, the Code for our chief executive officer, chief financial officer and principal accounting officer. Any changes or waivers to the Code will be maintained on our website for at least 12 months. A copy of the Code is also available in print to any stockholder upon written request addressed to Tidewater Inc., 842 West Sam Houston Parkway North, Suite 400, Houston, Texas, 77024.



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ITEM 1A. RISK FACTORS

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding other statements in this Annual Report on Form 10-K. The following information should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Our business, financial condition and operating results can be affected by several factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause our actual financial condition and operating results to vary materially from those anticipated, projected or assumed in the forward-looking statements. Any of these factors, in whole or in part, could materially and adversely affect our business, prospects, financial condition, results of operations, stock price and cash flows. These could also be affected by additional factors that apply to all companies generally which are not specifically mentioned below.

Summary of Risk Factors

Below is a summary of some of the principal risks and uncertainties that could materially adversely affect our business, financial condition, and results of operations. You should read this summary together with the more detailed description of each risk factor contained below.

Risks Relating to Our Business and Industry

- The COVID-19 pandemic may continue to have a material negative impact on our operations and business.
- Volatility in the global market for oil and natural gas has in the past led to market oversupply and depressed commodity prices which has adversely affected our operations and may, in the future, materially disrupt our operations and adversely impact our business and financial results.
- A substantial or an extended decline in oil and natural gas prices could result in lower capital spending by our customers.
- We derive a significant amount of revenue from a relatively small number of customers.
- The high level of competition in the offshore marine service industry could negatively impact pricing for our services.
- The rise in production of unconventional crude oil and natural gas resources could increase supply without a commensurate growth in demand which would negatively impact oil and natural gas prices.
- An increase in vessel supply without a corresponding increase in the working offshore rig count could exacerbate the industry's currently oversupplied condition.
- Our insurance coverage and contractual indemnity protections may not be sufficient to protect us under all circumstances or against all risks.
- Maintaining our current fleet and acquiring vessels required for additional future growth require significant capital.
- We may not be able to renew or replace expiring contracts for our vessels.
- We may record additional losses or impairment charges related to our vessels.
- Cybersecurity attacks, including ransomware, on any of our facilities, or those of third parties, may result in potential liability or reputational damage or otherwise adversely affect our business.
- Uncertain economic conditions may lead our customers to postpone capital spending or jeopardize our customers' or other counterparties' ability to perform their obligations.
- Factors associated with global climate change, including evolving and increasing regulations, increasing global concern and stakeholder scrutiny about climate change, and increasing frequency and/or severity of adverse weather conditions could adversely affect our business, reputation, results of operations and financial positions.
- Failure to effectively and timely address the energy transition could adversely affect our business, results of operations and cash flows.
- Pressure from outside groups and/or governmental entities regarding our compliance with or adherence to expected ESG driven protocols or actions could adversely affect our business, including our ability to obtain financing, our results of operations and our cash flows.



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Risks Relating to Our Indebtedness

- We may not be able to generate sufficient cash flow to meet our debt service and other obligations.
- Restrictive debt covenants may restrict our ability to raise capital and pursue our business strategies.
- The amount of our debt could have significant consequences for our operations and future prospects.
- We may not be able to obtain debt financing if and when needed with favorable terms, if at all.

Risks Relating to Our International and Foreign Operations

- We operate throughout the world and are exposed to risks inherent in doing business in countries other than the U.S.
- Global or regional public health crises and other catastrophic events could reduce economic activity resulting in lower commodity prices and could affect our crew rotations and entry into ports.
- We may have disruptions or disagreements with our foreign joint venture partners, which could lead to an unwinding of the joint venture.
- Our international operations expose us to currency devaluation and fluctuation risk.
- With our extensive international operations, we are subject to certain compliance risks under the Foreign Corrupt Practices Act, the United Kingdom Bribery Act or similar worldwide anti-bribery laws.

Risks Relating to Governmental Regulation

- There may be changes to complex and developing laws and regulations to which we are subject that would increase our cost of compliance and operational risk.
- Changes in U.S. and international tax laws and policies could adversely affect our financial results.
- Any changes in environmental regulations, including climate change and greenhouse gas restrictions, could increase the cost of energy and future production of oil and natural gas.

Risks Relating to Our Employees

- We may have difficulty attracting, motivating and retaining executives and other key personnel.
- We may be subject to additional unionization efforts, new collective bargaining agreements or work stoppages.
- Certain of our employees are covered by both state and federal laws that may subject us to job-related claims.

Risks Relating to Our Securities

- Our common stock is subject to restriction on foreign ownership by non-U.S. Citizen stockholders.
- The market price of our securities is subject to volatility.
- Because we currently have no plans to pay cash dividends or other distributions on our common stock, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.
- Our ability to raise capital in the future may be limited, which could make us unable to fund our capital requirements.
- Anti-takeover provisions and limitations on foreign ownership in our organizational documents could delay or prevent a change of control.



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Risk Factors

Risks Relating to the COVID-19 Pandemic

The COVID-19 pandemic has adversely affected and may, in the future, have a material negative impact on our operations and business.

As discussed above in Item 1, it became evident that a novel coronavirus (COVID-19) could become a pandemic with worldwide reach. By mid-March of 2020, when the World Health Organization declared the outbreak to be a pandemic (the COVID-19 pandemic), much of the industrialized world had taken severe measures to lessen its impact. The ongoing COVID-19 pandemic has created significant volatility, uncertainty, and economic disruption.

The spread of COVID-19 to one or more of our locations, including our vessels, could significantly impact our operations. While we have implemented various protocols for both onshore and offshore personnel in efforts to limit the impact of COVID-19, there is no assurance that those efforts will be fully successful. The spread of COVID-19 to our onshore workforce could prevent us from supporting our offshore operations, we may experience reduced productivity as our onshore personnel works remotely, and any spread to our key management personnel may disrupt our business. Any outbreak on our vessels may result in the vessel, or some or all the vessel crew, being quarantined and therefore impede the vessel's ability to generate revenue. We have experienced challenges in connection with our offshore crew changes due to health and travel restrictions related to COVID-19, and those challenges and/or restrictions may continue or worsen despite our efforts at mitigating them. To the extent the COVID-19 pandemic adversely affects our operations and business, it may also have the effect of heightening many of the other risks set forth in our SEC filings, such as those relating to our financial performance and debt obligations.

The full impact of the COVID-19 pandemic is unknown and is rapidly evolving. The extent to which it impacts our business and operations and ability to preserve our liquidity will depend on the severity, location, and duration of the effects and spread of the pandemic itself, the actions undertaken by national, regional, and local governments and health officials to contain the virus or treat its effects, and how quickly and to what extent economic conditions improve and normal business and operating conditions resume. Additionally, recent constraints on the global supply chain have reduced the number of available suppliers, and the imposition of further public health measures affecting supply chain and logistics may negatively impact our suppliers. As we cannot predict the full duration or scope of this pandemic, the anticipated negative financial impact to our operating results cannot be reasonably estimated but could be both material and long-lasting. Additionally, the impact of COVID-19, and the volatile regional and global economic conditions stemming from the pandemic, may also precipitate or exacerbate other risks discussed in this Item 1A "Risk Factors" and elsewhere in this report, any of which could have a material effect on us.

Volatility in the global market for oil and natural gas has in the past led to market oversupply and depressed commodity prices which has adversely affected our operations and may, in the future, materially disrupt our operations and adversely impact our business and financial results.

With respect to our sector, the COVID-19 pandemic resulted in a much lower demand for oil as national, regional, and local governments impose travel restrictions, border closings, restrictions on public gatherings, stay at home orders, and limitations on business operations in order to contain its spread. During this same time period, oil-producing countries struggled to reach consensus on worldwide production levels, resulting in both a market oversupply of oil and a precipitous fall in oil prices, which have only recently begun to recover.

Combined, these conditions adversely affected our operations and business beginning with the latter part of the first fiscal quarter of 2020 and continuing into 2021. The reduction in demand for hydrocarbons together with an unprecedented decline in the price of oil resulted in our primary customers, the oil and gas companies, making material reductions to their planned spending on offshore projects, compounding the effect of the COVID-19 pandemic on offshore operations. Further, these conditions, continued to impact the demand for our services, the utilization and/or rates we can achieve for our assets and services, and the outlook for our industry in general for the last nine months of 2020 and for most of 2021. Demand for oil and gas and commodity prices have recently recovered to near pre-pandemic levels and we do not expect our operations and business in 2022 to continue to be negatively impacted. However, other factors, including pressure on our customers to return capital to shareholders and pressure to address ESG concerns related to fossil fuel production and consumption, coupled with the lingering uncertainty related to the COVID-19 pandemic could have a negative impact on our operations in the near term.



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Risks Relating to Our Business and Industry

The prices for oil and natural gas affect the level of capital spending by our customers. A substantial or an extended decline in oil and natural gas prices could result in lower capital spending by our customers.

Demand for our services depends substantially upon the level of activity in the oil and natural gas industry and the willingness of oil and natural gas companies to make capital expenditures on exploration, drilling and production operations. Oil and natural gas prices and market expectations of potential changes in these prices significantly affect this level of activity. Prices for crude oil and natural gas are highly volatile and extremely sensitive to the respective supply/demand relationship for crude oil and natural gas. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report on Form 10-K. Many factors affect the supply of and demand for crude oil and natural gas and, therefore, influence prices of these commodities, including:

- domestic and foreign supply of oil and natural gas, including increased availability of non-traditional energy resources such as shale oil and natural gas;
- prices, and expectations about future prices, of oil and natural gas;
- domestic and worldwide economic conditions, and the resulting global demand for oil and natural gas;
- the price and quantity of imports of foreign oil and natural gas including the ability of OPEC to set and maintain production levels for oil, and decisions by OPEC to change production levels;
- sanctions imposed by the U.S., the European Union (E.U.), or other governments against oil producing countries;
- the cost of exploring for, developing, producing and delivering oil and natural gas;
- the expected rates of decline in production from existing and prospective wells and the discovery rates of new oil and natural gas reserves;
- federal, state and local regulation relating to (i) exploration and drilling activities, (ii) equipment, material, supplies or services that we furnish, (iii) oil and natural gas exports and (iv) environmental or energy security matters;
- public pressure on, and legislative and regulatory interest within, federal, state and local governments to stop, significantly limit or regulate oil or natural gas production;
- weather conditions, natural disasters, and global or regional public health crises and other catastrophic events, such as the COVID-19 pandemic that began in early 2020;
- incidents resulting from operating hazards inherent in offshore drilling, such as oil spills;
- political, military and economic instability and social unrest in oil and natural gas producing countries, including the impact of armed hostilities involving one or more oil producing nations;
- advances in exploration, development and production technologies or in technologies affecting energy consumption;
- the price and availability of, and public sentiment regarding, alternative fuel and energy sources;
- uncertainty in capital and commodities markets; and
- domestic and foreign tax policies, including those regarding tariffs and duties.

A prolonged material downturn in crude oil and natural gas prices and/or perceptions of long-term lower commodity prices can negatively impact the development plans of exploration and production (E&P) companies and result in a significant decline in demand for offshore support services resulting in project modifications, delays or cancellations, general business disruptions, and delays in payment of, or nonpayment of, amounts that are owed to us. Moreover, declining or continuing depressed oil and natural gas prices may result in negative pressures on:

- our customer's capital spending and spending on our services;
- our charter rates and/or utilization rates;
- our results of operations, cash flows and financial condition;
- the fair market value of our vessels;
- our ability to refinance, maintain or increase our borrowing capacity;
- our ability to obtain additional capital to finance our business and make acquisitions or capital expenditures, and the cost of that capital; and
- the collectability of our receivables.



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Moreover, higher commodity prices will not necessarily translate into increased demand for offshore support services or sustained higher pricing for offshore support vessel services, in part because customer demand is often driven by capital expenditure programs that are more focused on future commodity price expectations and not solely on current prices. Although crude prices have recovered from the historic lows seen in the first half of 2020, our customers have generally lowered their capital expenditure programs considering recent volatility in pricing and other priorities for cash flow including return on capital to shareholders and investment in more environmentally friendly projects. Additionally, increased commodity demand may in the future be satisfied by land-based energy resource production and any increased demand for offshore support vessel services can be more than offset by an increased supply of offshore support vessels resulting from the construction of additional offshore support vessels.

We derive a significant amount of revenue from a relatively small number of customers.

For the years ended December 31, 2021 and 2020, our top five and ten largest customers accounted for a significant percentage of our total revenues. While it is normal for our customer base to change over time as our time charter contracts expire and are replaced, our results of operations, financial condition and cash flows could be materially adversely affected if one or more of these customers were to decide to interrupt or curtail their activities, in general, or their activities with us, terminate their contracts with us, fail to renew existing contracts with us, and/or refuse to award new contracts to us.

Our customer base has undergone consolidation and additional consolidation is possible.

Additional consolidation of oil and natural gas companies and other energy companies and energy services companies is possible. Consolidation reduces the number of customers for our equipment and services, and may negatively affect exploration, development and production activity as consolidated companies focus, at least initially, on increasing efficiency and reducing costs and may delay or abandon exploration activity with less promise. Such activity could adversely affect demand for our offshore services.

The high level of competition in the offshore marine service industry could negatively impact pricing for our services.

We operate in a highly competitive industry, which could depress charter and utilization rates and adversely affect our financial performance. We compete for business with our competitors based on price; reputation for quality service; quality, suitability and technical capabilities of our vessels; availability of vessels; safety and efficiency; cost of mobilizing vessels from one market to a different market; and national flag preference. In addition, competition in international markets may be adversely affected by regulations requiring, among other things, local construction, flagging, ownership or control of vessels, the awarding of contracts to local contractors, the employment of local citizens and/or the purchase of supplies from local vendors.

The rise in production of unconventional crude oil and natural gas resources could increase supply without a commensurate growth in demand which would negatively impact oil and natural gas prices.

The rise in production of unconventional crude oil and natural gas resources in North America and the commissioning of several new large Liquefied Natural Gas (LNG) export facilities around the world have contributed to an over-supplied natural gas market. Production from unconventional resources has increased as drilling efficiencies have improved, lowering the costs of extraction. There has also been a buildup of crude oil inventories in the U.S. in part due to the increased development of unconventional crude oil resources. Prolonged increases in the worldwide supply of crude oil and natural gas, whether from conventional or unconventional sources, without a commensurate growth in demand for crude oil and natural gas may continue to depress crude oil and natural gas prices. A prolonged period of low crude oil and natural gas prices would likely have a negative impact on development plans of exploration and production companies, which in turn, may result in a decrease in demand for our offshore support vessel services.

An increase in vessel supply without a corresponding increase in the working offshore rig count could exacerbate the industry's currently oversupplied condition.

Over the past decade, the combination of historically high commodity prices and technological advances resulted in significant growth in deepwater exploration, field development and production. During this time, construction of offshore vessels increased significantly in order to meet projected requirements of customers and potential customers. Excess offshore support vessel capacity usually exerts downward pressure on charter day rates. Excess capacity can occur when newly constructed vessels enter the worldwide offshore support vessel market and when vessels migrate between markets. A discussion about our vessel fleet appears in the "Vessel Utilization and Average Rates by Segment" section of Item 7 in this Annual Report on Form 10-K.



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In addition, the provisions of U.S. shipping laws restricting engagement of U.S. coastwise trade to vessels controlled by U.S. citizens may from time to time be circumvented by foreign competitors that seek to engage in trade reserved for vessels controlled by U.S. citizens and otherwise qualifying for coastwise trade. A repeal, suspension or significant modification of U.S. shipping laws, or the administrative erosion of their benefits, permitting vessels that are either foreign-flagged, foreign-built, foreign-owned, foreign-controlled or foreign-operated to engage in the U.S. coastwise trade, could also result in excess vessel capacity and increased competition, especially for our vessels that operate in North America.

An increase in vessel capacity without a corresponding increase in the working offshore rig count could exacerbate the industry's currently oversupplied condition, which may have the effect of lowering charter rates and utilization rates, which, in turn, would result in lower revenues.

Our insurance coverage and contractual indemnity protections may not be sufficient to protect us under all circumstances or against all risks.

Our operations are subject to the hazards inherent in the offshore oilfield business. These include blowouts, explosions, fires, collisions, capsizings, sinkings, groundings and severe weather conditions. Some of these events could be the result of (or exacerbated by) mechanical failure or navigation or operational errors. These hazards could result in personal injury and loss of life, severe damage to or destruction of property and equipment (including to the property and equipment of third parties), pollution or environmental damage and suspension of operations, increased costs and loss of business. Damages arising from such occurrences may result in lawsuits alleging large claims, and we may incur substantial liabilities or losses as a result of these hazards.

We carry what we consider to be prudent levels of liability insurance, and our vessels are generally insured for their estimated market value against damage or loss, including war, terrorism acts and pollution risks. While we maintain insurance protection and, as further described below, seek to obtain indemnity agreements from our customers requiring the customers to hold us harmless from some of these risks, our insurance and contractual indemnity protection may not be sufficient or effective to protect us under all circumstances or against all risks. Our insurance coverages are subject to deductibles and certain exclusions. We do not directly or fully insure for business interruption. The occurrence of a significant event not fully insured or indemnified against or the failure of a customer to meet its indemnification obligations to us could have a material and adverse effect on our results of operations and financial condition. Additionally, while we believe that we should be able to maintain adequate insurance in the future at rates considered commercially acceptable, we cannot guarantee that such insurance will continue to be available at commercially acceptable rates given the markets in which we operate.

In addition, our contracts are individually negotiated, and the levels of indemnity and allocation of liabilities in them may vary from contract to contract depending on market conditions, particular customer requirements and other factors existing at the time a contract is negotiated. Additionally, the enforceability of indemnification provisions in our contracts may be limited or prohibited by applicable law or may not be enforced by courts having jurisdiction, and we could be held liable for substantial losses or damages and for fines and penalties imposed by regulatory authorities. The law with respect to the enforceability of indemnities varies from jurisdiction to jurisdiction. Current or future litigation in particular jurisdictions, whether or not we are a party, may impact the interpretation and enforceability of indemnification provisions in our contracts. There can be no assurance that our contracts with our customers, suppliers and subcontractors will fully protect us against all hazards and risks inherent in our operations. There can also be no assurance that those parties with contractual obligations to indemnify us will be financially able to do so or will otherwise honor their contractual obligations.

Factors associated with global climate change, including evolving and increasing regulations, increasing global concern and stakeholder scrutiny about climate change, and increasing frequency and/or severity of adverse weather conditions could adversely affect our business, reputation, results of operations and financial positions.

Companies across all industries are facing increasing scrutiny from stakeholders related to their ESG practices. Investor advocacy groups, certain institutional investors, investment funds and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, investors' increased focus and activism related to ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Companies which do not adapt to or comply with investor or stakeholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition, and/or stock price of such a company could be materially and adversely affected. Further, the increasing attention to ESG and sustainability has resulted in governmental investigations, and public and private litigation, which could increase our costs or otherwise adversely affect our business or results of operations.



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Specifically, adverse effects upon the oil and gas industry related to the worldwide social and political environment, including uncertainty or instability resulting from climate change, changes in political leadership and environmental policies, changes in geopolitical-social views toward fossil fuels and renewable energy, concern about the environmental impact of climate change and investors' expectations regarding ESG matters, may also adversely affect demand for our services. In September 2021, a group of over 150 companies, including shipping companies, oil companies and port authorities, called on regulators to require the shipping industry to be fully decarbonized by 2050.

Social and political attention to ESG matters has resulted in both existing and pending international agreements and national, regional or local legislation and regulatory measures to limit greenhouse gas emissions and has been stated in the U.S. to be a priority of the Biden Administration, as well as other initiatives. These agreements and measures, including the Paris Climate Accord, the Kyoto Protocol, the European Union Emission Trading System, the United Kingdom's Carbon Reduction Commitment, the International Maritime Organization's MARPOL Annex VI amendments, and, in the U.S., the Regional Greenhouse Gas Initiative, the Western Regional Climate Action Initiative, and other various state programs, may require, or could result in future legislation and regulatory measures that require significant equipment and fleet modifications, operational changes, taxes, or purchase of emission credits to reduce emission of greenhouse gases from our operations, which may result in substantial capital expenditures and compliance, operating, maintenance and remediation costs. Any long-term material adverse effect on the oil and gas industry would likely have a significant financial and operational adverse impact on our business. Because we primarily support the oil and gas industry and our vessels utilize fossil fuels for internal power generation, the impact of such increased attention and regulation may have adverse effects on our and our customers' operations and financial results.

In addition, some institutional investors are placing an increased emphasis on ESG factors when allocating their capital. These investors may be seeking enhanced ESG disclosures or may implement policies that discourage investment in the hydrocarbon industry. Organizations that provide information to institutional and retail investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to negative investor sentiment toward us and our industry and to the diversion of investment to other industries. To the extent certain institutions implement policies that discourage investments in our industry, it could have an adverse effect on our financing costs and access to liquidity and capital.

Moreover, climate change may cause more extreme weather conditions such as hurricanes, thunderstorms, tornadoes and snow or ice storms, as well as rising sea levels and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with our or our customers' and suppliers' operations and increase our costs, and damage resulting from extreme weather may not be fully insured. However, at this time, we are unable to determine the extent to which climate change may lead to increased weather hazards affecting our operations.

Failure to effectively and timely address the energy transition could adversely affect our business, results of operations and cash flows.

Our long-term success depends on our ability to effectively navigate the energy transition, which will require adapting our vessels and technology portfolio to potentially changing government requirements and customer preferences, as well as engaging with our customers to develop solutions to support their oil and gas operations through this transition. If the energy transition landscape changes faster than anticipated or in a manner that we do not anticipate, demand for our services could be adversely affected. Furthermore, if we fail or are perceived to not effectively implement an energy transition strategy, or if investors or financial institutions shift funding away from companies in fossil fuel-related industries, our access to liquidity and capital or the market for our securities could be adversely impacted.

Risks Related to Our Indebtedness

We may not be able to generate sufficient cash flow to meet our debt service and other obligations.

Our ability to make payments on our indebtedness and to fund our operations depends on our ability to maintain sufficient cash flows. Our ability to generate cash in the future, to a large extent, is subject to conditions in the oil and natural gas industry, including commodity prices, demand for our services and the prices we can charge for our services, general economic and financial conditions, competition in the markets in which we operate, the impact of legislative and regulatory actions on how we conduct our business and other factors, all of which are beyond our control.

Lower levels of offshore exploration and development activity and spending by our customers globally directly and significantly have impacted, and may continue to impact, our financial performance, financial condition and financial outlook.



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Restrictive covenants in the Bond Terms and Credit Facility Agreement may restrict our ability to raise capital and pursue our business strategies, and may have significant consequences for our operations and future prospects.

The bond terms for our 2026 Notes (the Bond Terms) and the Super Senior Revolving Credit Facility Agreement with DNB Bank ASA, New York Branch, as Facility Agent, Nordic Trustee AS, as Security Trustee, and certain other institutions (the Credit Facility Agreement) contain certain restrictive covenants. These covenants could have important consequences for our strategy and operations, including:

- limiting our ability to incur indebtedness to provide funds for investments or capital expenditures, acquisitions, debt service requirements, general corporate purposes, dividends, and to make other distributions or repurchase or redeem our stock;
- restricting us from undertaking consolidations, mergers, sales, or other dispositions of all or substantially all our assets;
- requiring us to dedicate a substantial portion of our cash flow from operations to make required payments on indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures, such as investing in new vessels, and other general business activities;
- requiring that we pledge substantial collateral, including vessels, which may limit flexibility in operating our business and restrict our ability to sell assets;
- limiting management's flexibility in operating our business including planning for, or reacting to, changes in our business and the industry in which we operate;
- diminishing our ability to withstand a downturn in our business or worsening of macroeconomic or industry conditions; and
- placing us at a competitive disadvantage against less leveraged competitors.

The Bond Terms and the Credit Facility Agreement also require us to comply with certain financial covenants, including maintenance of minimum liquidity and minimum consolidated equity. We may be unable to meet these financial covenants or comply with these covenants, which could result in a default under the Bond Terms or the Credit Facility Agreement. If a default occurs and is continuing, the secured parties and the lenders under the Bond Terms and Credit Facility Agreement may elect to declare all borrowings thereunder outstanding, together with accrued interest and other fees, to be immediately due and payable. If we are unable to repay our indebtedness when due or declared due, the secured parties and the lenders under the Bond Terms and Credit Facility Agreement will also have the right to foreclose on the collateral pledged to them, including the vessels, to secure the indebtedness. If such indebtedness were to be accelerated, our assets may not be sufficient to repay in full our secured indebtedness. Please refer to Note (3) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional information on the Bond Terms and the Credit Facility Agreement.

As a result of the restrictive covenants under the Bond Terms and the Credit Facility Agreement, we may be prevented from taking advantage of business opportunities. In addition, the restrictions contained in the Bond Terms and the Credit Facility Agreement, including a substantial make whole premium applicable to a voluntary prepayment of obligations under the Bond Terms, may also limit our ability to plan for or react to market conditions, meet capital needs or otherwise restrict our activities or business plans and adversely affect our ability to finance our operations, refinance, enter into acquisitions, execute our business strategy, make capital expenditures, effectively compete with companies that are not similarly restricted or engage in other business activities that would be in our interest. In the future, we may also incur additional debt obligations that might subject us to additional and different restrictive covenants that could further affect our financial and operational flexibility. We cannot assure you that we will be granted waivers or amendments to these agreements if requested to obtain financial or operational flexibility or if for any reason we are unable to comply with these agreements, or that we will be able to refinance our debt on acceptable terms or at all.

We may not be able to obtain debt financing if and when needed with favorable terms, if at all.

If commodity prices decline or if E&P companies activity indicate a low level of investment in offshore exploration, development and production, there could be a general outflow of credit and capital from the energy and energy services sectors and/or offshore-focused energy and energy service companies, as well as further efforts by lenders to reduce their loan exposure to the energy sector, impose increased lending standards for the energy and energy services sectors, increase borrowing costs and collateral requirements or refuse to extend new credit or amend existing credit facilities in the energy and energy services sectors. These potential negative consequences may be exacerbated by the pressure exerted on financial institutions by bank regulatory agencies to respond quickly and decisively to credit risk that develops in distressed industries. All these factors may complicate the ability of borrowers to achieve a favorable outcome in negotiating solutions to even marginally stressed credits.



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These factors could limit our ability to access debt markets, including for the purpose of refinancing or replacing our existing debt, cause us to refinance at increased interest rates, issue debt or enter into bank credit agreements with less favorable terms and conditions, which debt may require additional collateral and contain more restrictive terms, negatively impact current and prospective customers' willingness to transact business with us, or impose additional insurance, guarantee and collateral requirements, all of which result in higher borrowing costs and may limit our long- and short-term financial flexibility.

Risks Relating to Our Vessels

Maintaining our current fleet size and configuration and acquiring vessels required for additional future growth require significant capital.

Expenditures required for the repair, certification and maintenance of a vessel, some of which may be unplanned, typically increase with vessel age. Additionally, stacked vessels are not maintained with the same diligence as our marketed fleet. Depending on the length of time the vessels are stacked, we may incur additional costs to return these vessels to active service. These costs are difficult to estimate and may be substantial. These expenditures may increase to a level at which they are not economically justifiable and, therefore, to maintain our current fleet size we may seek to construct or acquire additional vessels. Also, customers may prefer modern vessels over older vessels, especially in weaker markets. The cost of repairing and/or upgrading existing vessels or adding a new vessel to our fleet can be substantial. Moreover, while our vessels are undergoing repair, upgrade or maintenance, they may not earn a day rate during the period they are out of service. Lastly, new laws and regulations related to climate change discussed below and the increased scrutiny of greenhouse gas emissions may require us to undertake upgrades or overhauls to our vessels and their power generation systems to ensure compliance, which would require significant additional capital expenditures.

While we expect our cash on hand, cash flow from operations and borrowings under new debt facilities to be adequate to fund our future potential purchases of additional vessels, our ability to pay these amounts is dependent upon the success of our operations. We can give no assurance that we will have sufficient capital resources to build or acquire the vessels required to expand or to maintain our current fleet size and vessel configuration.

We may not be able to renew or replace expiring contracts for our vessels.

We have several charters that expired in 2021 and others that will expire in 2022. Our ability to renew or replace expiring contracts or obtain new contracts, and the terms of any such contracts, will depend on various factors, including market conditions and the specific needs of our customers. Given the highly competitive and historically cyclical nature of our industry, we may not be able to renew or replace the contracts or we may be required to renew or replace expiring contracts or obtain new contracts at rates that are below, and potentially substantially below, existing day rates, or that have terms that are less favorable to us than are the terms of our existing contracts, or we may be unable to secure contracts for these vessels. This could have a material adverse effect on our financial condition, results of operations and cash flows.

The early termination of contracts on our vessels could have an adverse effect on our operations and our backlog may not be converted to actual operating results for any future period.

Most of the long-term contracts for our vessels and many of our contracts with governmental entities and national oil companies contain early termination options in favor of the customer, in some cases permitting termination for any reason. Although some of these contracts have early termination remedies in our favor or other provisions designed to discourage our customers from exercising such options, we cannot assure you that our customers would not choose to exercise their termination rights despite such remedies or the threat of litigation with us. Moreover, many of the contracts for our vessels have a term of one year or less and can be terminated with 90 days or less notice. Unless such vessels can be placed under contract with other customers, any termination could temporarily disrupt our business or otherwise adversely affect our financial condition and results of operations. We might not be able to replace such business or replace it on economically equivalent terms. In those circumstances, the amount of backlog could be reduced and the conversion of backlog into revenue could be impaired. Additionally, because of depressed commodity prices, adverse changes in credit markets, economic downturns, changes in priorities or strategy or other factors beyond our control, a customer may no longer want or need a vessel that is currently under contract or may be able to obtain a comparable vessel at a lower rate. For these reasons, customers may seek to renegotiate the terms of our existing contracts, terminate our contracts without justification or repudiate or otherwise fail to perform their obligations under our contracts. In any case, an early termination of a contract may result in one or more of our vessels being idle for an extended period. Each of these results could have a material adverse effect on our financial condition, results of operations and cash flows.



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We may record additional losses or impairment charges related to our vessels.

We review the vessels in our active fleet for impairment whenever events occur or changes in circumstances indicate that the carrying value of an asset group may not be recoverable and we also perform a review of our stacked vessels not expected to return to active service whenever changes in circumstances indicate that the carrying amount of a vessel may not be recoverable. We have realized impairment charges with respect to our long-lived assets over the past several years. If offshore E&P industry conditions further deteriorate, we could be subject to additional long-lived asset impairments in future periods.

An impairment loss on our property and equipment exists when the estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any impairment loss recognized represents the excess of the asset's carrying value over the estimated fair value. As part of this analysis, we make assumptions and estimates regarding future market conditions. To the extent actual results do not meet our estimated assumptions, we may take an impairment loss in the future. Additionally, there can be no assurance that we will not have to take additional impairment charges in the future if the currently depressed market conditions persist.

We may not be able to sell vessels to improve our cash flow and liquidity because we may be unable to locate buyers with access to financing or to complete any sales on acceptable terms or within a reasonable timeframe.

We may seek to sell some of our vessels to provide liquidity and improve our cash flow. There may not be sufficient activity in the market to sell our vessels, and we may not be able to identify buyers with access to financing or to complete any such sales. Even if we can locate appropriate buyers for our vessels, any sales may occur on significantly less favorable terms than the terms that might be available in a more liquid market or at other times in the business cycle.

Risks Relating to Our International and Foreign Operations

We operate in various regions throughout the world and are exposed to many risks inherent in doing business in countries other than the U.S.

We have substantial operations in Brazil, Mexico, the North Sea, Norway, Southeast Asia, Saudi Arabia, Angola, Nigeria and throughout the west coast of Africa, which generate a large portion of our revenue. Our customary risks of operating internationally include, but are not limited to, political, military, social and economic instability within the host country; possible vessel seizures or expropriation of assets and other governmental actions by the host country, including trade or economic sanctions and enforcement of customs, immigration or other laws that are not well developed or consistently enforced; foreign government regulations that favor or require the awarding of contracts to local competitors; risks associated with failing to comply with the U.S. Foreign Corrupt Practices Act (FCPA), the United Kingdom (U.K.) Modern Slavery Act, the U.K. Bribery Act, the E.U. General Data Protection Regulation (GDPR), export laws and other similar laws applicable to our operations in international markets; an inability to recruit, retain or obtain work visas for workers of international operations; deprivation of contract rights; difficulties or delays in collecting customer and other accounts receivable; changing taxation policies; fluctuations in currency exchange rates; foreign currency revaluations and devaluations; restrictions on converting foreign currencies into U.S. dollars; expatriating customer and other payments made in jurisdictions outside of the U.S.; civil unrest, acts of terrorism, war or other armed conflict (further described below); and import/export quotas and restrictions or other trade barriers, most of which are beyond our control.

We are also subject to risks relating to war, sabotage, piracy, kidnappings and terrorism or any similar risk that may put our personnel at risk and adversely affect our operations in unpredictable ways, including changes in the insurance markets as a result of war, sabotage, piracy or kidnappings, disruptions of fuel supplies and markets, particularly oil, and the possibility that infrastructure facilities, including pipelines, production facilities, refineries, electric generation, transmission and distribution facilities, offshore rigs and vessels, and communications infrastructures, could be direct targets of, or indirect casualties of, an act of war, piracy, sabotage or terrorism. War or risk of war or any such attack, such as the current conflict in the Ukraine, and the international response to such events may also have an adverse effect on the economy, which could adversely affect activity in offshore oil and natural gas exploration, development and production and the demand for our services. Insurance coverage can be difficult to obtain in areas of pirate, terrorist or other hostile attacks resulting in increased costs that could continue to increase. We periodically evaluate the need to maintain this insurance coverage as it applies to our fleet. Instability in the financial markets as a result of war, sabotage, piracy, and terrorism, as well as the international response to such events such as trade and investment sanctions, could also adversely affect our ability to raise capital and could also adversely affect the oil, natural gas and power industries and restrict their future growth. The increase in the level of these criminal or terrorist acts, war and international hostilities over the last several years has been well-publicized. As a marine services company that operates in offshore, coastal or tidal waters in challenging areas, we are particularly vulnerable to these kinds of unlawful activities. Although we take what we consider to be prudent measures to protect our personnel and assets in markets that present these risks, including solicitation of advice from third-party experts, we have confronted these kinds of incidents in the past, and there can be no assurance we will not be subjected to them in the future.



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Global or regional public health crises and other catastrophic events could reduce economic activity resulting in lower commodity prices and could affect our crew rotations and entry into ports.

The current COVID-19 pandemic has caused several countries to restrict travel and quarantine those who have been exposed. Quarantines and the inability to move or interact freely will have an impact on economic results. Such actions could reduce the world demand for oil. In addition, we may not be able to move freely in certain ports and we may not be able to economically move our vessel crews to and from our locations around the world.

We may have disruptions or disagreements with our foreign joint venture partners, which could lead to an unwinding of the joint venture.

We operate in several foreign areas through joint ventures with local companies, in some cases as a result of local laws requiring local company ownership. While the joint venture partner may provide local knowledge and experience, entering into joint ventures often requires us to surrender a measure of control over the assets and operations devoted to the joint venture, and occasions may arise when we do not agree with the business goals and objectives of our joint venture partner, or other factors may arise that make the continuation of the relationship unwise or untenable. Any such disagreements or discontinuation of the joint venture relationship could disrupt our operations, put assets dedicated to the joint venture at risk, or affect the continuity of our business. If we are unable to resolve issues with a joint venture partner, we may decide to terminate the joint venture and either locate a different partner and continue to work in the area or seek opportunities for our assets in another market. The unwinding of an existing joint venture could prove to be difficult or time-consuming, and the loss of revenue related to the termination or unwinding of a joint venture and costs related to the sourcing of a new partner or the mobilization of assets to another market could adversely affect our financial condition, results of operations or cash flows. Please refer to Notes (4) and (15) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional discussion of our joint venture in Angola and our joint venture in Nigeria.

Our international operations expose us to currency devaluation and fluctuation risk.

As a global company, our international operations are exposed to foreign currency exchange rate risks on all charter hire contracts denominated in foreign currencies. For some of our international contracts, a portion of the revenue and local expenses is incurred in local currencies, which subjects us to risk of changes in the exchange rates between the U.S. dollar and foreign currencies. In some instances, we receive payments in currencies that are not easily traded and may be illiquid. We generally do not hedge against any foreign currency rate fluctuations associated with foreign currency contracts that arise in the normal course of business, which exposes us to the risk of exchange rate losses. Gains and losses from the revaluation of our monetary assets and liabilities denominated in currencies other than the U.S. dollar are included in our consolidated statements of operations. Foreign currency fluctuations may cause the U.S. dollar value of our non-U.S. results of operations and net assets to vary with exchange rate fluctuations. This could have a negative impact on our results of operations and financial position. In addition, fluctuations in currencies relative to currencies in which the earnings are generated may make it more difficult to perform period-to-period comparisons of our reported results of operations.

To minimize the financial impact of these items, we attempt to contract a significant majority of our services in U.S. dollars and, when feasible, we attempt to not maintain large, non-U.S. dollar-denominated cash balances. In addition, we attempt to minimize the financial impact of these risks by matching the currency of our operating costs with the currency of revenue streams when considered appropriate. We monitor the currency exchange risks associated with all contracts not denominated in U.S. dollars.

Sonatide generally maintains Angolan kwanza-denominated deposits in Angolan banks, largely related to customer receipts in excess of balances that are waiting to be converted to U.S. dollars, expatriated and then remitted to us. A devaluation in the Angolan kwanza relative to the U.S. dollar would result in foreign exchange losses for Sonatide to the extent the Angolan kwanza-denominated asset balances were in excess of kwanza-denominated liabilities. Under the previous Sonatide joint venture structure, we would bear 49% of any potential losses. Please refer to Notes (4) and (15) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional discussion of our Sonatide joint venture in Angola.



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With our extensive international operations, we are subject to certain compliance risks under the Foreign Corrupt Practices Act, the United Kingdom Bribery Act or similar worldwide anti-bribery laws.

Our global operations require us to comply with several complex U.S. and international laws and regulations, including those involving anti-bribery and, anti-corruption. The FCPA and similar anti-bribery laws in other jurisdictions, including the U.K. Bribery Act the United Nations Convention Against Corruption and the Brazil Clean Company Act, generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business or obtaining an improper business benefit. We have adopted proactive procedures to promote compliance with the FCPA and other anti-bribery legislation, any failure to comply with the FCPA or other anti-bribery legislation could subject us to civil and criminal penalties or other fines or sanctions, including prohibition of our participating in or curtailment of business operations in those jurisdictions and the seizure of vessels or other assets, which could have a material adverse impact on our business, financial condition and results of operation. Moreover, we may be held liable for actions taken by local partners or agents in violation of applicable anti-bribery laws, even though these partners or agents may themselves not be subject to such laws. Any determination that we have violated applicable anti-bribery laws in countries in which we do business could have a material adverse effect on our business and business reputation, as well as our results of operations, and cash flows. We operate in many parts of the world where governmental corruption is present and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices and impact our business.

The U.K.'s referendum to exit from the E.U. will have uncertain effects and could adversely impact our business, results of operations and financial condition.

On June 23, 2016, the U.K. voted to exit from the E.U. (commonly referred to as Brexit) and exited from the E.U. on January 31, 2020. The terms of Brexit and the resulting U.K./E.U. relationship are uncertain for companies doing business both in the U.K. and the overall global economy. In addition, our business and operations may be impacted by any subsequent E.U. member withdrawals and a vote in Scotland to seek independence from the U.K. Risks related to Brexit that we may encounter include:

- adverse impact on macroeconomic growth and oil and natural gas demand;
- continued volatility in currencies including the British pound and U.S. dollar that may impact our financial results;
- reduced demand for our services in the U.K. and globally;
- increased costs of doing business in the U.K. and in the North Sea;
- increased regulatory costs and challenges for operating our business in the North Sea;
- volatile capital and debt markets, and access to other sources of capital;
- risks related to our global tax structure and the tax treaties upon which we rely;
- legal and regulatory uncertainty and potentially divergent treaties, laws and regulations between the E.U. and U.K.;
- business uncertainty and instability resulting from prolonged political negotiations; and
- uncertain stability of the E.U. and global economy if other countries exit the E.U.

Risks Relating to Governmental Regulation

There may be changes to complex and developing laws and regulations to which we are subject that would increase our cost of compliance and operational risk.

Our operations are subject to many complex and burdensome laws and regulations. Stringent federal, state, local and foreign laws and regulations relating to several aspects of our business, including anti-bribery and anti-corruption laws, import and export controls, the environment, worker health and safety, labor and employment, taxation, antitrust and fair competition, data privacy protections, securities regulations and other regulatory and legal requirements that significantly affect our operations. Many aspects of the marine industry are subject to extensive governmental regulation by the U.S. Coast Guard, the U.S. Customs and Border Protection, and their foreign equivalents; as well as to standards imposed by private industry organizations such as the American Bureau of Shipping, the Oil Companies International Marine Forum, and the International Marine Contractors Association. Compliance with these laws and regulations may involve significant costs or require changes in our business practices that could result in reduced revenue and profitability. Non-compliance could also result in significant fines, damages, and other criminal sanctions against us, our officers or our employees, prohibitions or additional requirements on the conduct of our business and damage our reputation.



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Further, many of the countries in which we operate have laws, regulations and enforcement systems that are less well developed than the laws, regulations and enforcement systems of the U.S., and the requirements of these systems are not always readily discernible even to experienced and proactive participants. These countries' laws can be unclear, and, the application and enforcement of these laws and regulations can be unpredictable and subject to frequent change or reinterpretation. Sometimes governments may apply such changes or reinterpretations with retroactive effect, and may impose associated taxes, fees, fines or penalties based on that reinterpretation or retroactive effect. While we endeavor to comply with applicable laws and regulations, our compliance efforts might not always be wholly successful, and failure to comply may result in administrative and civil penalties, criminal sanctions, imposition of remedial obligations or the suspension or termination of our operations. These laws and regulations may expose us to liability for the conduct of, or conditions caused by, others, including charterers or third party agents. Moreover, these laws and regulations could be changed or be interpreted in new, unexpected ways that substantially increase costs that we may not be able to pass along to our customers. Any changes in laws, regulations or standards imposing additional requirements or restrictions, or any violation of such laws, regulations or standards, could adversely affect our financial condition, results of operations or cash flows.

Changes in U.S. and international tax laws and policies could adversely affect our financial results.

We operate in the U.S. and globally through various subsidiaries which are subject to applicable tax laws, treaties or regulations within and between the jurisdictions in which we conduct our business, including laws or policies directed toward companies organized in jurisdictions with low tax rates, which may change and are subject to interpretation. We determine our income tax expense based on our interpretation of the applicable tax laws and regulations in effect in each jurisdiction for the period during which we operate and earn income. A material change in the tax laws, tax treaties, regulations or accounting principles, or interpretation thereof, in one or more countries in which we conduct business, or in which we are incorporated or a resident of, could result in a higher effective tax rate on our worldwide earnings, and such change could be significant to our financial results. In addition, our overall effective tax rate could be adversely and suddenly affected by lower than anticipated earnings in countries with lower statutory rates and higher than anticipated earnings in countries with higher statutory rates, or by changes in the valuation of our deferred tax assets and liabilities. Moreover, our worldwide operations may change in the future such that the mix of our income and losses recognized in the various jurisdictions could change. Any such changes could reduce our ability to utilize tax benefits, such as foreign tax credits, and could result in an increase in our effective tax rate and tax expense.

Most of our revenues and net income are generated by our operations outside of the U.S. Our effective tax rate has historically averaged approximately 30% until recent years where the decline of the oil and natural gas market significantly impacted our operations and overall effective tax rate.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the Tax Act). We continue to monitor the impact of the Tax Act on our ongoing operations. The impact of the Tax Act on our financial position in future periods could be adversely impacted by, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, or any changes in accounting standards for income taxes or related interpretations in response to the Tax Act. Additionally, longstanding international tax norms that determine each country's jurisdiction to tax cross-border international trade are evolving as a result of the Base Erosion and Profit Shifting reporting requirements (BEPS) recommended by the G8, G20 and Organization for Economic Cooperation and Development (OECD). As these and other tax laws and related regulations change, our financial results could be materially impacted. Given the unpredictability of these possible changes and their potential interdependency, it is very difficult to assess whether the overall effect of such potential tax changes would be cumulatively positive or negative for our earnings and cash flow, but such changes could adversely impact our financial results.

In addition, our income tax returns are subject to review and examination by the U.S. Internal Revenue Service and other tax authorities where tax returns are filed. We routinely evaluate the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for taxes. We do not recognize the benefit of income tax positions we believe are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges our operational structure or intercompany transfer pricing policies, or if the terms of certain income tax treaties were to be interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could increase, and our financial condition and results of operations could be materially and adversely affected.



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Any changes in environmental regulations, including climate change and greenhouse gas restrictions, could increase the cost of energy and future production of oil and natural gas.

Our operations are subject to federal, state, local and international laws and regulations that control the discharge of pollutants into the environment or otherwise relate to environmental protection. Compliance with such laws and regulations may require installation of costly equipment, increased manning or operational changes. Some environmental laws may, in certain circumstances, impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault.

Due to concern over the risk of climate change, several countries have adopted, or are considering the adoption of, regulatory frameworks to reduce the emission of carbon dioxide, methane and other gases (greenhouse gas emissions). These regulations include adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. These requirements could make our customer's products more expensive and reduce demand for hydrocarbons, as well as shift hydrocarbon demand toward relatively lower-carbon sources such as natural gas, any of which may reduce demand for our services. Any such regulations could ultimately result in the increased cost of energy as well as environmental and other costs, and capital expenditures could be necessary to comply with the limitations, including upgrades to our vessels' internal power generation systems. These developments may have an adverse effect on future production and demand for hydrocarbons such as crude oil and natural gas in areas of the world where our customers operate and thus adversely affect future demand for our offshore support vessels and other assets, which are highly dependent on the level of activity in offshore oil and natural gas exploration, development and production markets.

In addition, the increased regulation of environmental emissions may create greater incentives for the use of alternative energy sources which could reduce or eventually phase out the use of fossil fuels which could adversely affect our business. For example, laws, regulations and other initiatives to shift electricity generation away from fossil fuels to renewable sources over time are at various stages of implementation and consideration and may continue to be adopted in the future in the markets in which we operate. Compliance with changes in laws, regulations and obligations relating to climate change could increase our costs related to operating and maintaining our vessels and require us to install new emission controls, acquire allowances or pay taxes related to our greenhouse gas emissions or administer and manage a greenhouse gas emissions program. However, unless and until regulations are implemented and their effects are known, we cannot reasonably or reliably estimate their impact on our financial condition, results of operations and ability to compete. Consideration of climate change-related issues and the responses to those issues through international agreements and national, regional, or state regulatory frameworks are integrated into the company's strategy, planning and risk management processes, where applicable. They may also be factored into the company's long-term supply, demand, and energy price forecasts. However, any long-term material adverse effect on the crude oil and natural gas industry may adversely affect our financial condition, results of operations and cash flows.

Risks Relating to Our Employees

We may have difficulty attracting, motivating and retaining executives and other key personnel.

The success of our business depends on the efforts and skill of our senior management team and other key personnel. Uncertainty about the effect of changes to our company and about the changes we have made or may make to the organizational structure may impair our ability to attract and retain key personnel. In addition, our industry has lost a significant number of experienced professionals over the years due to its cyclical nature, which is attributable, among other reasons, to the continuing depressed levels of oil and natural gas prices and a more generalized concern about the overall future prospects of the industry.

If executives, managers or other key personnel resign, retire or are terminated or their service is otherwise interrupted, we may not be able to replace them in a timely manner and we could experience significant declines in productivity. These uncertainties could affect our relationship with customers, vendors and other parties. Accordingly, no assurance can be given that we will be able to attract, retain and motivate executives, managers, and other key personnel to the same extent as in the past.



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We may be subject to additional unionization efforts, new collective bargaining agreements or work stoppages.

In locations in which we are required to do so, we have union workers subject to collective bargaining agreements, which are subject to periodic negotiation. These negotiations could result in higher personnel expenses, other increased costs, or increased operational restrictions. Disputes over the terms of these agreements or our potential inability to negotiate acceptable contracts with the unions that represent our employees under these agreements could result in strikes, work stoppages or other slowdowns by the affected workers. Further, efforts have been made from time to time to unionize other portions of our workforce, including our U.S. GOM employees. Additional unionization efforts, new collective bargaining agreements or work stoppages could materially increase our costs and operating restrictions, disrupt our operations, reduce our revenues, adversely affect our business, financial condition and results of operations, or limit our flexibility.

Our participation in industry-wide, multi-employer, defined benefit pension plans expose us to potential future losses.

Certain of our subsidiaries are participating employers in two industry-wide, multi-employer defined benefit pension plans in the U.K. Among other risks associated with multi-employer plans, contributions and unfunded obligations of the multi-employer plan are shared by the plan participants. As a result, we may inherit unfunded obligations if other plan participants withdraw from the plan or cease to participate, and if we withdraw from participation in one or both plans, we may be required to pay the plan an amount based on our allocable share of the underfunded status of the plan. Depending on the results of future actuarial valuations, it is possible that the plans could experience further deficits that will require funding from us, which would negatively impact our financial position, results of operations and cash flows.

Certain of our employees are covered by federal laws that may subject us to job-related claims in addition to those provided by state laws.

Certain of our employees are covered by provisions of the Jones Act, the Death on the High Seas Act and general maritime law. These laws preempt state workers' compensation laws and permit these employees and their representatives to pursue actions against employers for job-related incidents in federal courts based on tort theories. Because we are not generally protected by the damage limits imposed by state workers' compensation statutes for these types of claims, we may have greater exposure for any claims made by these employees.

Risks Related to Information Technology and Cybersecurity

Cybersecurity attacks on any of our facilities, or those of third parties, may result in potential liability or reputational damage or otherwise adversely affect our business.

Many of our business and operational processes are heavily dependent on traditional and emerging technology systems, some of which are managed by us and some of which are managed by third-party service and equipment providers, to conduct day-to-day operations, improve safety and efficiency and lower costs. We use computerized systems to help run our financial and operations functions, including the processing of payment transactions, store confidential records and conduct vessel operations, which may subject our business to increased risks. If any of our financial, operational, or other technology systems fail or have other significant shortcomings, our financial results could be adversely affected. Our financial results could also be adversely affected if an employee or other third party causes our operational systems to fail, either as a result of inadvertent error or by deliberately tampering with or manipulating our operational systems. In addition, dependence upon automated systems, including those on board our vessels, may further increase the risk of operational system flaws, and employee or other tampering or manipulation of those systems will result in losses that are difficult to detect.

Cybersecurity incidents are increasing in frequency and magnitude. These incidents may include, but are not limited to, installation of malicious software, installation of ransomware, phishing, credential attacks, unauthorized access to data and other advanced and sophisticated cybersecurity breaches and threats, including threats that increasingly target critical operations technologies and process control networks. Any cybersecurity attacks that affect our facilities or operations, our customers or any financial data could have a material adverse effect on our business. In addition, cyber-attacks on our customer and employee data may result in a financial loss, loss of intellectual property, proprietary information or customer and vendor data, and may negatively impact our reputation. The increased number of employees relying on remote access to our information systems due to the COVID-19 pandemic increases our exposure to potential cybersecurity breaches. Third-party systems on which we rely could also suffer such attacks or operational system failures. Any of these occurrences could disrupt our business, result in potential liability or reputational damage or otherwise have an adverse effect on our business, operations and financial results.



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In addition, laws and regulations governing data privacy and the unauthorized disclosure of confidential or protected information, including the GDPR and recent legislation in certain U.S. states, pose increasingly complex compliance challenges and potentially elevate costs, and any failure to comply with these laws and regulations could result in significant penalties and legal liability.

Risks Related to Our Securities

Our common stock is subject to restriction on foreign ownership and possible required divestiture by non-U.S. Citizen stockholders.

Certain of our operations are conducted in the U.S. coastwise trade and are governed by the U.S. federal law commonly known as the Jones Act. The Jones Act restricts waterborne transportation of goods and passengers between points in the U.S. to vessels owned and controlled by "U.S. Citizens" as defined thereunder. We could lose the privilege of owning and operating vessels in the Jones Act trade if non-U.S. Citizens were to own or control, in the aggregate, more than 25% of our common stock. Such loss could have a material adverse effect on our results of operations.

Our Amended and Restated Certificate of Incorporation and Second Amended and Restated By-Laws authorize our Board of Directors to establish with respect to any class or series of our capital stock certain rules, policies and procedures, including procedures with respect to the transfer of shares, to ensure compliance with the Jones Act. In order to provide a reasonable margin for compliance with the Jones Act, our Board of Directors has determined that, all non-U.S. Citizens in the aggregate may own up to 24% of the outstanding shares of common stock and any individual non-U.S. Citizen may own up to 4.9% of the outstanding shares of common stock.

At and during such time that the permitted limit of ownership by non-U.S. Citizens is reached with respect to shares of common stock, as applicable, we will be unable to issue any further shares of such class of common stock or approve transfers of such class of common stock to non-U.S. Citizens. Any purported transfer of our common stock in violation of these ownership provisions will be ineffective to transfer the common stock or any voting, dividend or other rights associated with such common stock. The existence and enforcement of these requirements could have an adverse impact on the liquidity or market value of our equity securities if U.S. Citizens were unable to transfer our shares to non-U.S. Citizens. Furthermore, under certain circumstances, this ownership requirement could discourage, delay or prevent a change of control.

The market price of our securities is subject to volatility.

The market price of our common stock could be subject to wide fluctuations in response to, and the level of trading that develops with our common stock may be affected by, numerous factors beyond our control such as, our limited trading history subsequent to our emergence from bankruptcy, the fact that on occasion our securities may be thinly traded, the lack of comparable historical financial information due to our adoption of fresh start accounting, actual or anticipated variations in our operating results and cash flow, business conditions in our markets and the general state of the securities markets and the market for energy-related stocks, as well as general economic and market conditions and other factors that may affect our future results, including those described in this Annual Report on Form 10-K.

Because we currently have no plans to pay cash dividends or other distributions on our common stock, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We currently do not pay and do not expect to pay any cash dividends or other distributions on our common stock in the foreseeable future. Any future determination to pay cash dividends or other distributions on our common stock will be at the sole discretion of our Board of Directors, subject to any restrictions in our financing agreements and, if we elect to pay such dividends in the future, we may reduce or discontinue entirely the payment of such dividends thereafter at any time. The Board of Directors may take into account general and economic conditions, our financial condition and operating results, our available cash and other current and anticipated cash needs, capital requirements, agreements governing any existing and future indebtedness we or our subsidiaries may incur and other contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders, and such other factors as the Board of Directors may deem relevant. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it. The Bond Terms do not allow dividend payments for at least 2 years.



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Our ability to raise capital in the future may be limited, which could make us unable to fund our capital requirements.

Our business and operations may consume cash more quickly than we anticipate potentially impairing our ability to make capital expenditures to maintain our fleet and other assets in suitable operating condition. If our cash flows from operating activities are not sufficient to fund capital expenditures, we would be required to further reduce these expenditures or to fund capital expenditures through debt or equity issuances or through alternative financing plans or selling assets. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. Our ability to raise debt or equity capital or to refinance or restructure existing debt arrangements will depend on the condition of the capital markets, our financial condition and cash flow generating capacity at such time, among other things. Any limitations in our ability to finance future capital expenditures may limit our ability to respond to changes in customer preferences, technological change and other market conditions, which may diminish our competitive position within our sector.

If we issue additional equity securities, existing stockholders will experience dilution. Our Amended and Restated Certificate of Incorporation permits our Board of Directors to issue preferred stock which could have rights and preferences senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our security holders bear the risk of our future securities offerings reducing the market price of our common stock or other securities, diluting their interest or being subject to rights and preferences senior to their own.

Anti-takeover provisions and limitations on foreign ownership in our organizational documents could delay or prevent a change of control.

Certain provisions of our Amended and Restated Certificate of Incorporation and our Second Amended and Restated By-Laws and Delaware law could delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that our stockholders may deem advantageous, including those attempts that might result in a premium over the market price for the shares held by our stockholders or negatively affect the trading price of our common stock and other securities. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. These provisions provide for, among other things:

- the ability of our Board of Directors to issue, and determine the rights, powers and preferences of, one or more series of preferred stock;
- advance notice for nominations of directors by stockholders and for stockholders to present matters for consideration at our annual meetings;
- limitations on convening special stockholder meetings;
- the prohibition on stockholders to act by written consent;
- supermajority vote of stockholders to amend certain provisions of the certificate of incorporation;
- limitations on expanding the size of the Board of Directors;
- the availability for issuance of additional shares of common stock; and
- restrictions on the ability of any natural person or entity that does not satisfy the citizenship requirements of the U.S. maritime laws to own, in the aggregate, more than 24% of the outstanding shares of our common stock.

In addition, the Delaware General Corporation Law imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock.

The exercise of all or any number of outstanding warrants or the issuance of stock-based awards may dilute your holding of shares of our common stock.

We have issued or assumed several securities providing for the right to purchase our common stock. Investors could be subject to increased dilution upon the exercise of our New Creditor Warrants and GLF Creditor Warrants for a nominal exercise price subject to Jones Act-related foreign ownership restrictions, and the exercise of our Series A Warrants, Series B Warrants and GLF Equity Warrants. Unexercised Series A Warrants and Series B Warrants will expire on July 31, 2023. Unexercised GLF Equity Warrants expire on November 14, 2024. Unexercised New Creditor Warrants expire on July 31, 2042 and unexercised GLF Creditor Warrants expire on November 14, 2042.



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Additionally, shares of common stock were reserved for issuance under the 2021 Stock Incentive Plan, 2017 Stock Incentive Plan and Legacy GulfMark Stock Incentive Plan, respectively, as equity-based awards to employees, directors and certain other persons. The exercise of equity awards, including any restricted stock units that we may grant in the future, and the exercise of warrants and the subsequent sale of shares of common stock issued thereby, could have an adverse effect on the market for our common stock, including the price that an investor could obtain for their shares. Investors may experience dilution in the value of their investment upon the exercise of the warrants and any equity awards that may be granted or issued pursuant to the 2021 Stock Incentive Plan, 2017 Stock Incentive Plan and the Legacy GulfMark Stock Incentive Plan.

Please refer to Notes (9) and (10) of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional discussion of our outstanding warrants and stock-based awards.

There may be a limited trading market for our New Creditor Warrants and GLF Creditor Warrants, and you may have difficulty trading and obtaining quotations for New Creditor Warrants and GLF Creditor Warrants.

While there are unsolicited quotes for our New Creditor Warrants on the OTC Pink Market, there is no market maker for this security on the OTC Pink Market, and there can be no assurance that an active trading market will develop. While the GLF Creditor Warrants trade on the OTC QX market, there has been limited trading volume since the business combination. The lack of an active market may impair your ability to sell your New Creditor Warrants or GLF Creditor Warrants at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your New Creditor Warrants or GLF Creditor Warrants. As a result, you may find it difficult to dispose of, or to obtain accurate quotations of the price of, our New Creditor Warrants or GLF Creditor Warrants. This severely limits the liquidity of our New Creditor Warrants and the GLF Creditor Warrants and will likely reduce the market price of our New Creditor Warrants and the GLF Creditor Warrants.

There is no guarantee that the Series A Warrants, Series B Warrants and GLF Equity Warrants issued by us or assumed by us will ever be in the money, and unexercised warrants may expire with limited or no value. Further, the terms of such warrants may be amended.

As long as our stock price is below the strike price of each of the Series A Warrants, Series B Warrants and GLF Equity Warrants (\$57.06 per share for Series A Warrants, \$62.28 per share for Series B Warrants and \$100.00 per share for the GLF Equity Warrants), these warrants will have limited economic value, and they may expire with limited or no value. In addition, the warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least a certain percentage of the then-outstanding warrants originally issued to make any change that adversely affects the interests of the holders. Any material amendment to the terms of the warrant in a manner adverse to a holder would require holders of at least a certain percentage of the then outstanding warrants, but less than all holders, approve of such amendment.

We may not be able to maintain a listing of our common stock, Series A Warrants, Series B Warrants and GLF Equity Warrants on the NYSE or NYSE American.

We must meet certain financial and liquidity criteria to maintain the listing of our securities on the NYSE or NYSE American, as applicable. If we fail to meet any of the NYSE or NYSE American's continued listing standards, our common stock, Series A Warrants, Series B Warrants, or GLF Equity Warrants may be delisted. A delisting of our common stock, Series A Warrants, Series B Warrants, or GLF Equity Warrants may materially impair our stockholders' and warrant holders' ability to buy and sell our common stock, Series A Warrants, Series B Warrants, or GLF Equity Warrants and could have an adverse effect on the market price of, and the efficiency of, the trading market for these securities. A delisting of our common stock, Series A Warrants, Series B Warrants or GLF Equity Warrants could significantly impair our ability to raise capital.



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General Risk Factors

Uncertain economic conditions may lead our customers to postpone capital spending or jeopardize our customers' or other counterparties' ability to perform their obligations.

Uncertainty about future global economic market conditions makes it challenging to forecast operating results and to make decisions about future investments. The success of our business is both directly and indirectly dependent upon conditions in the global financial and credit markets that are outside of our control and difficult to predict. Uncertain economic conditions may lead our customers to postpone capital spending in response to tighter credit markets and reductions in our customers' income or asset values. Similarly, when lenders and institutional investors reduce, and in some cases, cease to provide funding to corporate and other industrial borrowers, the liquidity and financial condition of the company and our customers can be adversely impacted. These factors may also adversely affect our liquidity and financial condition. Factors such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers and economic sanctions or other restrictions imposed by the U.S. or other countries, commodity prices, currency exchange rates and controls, and national and international political circumstances (including wars, terrorist acts, security operations, and seaborne refugee issues) can have a material negative effect on our business, revenues and profitability.

Additionally, continued uncertain industry conditions could jeopardize the ability of certain of our counterparties, including our customers, insurers and financial institutions, to perform their obligations. Although we assess the creditworthiness of our counterparties, a prolonged period of difficult industry conditions could lead to changes in a counterparty's liquidity and increase our exposure to credit risk and bad debts. In addition, we may offer extended payment terms to our customers in order to secure contracts. These circumstances may lead to more frequent collection issues. Our financial results and liquidity could be adversely affected.

There are uncertainties in identifying and integrating acquisitions and mergers.

Although acquisitions have historically been an element of our business strategy, we cannot assure investors that we will be able to identify and acquire acceptable acquisition candidates on terms favorable to us in the future. We may be required to use our cash, issue equity securities, or incur substantial indebtedness to finance future acquisitions or mergers. Any of these financing options could reduce our profitability and harm our business or only be available to us on unfavorable terms, if at all, and could require concessions under our current indebtedness that our lenders might not be willing to grant. Such additional debt service requirements may impose a significant burden on our results of operations and financial condition, and any equity issuance could have a dilutive impact on our stockholders.

We cannot be certain that we will be able to successfully consolidate the operations and assets of any acquired business with our own business. Acquisitions may not perform as expected when the transaction was consummated and may be dilutive to our overall operating results. In addition, valuations supporting our acquisitions and strategic investments could change rapidly given the current global economic climate. We could determine that such valuations have experienced impairments or other-than-temporary declines in fair value which could adversely impact our financial results. Moreover, our management may not be able to effectively manage a substantially larger business or successfully operate a new line of business.

Our business could be negatively affected as a result of actions of activist stockholders.

Activist stockholders could advocate for changes to our corporate governance, operational practices and strategic direction, which could have an adverse effect on our reputation, business and future operations. In recent years, publicly-traded companies have been increasingly subject to demands from activist stockholders advocating for changes to corporate governance practices, such as executive compensation practices, ESG issues, or for certain corporate actions or reorganizations. There can be no assurances that activist stockholders will not publicly advocate for us to make certain corporate governance changes or engage in certain corporate actions. Responding to challenges from activist stockholders, such as proxy contests, media campaigns or other activities, could be costly and time consuming and could have an adverse effect on our reputation and divert the attention and resources of management and our Board, which could have an adverse effect on our business and operational results. Additionally, stockholder activism could create uncertainty about future strategic direction, resulting in loss of future business opportunities, which could adversely affect our business, future operations, profitability and our ability to attract and retain qualified personnel.



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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Information on Properties is contained in Item 1 of this Annual Report on Form 10-K.

ITEM 3. LEGAL PROCEEDINGS

For a discussion of our material legal proceedings, see Note (11) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Various legal proceedings and claims are outstanding which arose in the ordinary course of business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions, will not have a material adverse effect on our financial position, results of operations, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

None.



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PART II

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

Common Stock Market Prices

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "TDW." At February 28, 2022, there were 487 record holders of our common stock, based on the record holder list maintained by our stock transfer agent.

Issuer Repurchases of Equity Securities

No shares were repurchased during the years ended December 31, 2021, 2020 and 2019.

Dividends

There were no dividends declared during the years ended December 31, 2021, 2020 and 2019.

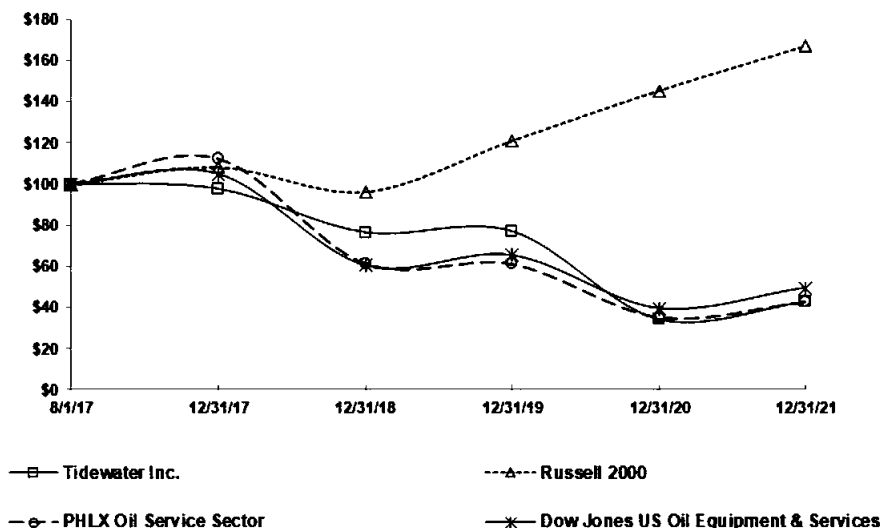


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Performance Graph

The following graph and table compare the cumulative total return to our stockholders on our common stock beginning with the commencement of trading upon our emergence from Chapter 11 bankruptcy on July 31, 2017 through December 31, 2021, relative to the cumulative total returns of the Russell 2000 Stock Index, the PHLX Oil Service Sector Index, and the Dow Jones U.S. Oil Equipment & Services Index. The analysis assumes the investment of \$100 on August 1, 2017, at closing prices on July 31, 2017, and the reinvestment of dividends into additional shares of the same class of equity securities at the frequency with which dividends are paid on such securities during the applicable fiscal year.

COMPARISON OF 53 MONTH CUMULATIVE TOTAL RETURN*
Among Tidewater Inc., the Russell 2000 Index,
the PHLX Oil Service Sector Index and the Dow Jones US Oil Equipment & Services Index



*\$100 invested on 8/1/17 in stock or 7/31/17 in index, including reinvestment of dividends. Fiscal year ending December 31.

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Indexed returns

<u>Company name/Index</u>	August 1, 2017	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Tidewater Inc.	100	98	77	77	35	43
Russell 2000	100	108	96	121	145	167
PHLX Oil Service sector	100	112	61	61	35	43
Dow Jones U.S. Oil Equipment & Services	100	105	60	65	40	50

Investors are cautioned against drawing conclusions from the data contained in the graph, as past results are not necessarily indicative of future performance. The above graph is being furnished pursuant to SEC rules. It will not be incorporated by reference into any filing under the Securities Act of 1933 (Securities Act) or the Exchange Act, except to the extent that we specifically incorporate it by reference.



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

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our future results of operations could differ materially from our historical results or those anticipated in our forward-looking statements as a result of certain factors, including those set forth under "Risk Factors" in Item 1A and elsewhere in this Annual Report on Form 10-K. With respect to this section, the cautionary language applicable to such forward-looking statements described under "Forward-Looking Statements" found before Item 1 of this Annual Report on Form 10-K is incorporated by reference into this Item 7.

About Tidewater

Our vessels and associated vessel services provide support for all phases of offshore oil and natural gas exploration, field development and production as well as windfarm development and maintenance. These services include towing of, and anchor handling for, mobile offshore drilling units; transporting supplies and personnel necessary to sustain drilling, workover and production activities; offshore construction and seismic and subsea support; geotechnical survey support for windfarm construction; and a variety of specialized services such as pipe and cable laying. In addition, we have one of the broadest geographic operating footprints in the offshore vessel industry. Our global operating footprint allows us to react quickly to changing local market conditions and to be responsive to the changing requirements of the many customers with which we believe we have strong relationships. We are also one of the most experienced international operators in the offshore energy industry with a history spanning over 60 years.

At December 31, 2021, we owned 153 vessels with an average age of 11.1 years (excluding 3 joint venture vessels, but including 9 stacked active vessels and 18 vessels designated for sale) available to serve the global energy industry. The average age of our 135 active vessels at December 31, 2021 is 10.6 years.

Objective

Our management's discussion and analysis of financial condition and results of operations (MD&A) is designed to provide information about our financial condition and results of operations from management's perspective. It includes relevant components of our financial condition and current and long-term liquidity. Primary revenue drivers include numbers of active vessels, active vessel utilization and average day rates. Our most significant operating cost drivers are generally personnel costs and repairs and maintenance. We discuss our liquidity in terms of cash flow that we generate from our operations. Our primary obligations are vessel operating costs including routine planned maintenance, general and administrative costs and long-term debt service. Our primary sources of capital have been our cash on hand, internally generated funds including operating cash flow, vessel sales and long-term debt financing. We also can issue stock either in the open market or as currency in acquisitions. This ability is impacted by existing market conditions. Our results are affected by the activity of our customers in the offshore oil and gas industry and the supply and demand dynamics associated with our vessels. Our objective is to discuss how all these factors have affected our historical results and, where applicable, how we expect these factors to impact our future results and future liquidity.

Principal Factors That Drive Our Results

Our revenues, net earnings and cash flows from operations are largely dependent upon the activity level of our offshore marine vessel fleet. As is the case with the numerous other vessel operators in our industry, our business activity is largely dependent on the level of exploration, field development and production activity of our customers. Our customers' business activity, in turn, is dependent on current and expected crude oil and natural gas prices, which fluctuate depending on expected future levels of supply and demand for crude oil and natural gas, and on estimates of the cost to find, develop and produce crude oil and natural gas reserves.

Our revenues in all segments are driven primarily by our fleet size, vessel utilization and day rates. Because a sizeable portion of our operating and depreciation costs do not change proportionally with changes in revenue, our operating profit is largely dependent on revenue levels.



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Operating costs consist primarily of crew costs, repair and maintenance costs, insurance costs, fuel, lube oil and supplies costs and other vessel operating costs. Fleet size, fleet composition, geographic areas of operation, supply and demand for marine personnel, and local labor requirements are the major factors which affect overall crew costs in all segments. In addition, our newer, more technologically sophisticated vessels generally require a greater number of specially trained, more highly compensated fleet personnel than our older, smaller and less sophisticated vessels. Crew costs may increase if competition for skilled personnel intensifies, although a weaker offshore energy market could mitigate any potential inflation of crew costs.

Costs related to the recertification of vessels are deferred and amortized over 30 months on a straight-line basis. Maintenance costs incurred at the time of the recertification drydocking that are not related to the recertification of the vessel are expensed as incurred. Costs related to vessel improvements that either extend the vessel's useful life or increase the vessel's functionality are capitalized and depreciated.

Insurance costs are dependent on a variety of factors, including our safety record and pricing in the insurance markets, and can fluctuate over time. Our vessels are generally insured for up to their estimated fair market value in order to cover damage or loss resulting from marine casualties, adverse weather conditions, mechanical failure, collisions, and property losses to the vessel. We also purchase coverage for potential liabilities stemming from third-party losses with limits that we believe are reasonable for our operations, but do not generally purchase business interruption insurance or similar coverage. Insurance limits are reviewed annually, and third-party coverage is purchased based on the expected scope of ongoing operations and the cost of third-party coverage.

Fuel and lube costs can also fluctuate in any given period depending on the number and distance of vessel mobilizations, the number of active vessels off charter, drydockings, and changes in fuel prices. We also incur vessel operating costs that are aggregated as "other" vessel operating costs. These costs consist of brokers' commissions, including commissions paid to unconsolidated joint venture companies, training costs, satellite communication fees, agent fees, port fees and other miscellaneous costs. Brokers' commissions are incurred primarily in our non-U.S. operating areas where brokers oftentimes assist us in obtaining work. Brokers generally are paid a percentage of day rates billed upon collection of the amounts invoiced and, accordingly, commissions paid to brokers generally fluctuate in accordance with vessel revenue.

Deepwater activity is a significant segment of the global offshore crude oil and natural gas markets, and a significant component of our business. Development typically involves significant capital investment and multi-year development plans. Such projects are generally underwritten by the participating exploration, field development and production companies using relatively conservative crude oil and natural gas pricing assumptions. Although these projects are generally less susceptible to short-term fluctuations in the price of crude oil and natural gas, deepwater exploration and development projects can be more costly relative to other onshore and offshore exploration and development. As a result, generally depressed crude oil prices have caused, and may continue to cause, many of our customers and potential customers to reevaluate their future capital expenditures in regard to deepwater projects.

Angolan Joint Venture (Sonatide)

We previously disclosed the significant financial and operational challenges that we confront with respect to operations in Angola, as well as steps that we have taken to address or mitigate those risks. The amounts due from Sonatide are denominated in U.S. dollars; however, the underlying third-party customer payments to Sonatide were satisfied, in part, in Angolan kwanzas. We and Sonangol, our partner in Sonatide, have had discussions regarding how the net losses from the devaluation of certain Angolan kwanza denominated accounts should be shared. In late 2019, we were informed that, as part of a broad privatization program, Sonangol intended to seek to divest itself from Sonatide. In January 2022, we acquired the 51% interest of Sonatide previously held by our partner, which has resulted in Sonatide becoming a wholly-owned subsidiary. Please refer to Note (15) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional information regarding this acquisition.

In the second quarter of 2020, Sonatide declared a \$35.0 million dividend. On June 22, 2020, Sonangol received \$17.8 million and we received \$17.2 million. Our share of the dividend is reflected as dividend income from unconsolidated company in the consolidated statement of operations. In addition, as a result of this dividend payment, the cash balances of the joint venture were significantly reduced and we determined that, as a result, a significant portion of our net due from Sonatide balance was compromised. During the years ended December 31, 2021 and 2020, we recorded a \$0.4 and \$40.9 million affiliate credit loss impairment expense, respectively.

Refer to Notes (4) and (15) of Notes to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on Sonatide.



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Nigerian Joint Venture (DTDW)

We own 40% of DTDW in Nigeria. Our partner, who owns 60%, is a Nigerian national. DTDW owns one offshore support vessel. We also operate company owned vessels in Nigeria for which the joint venture receives a commission. As of December 31, 2020 and 2021, we had no company owned vessels operating in Nigeria and the DTDW owned vessel was not employed.

Cash flow projections indicate that DTDW does not have sufficient funds to meet its obligations to us or its vendors. Therefore, during the year ended December 31, 2020, we recorded affiliate credit loss impairment expense totaling \$12.1 million and additional impairment expense of \$2.0 million for the guarantee of our expected share of DTDW's long-term debt. Our operations in Nigeria have been severely impacted and we have effectively ceased activity. We have created a fully reserved position in our consolidated balance sheet to account for our expected liabilities related to certain obligations of the joint venture.

As of December 31, 2020, DTDW had long-term debt of \$4.7 million which was secured by the vessel owned by DTDW and guarantees from the DTDW partners (in proportion to their ownership interests). On April 22, 2021, we paid approximately \$2.0 million, which represented our portion of the joint venture debt guarantee which was expensed in 2020 and our partner assumed the remaining joint venture debt which represented his portion of the guarantee.

Refer to Note (4) of Notes to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on the Nigerian joint venture.

Industry Conditions and Outlook

Our business is directly impacted by the level of activity in worldwide offshore oil and natural gas exploration, development and production, which in turn is influenced by trends in oil and natural gas prices. In addition, oil and natural gas prices are affected by a host of geopolitical and economic forces, including the fundamental principles of supply and demand. In particular, the oil price is significantly influenced by actions of the Organization of Petroleum Exporting Countries, or OPEC. In addition, offshore oil and gas exploration and development activities have traditionally required higher oil or natural gas prices to justify the much higher expenditure levels of offshore activities compared to onshore activities. Prices are subject to significant uncertainty and, as a result, are extremely volatile. In late 2014, oil prices declined significantly from levels of over \$100.00 per barrel and continued to decline throughout 2015 and into 2016, to a point trading at less than \$30.00 per barrel, causing an industry-wide downturn. Prices began to stabilize in the \$50.00 to \$60.00 per barrel range in 2019 and early 2020 suggesting a return to exploration and production activities for our customers. However, in the first quarter of 2020 the industry was severely impacted by a global pandemic (COVID-19) and the resulting loss of demand and decrease in oil prices. Oil prices declined severely in the second quarter, in this case trading at below \$20.00 per barrel. Oil prices have recovered in 2021 to levels greater than experienced since 2018, currently trading over \$80.00 per barrel. Natural gas prices are also at historic highs.

Despite the price recovery, there are lingering effects of the 2014 downturn and the subsequent COVID-19 pandemic downturn in the activity levels of our customers. In addition, there has been recent pressure from certain shareholders and other stakeholders, including governmental entities, on our customers related to environmental, social and governance (ESG) factors. A possible impact of this pressure on our business could be a gradual move away from exploration and development of fossil fuels. Many of our large international customers have recently issued statements supporting changes in their future business plans to move toward a lower environmental impact which has, coupled with the lingering COVID-19 impact, effectively delayed the recovery in our business that would be expected with current commodity price levels. Further, as our customers have responded to pressure to return capital to shareholders in the wake of the 2014 downturn and subsequent industry challenges, they have increasingly shifted their capital allocation strategy from primarily new oil and gas production and reserve additions to a mix of returns to shareholders along with new oil and gas project development. The realistic expectation of a worldwide move towards more sustainable fuels for supplying energy includes the continued use of fossil fuels for some time to come. Despite the pressure to return capital to shareholders and the ongoing social pressure to move away from fossil fuels, our customers have recently made gradual moves to expand exploration and development activities. We are one of the world's largest operators of offshore support vessels and we have operations in most of the world's offshore oil and gas basins. We continue to believe that there will be sufficient opportunities for us to operate our vessels in this sector for many years to come. We have, however, also begun to seek and develop opportunities in the sustainability arena, including the support of offshore wind energy generation and the improvement of our fleet performance regarding emissions and environmental impact. There is current evidence of higher oil and gas demand which has resulted in increased commodity pricing and increased customer activity offshore. We are optimistic that our industry may experience a recovery over the coming years.



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As COVID-19 spread throughout the world, its impact on many of our locations, including our vessels, has affected our operations. We implemented various protocols for both onshore and offshore personnel in efforts to limit this impact. The effect on our business has included lockdowns of shipyards performing drydocks which delays vessels returning to service and the cancellation and/or temporary delay of certain revenue vessel contracts allowed either under the contract provisions or by mutual agreement with our customers. These cancellations and/or temporary delays reduced our year 2020 revenues by 18% and year 2021 revenues by less than 3%. In addition, in the years ended December 31, 2020 and the December 31, 2021, we incurred approximately \$18.0 million and \$7.0 million, respectively, in higher operating costs, primarily related to additional crew costs, mobilization and vessel stacking costs as a result of these unplanned contract cancellations. There may be additional cancellations or delays.

In the first and second quarters of 2020, we considered the COVID-19 lockdowns and the resultant impact on the oil and gas industry to be to be indicators that the value of our active offshore vessel fleet may be impaired. As a result, in the first two quarters of 2020, we performed Step 1 evaluations of our active offshore fleet under FASB Accounting Standards Codification 360, which governs the methodology for identifying and recording impairment of long-lived assets to determine if any of our asset groups have net book value in excess of undiscounted future net cash flows. Our evaluations did not indicate impairment of any of our asset groups. Beginning with the third quarter of 2020, conditions related to the pandemic and oil price environment stabilized and in the fourth quarter industry conditions marginally improved. Similarly, during the year ended December 31, 2021, we have not seen indications in the industry that would indicate impairment of any of our asset groups. As a result, we did not identify additional events or conditions that would require us to perform a Step 1 evaluation as of December 31, 2021. We will continue to monitor the expected future cash flows and the fair market value of our asset groups for impairment.

ESG and Climate Change

Climate change is expected to increase the frequency and intensity of certain adverse weather patterns, which may impact our business. Due to concern over the risk of climate change, several countries have adopted, or are considering the adoption of, regulatory frameworks to reduce the emission of carbon dioxide, methane and other gases (greenhouse gas emissions). In addition, the increased regulation of environmental emissions is expected to create greater incentives for the use of alternative energy sources. Consideration of climate change-related issues and the responses to those issues through international agreements and national, regional, or state regulatory frameworks are integrated into our strategy, planning, forecasting and risk management processes, where applicable.

Our primary business is to support the fossil fuel industry. In addition, we burn fossil fuels in operating our vessels. The fossil fuel industry is considered one of the primary contributors to the elements of global climate change. The primary source of energy in the world is fossil fuels. We believe that continued use of fossil fuels will be important as the world transitions to alternative energy sources. We are prepared to participate in the transition but also to continue to support the fossil fuel industry. We have begun to take measures to address the future of our company and our impact on climate change. Such measures include modifications to many of our vessels to reduce our carbon footprint (approximately \$10.8 million of emissions focused costs including fuel monitoring systems and batteries for supplemental power are included in our net properties and equipment amount as of December 31, 2021); developing associations with alternative energy providers such as windfarms; and creation of a written sustainability report. We are in the early stages on most of these measures and continue to develop our strategies and solutions. Whatever measures we undertake will certainly be modified over time, as countries adopt new regulations and there is progress in the development of alternative energy sources.

For detailed discussion of climate change and related governmental regulation, including associated risks and possible impact on our business, financial conditions and results of operations, please see "Risk Factors" in Item 1A of this Annual Report on Form 10-K.

Results of Operations

We manage and measure our business performance primarily based on four distinct geographic operating segments: Americas, Middle East/Asia Pacific, Europe/Mediterranean and West Africa.

This section of this Form 10-K generally discusses 2021 and 2020 items and year-to-year comparisons between 2021 and 2020. Discussions of 2020 items and year-to-year comparisons between 2020 and 2019 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures About Market Risk" in Part II, Items 7 and 7A of the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.



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The following tables present vessel revenue and operating costs by segment, total vessel revenue and operating costs, and the related segment and total vessel revenue and operating costs as a percentage of segment and total vessel revenues for our owned and operated vessel fleet:

(In Thousands)

	Year Ended December 31, 2021		Year Ended December 31, 2020	
Vessel revenues:				
Americas	\$ 102,151	28%	\$ 126,676	33%
Middle East/Asia Pacific	102,537	29%	97,133	25%
Europe/Mediterranean	80,914	22%	83,602	22%
West Africa	75,967	21%	78,763	20%
Total	\$ 361,569	100%	\$ 386,174	100%

(In Thousands)

	Year Ended December 31, 2021		Year Ended December 31, 2020	
Vessel operating costs:				
Americas:				
Crew costs	\$ 41,341	40%	\$ 51,830	41%
Repair and maintenance	10,344	10%	7,198	6%
Insurance	550	1%	1,672	1%
Fuel, lube and supplies	7,773	8%	7,564	6%
Other	12,307	12%	9,421	7%
	72,315	71%	77,685	61%
Middle East/Asia Pacific:				
Crew costs	\$ 39,209	38%	\$ 39,261	41%
Repair and maintenance	11,381	11%	10,066	10%
Insurance	76	0%	2,344	2%
Fuel, lube and supplies	6,124	6%	7,777	8%
Other	12,152	12%	9,697	10%
	68,942	67%	69,145	71%
Europe/Mediterranean:				
Crew costs	\$ 41,317	51%	\$ 37,534	45%
Repair and maintenance	9,233	11%	6,421	7%
Insurance	414	1%	1,596	2%
Fuel, lube and supplies	3,405	4%	3,324	4%
Other	7,355	9%	6,557	8%
	61,724	76%	55,432	66%
West Africa:				
Crew costs	\$ 26,304	34%	\$ 27,999	36%
Repair and maintenance	10,012	13%	7,528	9%
Insurance	775	1%	1,583	2%
Fuel, lube and supplies	8,255	11%	10,448	13%
Other	13,487	18%	18,960	24%
	58,833	77%	66,518	84%
Total:				
Crew costs	\$ 148,171	41%	\$ 156,624	41%
Repair and maintenance	40,970	11%	31,213	8%
Insurance	1,815	1%	7,195	2%
Fuel, lube and supplies	25,557	7%	29,113	7%
Other	45,301	12%	44,635	12%
Total vessel operating costs	\$ 261,814	72%	\$ 268,780	70%



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The following tables present vessel operations general and administrative expenses by segment and in total; and the related segment vessel operations general and administrative expenses as a percentage of segment and total vessel revenues.

(In Thousands)

	Year Ended December 31, 2021		Year Ended December 31, 2020	
Vessel operations general and administrative expenses:				
Americas	\$ 10,251	10%	\$ 11,968	9%
Middle East/Asia Pacific	8,776	9%	9,679	10%
Europe/Mediterranean	7,994	10%	7,577	9%
West Africa	7,924	10%	11,966	15%
Total	\$ 34,945	10%	\$ 41,190	11%

The following tables present depreciation and amortization expense by segment and in total; and the related segment and total depreciation and amortization expense as a percentage of segment and total vessel revenues.

(In Thousands)

	Year Ended December 31, 2021		Year Ended December 31, 2020	
Depreciation and amortization expense:				
Americas	\$ 30,856	30%	\$ 32,079	25%
Middle East/Asia Pacific	25,992	25%	24,244	25%
Europe/Mediterranean	28,163	35%	29,222	35%
West Africa	26,196	34%	27,787	35%
Total	\$ 111,207	31%	\$ 113,332	29%

The following tables compare operating income and other components of earnings before income taxes, and its related percentage of total revenues.

(In Thousands)

	Year Ended December 31, 2021		Year Ended December 31, 2020	
Vessel operating profit (loss):				
Americas	\$ (11,270)	(3)%	\$ 4,944	1%
Middle East/Asia Pacific	(1,174)	0%	(5,935)	(1)%
Europe/Mediterranean	(16,968)	(5)%	(8,629)	(2)%
West Africa	(16,985)	(5)%	(27,508)	(7)%
	(46,397)	(13)%	(37,128)	(9)%
Other operating profit	7,233	2%	7,458	2%
	(39,164)	(11)%	(29,670)	(7)%
Corporate general expenses (A)	(33,571)	(9)%	(32,256)	(8)%
Corporate depreciation	(3,337)	(1)%	(3,377)	(1)%
Gain (loss) on asset dispositions, net	(2,901)	(1)%	7,591	2%
Long-lived asset impairments and other	(15,643)	(4)%	(74,109)	(19)%
Affiliate credit loss impairment expense	(400)	0%	(52,981)	(13)%
Affiliate guarantee obligation	—	0%	(2,000)	(1)%
Operating loss	(95,016)	(26)%	(186,802)	(47)%
Foreign exchange loss	(369)	0%	(5,245)	(1)%
Equity in net earnings (losses) of unconsolidated companies	(3,322)	(1)%	164	0%
Dividend income from unconsolidated company	—	0%	17,150	4%
Interest income and other, net	1,605	0%	1,228	0%
Loss on early extinguishment of debt	(11,100)	(2)%	—	0%
Interest and other debt costs	(15,583)	(4)%	(24,156)	(6)%
Loss before income taxes	\$ (123,785)	(33)%	\$ (197,661)	(50)%

(A) Included in corporate expenses for the years ended December 31, 2021 and 2020 are \$0.1 million and \$1.5 million, respectively, of severance and termination benefits.



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Years Ended December 31, 2021 and 2020

Our total revenues for the years ended December 31, 2021 and December 31, 2020 were \$371.0 million and \$397.0 million, respectively. The decrease in revenue is primarily due to 11 less active vessels in the year ended December 31, 2021 than in the year ended December 31, 2020, primarily from our Americas segment. This segment was significantly affected by the decrease in demand caused by the pandemic. Offsetting the decrease in capacity was the increase in active utilization from 77.0% in 2020 to 80.1% in 2021. In addition, the decrease in revenue was impacted by average day rates which were 2.2% lower in 2021 than in 2020. The average day rates are driven by market conditions affected by the pandemic. The revenue effect from the pandemic began in the second quarter of 2020 and continued into the third and fourth quarters as our customers canceled contracts. The impact continued through most of the year 2021, only beginning to improve later in the year. The improvements have not yet reached the level of activity that we had in the first quarter of 2020. Overall, Americas had the most negative impact, with Europe/Mediterranean and West Africa withstanding a harsh early impact but also experiencing the quickest recovery. Middle East/Asia Pacific had the least impact from the pandemic with revenue increasing in 2021 compared to 2020. The individual segment discussions below reflect these impacts.

Vessel operating costs for the years ended December 31, 2021 and December 31, 2020 were \$261.8 million and \$268.8 million, respectively. The decrease is primarily due to a decrease in vessel activity, as we have 11 less active vessels in our fleet in the year ended December 31, 2021. Overall, our vessel personnel costs and insurance costs were lower in 2021 than 2020 due to cost management efforts associated with the COVID-19 downturn and several credits issued by our insurance carriers in 2021 related to vessel valuations and prior year estimates, but were partially offset by increased repair and maintenance costs due to the reactivation of stacked vessels in the latter part of 2021.

Depreciation and amortization expense for the years ended December 31, 2021 and December 31, 2020 was \$114.5 million and \$116.7 million, respectively. Depreciation and amortization expenses were lower in 2021 largely because of lower amortization of deferred drydocking costs resulting from the discontinuation of amortization on vessels classified as held for sale and vessels sold from the active fleet.

General and administrative expenses for the years ended December 31, 2021 and December 31, 2020 were \$68.5 million and \$73.4 million, respectively. General and administrative expenses decreased overall in 2021 because of continued cost cutting measures being implemented during the pandemic and a reduction in one-time severance charges incurred in 2020 compared to 2021.

The net gain (loss) on asset dispositions for the year ended December 31, 2021 totaled \$2.9 million of net losses, primarily from the sale of 19 vessels and other assets. One of the vessel sales was to a third-party operator, Jackson Offshore, which has a person in senior management, Matthew Rigdon, its Chief Operating Officer, who is the son of Larry Rigdon, the chairman of our Board of Directors. This vessel was sold for proceeds of \$11.4 million, all of which was collected in the second quarter of 2021, and we recognized a gain of \$4.3 million on the sale. During the year ended December 31, 2020, we recognized net gains of \$7.6 million related to the sale of 56 vessels and other assets.

During 2021, we recorded \$15.6 million of impairment primarily related to assets held for sale. During 2020, as discussed previously, we recorded \$74.1 million of impairment primarily related to classifying our vessels to assets held for sale and \$53.0 million of credit related losses associated with our two joint ventures in Nigeria and Angola.

Interest expense and other debt costs decreased by \$8.6 million in the year ended December 31, 2021 compared to the year ended December 31, 2020. This is the result of paying down \$98.1 million of our long-term debt primarily in the third and fourth quarters of 2020 and \$39.3 million during the first nine months of 2021. In addition, our interest income and other increased by \$0.4 million primarily because of a legal settlement with a customer.

During 2021 we recorded an \$11.1 million loss on early extinguishment of debt consisting of make whole premiums and other related costs resulting from the extinguishment of our Senior Secured Notes and Troms offshore debt.

During the year ended December 31, 2021, we recognized foreign exchange losses of \$0.4 million and for the year ended December 31, 2020 we recognized losses of \$5.2 million. These foreign exchange losses were primarily the result of the revaluation of various foreign currencies where we conduct our business including the Norwegian Kroner, Brazilian-Reais, Angola Kwanza, British Pound and Euro which are denominated balances to our U.S. dollar reporting currency.

In addition, our income tax expense was \$5.9 million in the year ended December 31, 2021 compared with an income tax benefit of \$1.0 million in the year ended December 31, 2020 primarily because the year ended December 31, 2020 benefitted from a NOL carryback for a tax refund under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.



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Americas Segment Operations. Vessel revenues in the Americas segment decreased 19.4%, or \$24.5 million, during the year ended December 31, 2021, as compared to the year ended December 31, 2020. The decrease is primarily due to a decrease of six active vessels primarily due to the pandemic. Overall, America's segment active utilization decreased from 85.7% during 2020 to 81.3% during 2021, however average day rates during these same periods increased 4.6%, which was generally due to a greater portion of the segment's vessels being hired at current prevailing day rates which were higher than those in 2020.

Operating loss for the Americas segment for the year ended December 31, 2021, was \$11.3 million compared to an operating profit for the year ended December 31, 2020 totaling \$4.9 million. The decrease was primarily due to the decrease in revenues. The revenue decrease was partially offset by a \$5.4 million decrease in operating costs largely due to lower vessel personnel costs resulting from the lower active vessel count. Depreciation and amortization, and general and administrative costs, were \$1.2 million and \$1.7 million lower, than prior year respectively, because of vessel sales and cost cutting measures.

Middle East/Asia Pacific Segment Operations. Vessel revenues in the Middle East/Asia Pacific segment increased \$5.4 million during the year ended December 31, 2021, as compared to the year ended December 31, 2020. The Middle East/Asia Pacific average day rates were 4.4% higher for 2021 than for 2020. Middle East/Asia Pacific segment active utilization increased from 76.4% to 88.0%. Our Middle East/Asia Pacific segment was only marginally affected by COVID-19.

Operating loss for the Middle East/Asia Pacific segment was \$1.2 million in 2021 compared to an operating loss of \$5.9 million in 2020. The revenue increase was partially offset by higher depreciation and amortization resulting from increased amortization of deferred drydock costs. General and administrative expenses were lower by \$0.9 million due to ongoing cost reduction initiatives.

Europe/Mediterranean Segment Operations. Vessel revenues in the Europe/Mediterranean segment decreased \$2.7 million, during the year ended December 31, 2021, as compared to the year ended December 31, 2020 primarily due to lower average day rates which decreased from \$12,700 to \$12,201 per day. Europe/Mediterranean segment active utilization decreased slightly from 89.8% to 88.1%. These decreases in average day rates are due to the mix of vessels under longer term higher day rate contracts declining while shorter term and spot contracts were taken in their place. This segment experienced a significant downturn due to the pandemic in 2020 which continued in 2021.

Operating loss for the Europe/Mediterranean segment increased from \$8.6 million for the year ended December 31, 2020 to \$17.0 million for the year ended December 31, 2021. This loss increase resulted from the lower revenue, coupled with \$6.3 million in increased vessel operating costs largely attributable to higher personnel costs and repair and maintenance charges partially offset by \$1.1 million in lower depreciation and amortization expense.

West Africa Segment Operations. Vessel revenues in the West Africa segment decreased \$2.8 million, during the year ended December 31, 2021, as compared to the year ended December 31, 2020. Average day rates decreased by 9.5%, while active utilization increased from 62.8% to 66.3%. This segment had the most negative impact from the pandemic because of significant contract cancellations.

The operating loss for the West Africa segment was \$17.0 million for the year ended December 31, 2021, as compared to \$27.5 million operating loss for the year ended December 31, 2020 primarily resulting from decreased revenue offset by \$7.7 million in lower operating costs due mainly to the decreased activity in Nigeria, and \$4.0 million in lower general and administrative costs attributable to our ongoing cost reduction efforts and decreased activity in Nigeria.



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Vessel Utilization and Average Rates by Segment

SEGMENT STATISTICS:	Year Ended		Year Ended	
	December 31, 2021		December 31, 2020	
<u>Americas fleet:</u>				
Utilization		56.6%		56.2%
Active utilization		81.3%		85.7%
Average vessel day rates	\$	13,282	\$	12,702
Average total vessels		37		49
Average stacked vessels		(11)		(17)
Average active vessels		26		32
<u>Middle East/Asia Pacific fleet:</u>				
Utilization		84.4%		66.2%
Active utilization		88.0%		76.4%
Average vessel day rates	\$	8,576	\$	8,211
Average total vessels		39		49
Average stacked vessels		(2)		(7)
Average active vessels		37		42
<u>Europe/Mediterranean fleet:</u>				
Utilization		62.3%		51.3%
Active utilization		88.1%		89.8%
Average vessel day rates	\$	12,201	\$	12,700
Average total vessels		29		35
Average stacked vessels		(9)		(15)
Average active vessels		20		20
<u>West Africa fleet:</u>				
Utilization		42.9%		37.0%
Active utilization		66.3%		62.8%
Average vessel day rates	\$	8,727	\$	9,638
Average total vessels		56		60
Average stacked vessels		(20)		(24)
Average active vessels		36		36
<u>Worldwide fleet:</u>				
Utilization		59.6%		51.8%
Active utilization		80.1%		77.0%
Average vessel day rates	\$	10,335	\$	10,563
Average total vessels		161		193
Average stacked vessels		(42)		(63)
Average active vessels		119		130



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We consider a vessel to be stacked if the vessel crew is furloughed or substantially reduced and limited maintenance is being performed on the vessel. We reduce operating costs by stacking vessels when management does not foresee opportunities to profitably or strategically operate the vessels in the near future. Vessels are stacked when market conditions warrant and they are no longer considered stacked when they are returned to active service, sold or otherwise disposed. When economically practical marketing opportunities arise, the stacked vessels can be returned to active service by performing any necessary maintenance on the vessel and either rehiring or returning fleet personnel to operate the vessel. Although not currently fulfilling charters, stacked vessels are considered to be in service and are included in the calculation of our utilization statistics.

We had 27 and 35 stacked vessels including 18 and 23 vessels, respectively, classified as assets held for sale in our fleet as of December 31, 2021 and December 31, 2020, respectively. During 2021, we designated an additional seven vessels for disposition and sold nine vessels that had been designated as held for sale and re-activated three vessels from the assets held for sale back into the active fleet. In addition, we sold 10 vessels from our active fleet in 2021.

Vessel Dispositions

We seek opportunities to sell and/or recycle our older vessels when market conditions warrant and opportunities arise. Most of our vessels are sold to buyers who do not compete with us in the offshore energy industry. The number of vessels disposed by segment are as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Number of vessels disposed by segment:		
Americas	7	13
Middle East/Asia Pacific	4	13
Europe/Mediterranean	2	13
West Africa	6	17
Total	19	56

Vessel Commitments

In the fourth quarter of 2021, we contracted to build two new ocean-going tugs for the Africa market. These vessels are expected to be complete in 2023 and cost approximately \$6.3 million each. We made a \$2.3 million down payment to start construction on these two tugs. We did not build any vessels in the year ended December 31, 2020. In 2020, we acquired 11 crew boats for \$5.3 million which were added to our active fleet in Africa.

General and Administrative Expenses

Consolidated general and administrative expenses and the related percentage of each component to total revenues are as follows:

(In Thousands)

	Year Ended December 31, 2021		Year Ended December 31, 2020	
Personnel	\$ 35,985	10%	\$ 36,851	9%
Office and property	12,371	3%	13,483	3%
Professional services	14,308	4%	15,262	4%
Other	5,507	1%	6,344	2%
Restructuring charges (A)	345	0%	1,507	0%
	<u>\$ 68,516</u>	<u>18%</u>	<u>\$ 73,447</u>	<u>18%</u>



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Segment and corporate general and administrative expenses and the related percentage of total general and administrative expenses were as follows:

(In Thousands)

	Year Ended December 31, 2021		Year Ended December 31, 2020	
Vessel operations:				
Continuing operations	\$ 34,675	51%	\$ 41,190	56%
Restructuring charges (A)	270	0%	—	0%
Total vessel operations	<u>34,945</u>	<u>51%</u>	<u>41,190</u>	<u>56%</u>
Corporate:				
Continuing operations	33,496	49%	30,750	42%
Restructuring charges (A)	75	0%	1,507	2%
Total corporate	<u>33,571</u>	<u>49%</u>	<u>32,257</u>	<u>44%</u>
Total	<u>\$ 68,516</u>	<u>100%</u>	<u>\$ 73,447</u>	<u>100%</u>

(A) Restructuring charges for the years ended December 31, 2021 and 2020 include \$0.3 million and \$1.5 million, respectively, of severance and termination benefits.

General and administrative expenses for the year ended December 31, 2021 have decreased as compared to the comparable prior year primarily as a result of our continuing efforts to reduce overhead costs.

Liquidity, Capital Resources and Other Matters

As of December 31, 2021, we had \$154.3 million in cash and cash equivalents (including restricted cash), including amounts held by foreign subsidiaries, the majority of which is available to us without adverse tax consequences. Included in foreign subsidiary cash are balances held in U.S. dollars and foreign currencies that await repatriation due to various currency conversion and repatriation constraints, partner and tax related matters, prior to the cash being made available for remittance to our domestic accounts. We currently intend that earnings by foreign subsidiaries will be indefinitely reinvested in foreign jurisdictions in order to fund strategic initiatives (such as investment, expansion and acquisitions), fund working capital requirements and repay debt (both third-party and intercompany) of our foreign subsidiaries in the normal course of business. Moreover, we do not currently intend to repatriate earnings of our foreign subsidiaries to the U.S. because cash generated from our domestic businesses and the repayment of intercompany liabilities from foreign subsidiaries are currently deemed to be sufficient to fund the cash needs of our U.S. operations.

During 2021, we generated \$15.0 million of cash from operating activities plus we also generated \$25.1 million in cash proceeds from the sale of vessels, net of additions to property and equipment. In the fourth quarter of 2021, we repaid all our previously outstanding long-term debt, including costs to extinguish the debt, with the proceeds of a new \$175.0 million bond offering (described below) that is due in 2026 and cash on hand. As a result, we ended the year 2021 in almost the same cash on hand position as we had at the beginning of the year. However, in the process, we extended the maturities of the major portion of our previous debt by five years. For the next year, we anticipate generating positive operating cash flows which include our drydock costs required to maintain our fleet. In addition, we anticipate generating proceeds from the sale of 18 vessels held for sale valued at approximately \$14.5 million and we expect to expend in the range of \$5.0 to \$10.0 million on capital improvements, primarily to maintain our fleet and our information systems. Based on the current levels of activity in our industry and the anticipated levels of activity from our customers in response to increasing demand levels and pricing for oil and gas, we anticipate healthy cash flow over the next several years sufficient to meet our obligations, including debt service and capital expenditures. We have no major obligations for capital expenditures, except for the two previously mentioned ocean-going tugs, or scheduled repayments of debt until the new bonds mature in 2026.



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Our objective in financing our business is to maintain and preserve adequate financial resources and sufficient levels of liquidity. We also have a \$25.0 million revolving credit facility which matures in 2026. No amounts have been drawn on this facility. As of December 31, 2021, we had \$175.0 million of long-term debt on our consolidated balance sheet of which none is due until 2026. The 2026 Notes contain two financial covenants: (i) a minimum free liquidity test of the obligors (as defined) equal to the greater of \$20.0 million or 10% of net interest bearing debt, and (ii) a minimum equity ratio of 30%, in each case for us and our consolidated subsidiaries. We are currently in compliance and anticipate being able to maintain ongoing compliance with these two financial covenants. Cash and cash equivalents, our revolving credit facility and future net cash provided by operating activities provide us, in our opinion, with sufficient liquidity to meet our liquidity requirements. In addition, we have available a “shelf” registration under which we may offer and sell up to \$300.0 million of any combination of common stock, debt securities, depository shares, preferred stock or warrants from time to time in one or more classes or series or amounts, at prices and on terms that we will determine at the time of the offering. We also have an “at-the-market” offering registered with the SEC under which we may offer and sell shares of our common stock, having an aggregate offering price of up to \$30.0 million from time to time through the Agents acting as a sales agent or directly to the Agents acting as a principal. We expect to use the net proceeds from the sale of the securities covered by these offerings for general corporate purposes, which may include repayment or refinancing of indebtedness, working capital, capital expenditures, investments, acquisitions and other business opportunities.

Refer to Note (3) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on our indebtedness.

Share Repurchases

No shares were repurchased during the years ended December 31, 2021, 2020 and 2019. Please refer to Note (10) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Dividends

There were no dividends declared during the years ended December 31, 2021, 2020 and 2019. Please refer to Note (10) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Operating Activities

Net cash provided by or used in operating activities for any period will fluctuate according to the level of business activity for the applicable period.

Net cash provided by operating activities is as follows:

(In Thousands)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Net loss	\$ (129,660)	\$ (196,696)
Depreciation and amortization	73,223	73,030
Amortization of deferred drydocking and survey costs	41,321	43,679
Amortization of debt premiums and discounts	3,171	3,961
Provision for deferred income taxes	(1,287)	1,224
(Gain) loss on asset dispositions, net	2,901	(7,591)
Affiliate credit loss impairment expense	400	52,981
Affiliate guarantee obligation	—	2,000
Long-lived asset impairments	15,643	74,109
Loss on debt extinguishment	11,100	—
Compensation expense - stock based	5,638	5,117
Deferred drydocking and survey costs	(27,282)	(33,271)
Changes in operating assets and liabilities	19,961	(26,506)
Changes in due to/from affiliate, net	(123)	11,949
Net cash provided by operating activities	<u>\$ 15,006</u>	<u>\$ 3,986</u>



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Net cash provided by operating activities for the year ended December 31, 2021, of \$15.0 million reflects a net loss of \$129.7 million, non-cash impairments of \$16.0 million, non-cash depreciation and amortization of \$114.5 million, a net loss on asset dispositions of \$2.9 million, stock-based compensation expense of \$5.6 million, and loss on debt extinguishment of \$11.1 million. Changes in operating assets and liabilities provided \$20.0 million in cash while amounts due to/from affiliates used \$0.1 million in cash. We paid \$27.3 million for regulatory drydocks in 2021.

Net cash used by operating activities for the year ended December 31, 2020, of \$4.0 million reflects a net loss of \$196.7 million, non-cash impairments of \$129.1 million, non-cash depreciation and amortization of \$116.7 million, a net gain on asset dispositions of \$7.6 million, and stock-based compensation expense of \$5.1 million. Changes in operating assets and liabilities used \$26.5 million in cash while amounts due to/from affiliates provided \$11.9 million in cash. We paid \$33.3 million for regulatory drydocks in 2020.

Investing Activities

Net cash provided by investing activities is as follows:

(In Thousands)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Proceeds from sales of assets	\$ 34,010	\$ 38,296
Additions to properties and equipment	(8,951)	(14,900)
Net cash provided by investing activities	<u>\$ 25,059</u>	<u>\$ 23,396</u>

Net cash provided by investing activities for the year ended December 31, 2021, was \$25.1 million, reflecting proceeds from the sale of assets of \$34.0 million related to the disposal of 19 vessels. Additions to property and equipment were comprised of \$9.0 million, primarily for the down payment on two tugboats, upgrades to our existing fleet and continued enhancements to our current enterprise software system.

Net cash provided by investing activities for the year ended December 31, 2020, was \$23.4 million, reflecting proceeds from the sale of assets of \$38.3 million related to the disposal of 56 vessels, 25 of which were recycled. Additions to property and equipment were comprised of \$14.9 million, primarily for the purchase of eleven crew vessels, upgrades to our existing fleet and continued enhancements to our current enterprise software system.

Financing Activities

Net cash used in financing activities is as follows:

(In Thousands)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Issuance of long-term debt	\$ 172,375	\$ —
Principal payments on long-term debt	(198,918)	(98,080)
Premiums paid for redemption of secured notes	(7,781)	—
Debt issuance and modification costs	(5,737)	—
Taxes paid on share-based awards	(953)	(828)
Other	—	(857)
Net cash used in financing activities	<u>\$ (41,014)</u>	<u>\$ (99,765)</u>

Financing activities for the year ended December 31, 2021, used \$41.0 million of cash, as a result of the repayment of \$198.9 million and make-whole premiums of \$7.8 million reflecting the retirement of our senior secured notes and the Troms offshore debt. Financing activities also included \$5.7 million of debt issuance and modification costs related to our new 2026 notes and costs to modify our Troms offshore debt.

Financing activities for the year ended December 31, 2020, used \$99.8 million of cash, as a result of the repayment of \$76.2 million of our senior secured notes in open market purchases and a voluntary tender offer. Financing activities also included \$21.9 million of scheduled semiannual payments and additional prepayments on the Troms offshore debt.



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Legal Proceedings

Various legal proceedings and claims are outstanding which arose in the ordinary course of business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions, will not have a material adverse effect on our financial position, results of operations, or cash flows. Information related to various commitments and contingencies, including legal proceedings, is disclosed in Note (11) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Application of Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures and disclosures of any contingent assets and liabilities at the date of the financial statements. We evaluate the reasonableness of these estimates and assumptions continually based on a combination of historical experience and other assumptions and information that comes to our attention that may vary the outlook for the future. Estimates and assumptions about future events and their effects are subject to uncertainty, and accordingly, these estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the business environment in which we operate changes. As a result, actual results may differ from estimates under different assumptions.

The "Nature of Operations and Summary of Significant Accounting Policies", as described in Note (1) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K, should be read in conjunction with this "Management's Discussion and Analysis of Financial Condition and Results of Operations". We have defined a critical accounting estimate as one that is important to the portrayal of our financial condition or results of operations and requires us to make difficult, subjective or complex judgments or estimates about matters that are uncertain. We believe the following critical accounting policies that affect our more significant judgments and estimates used in the preparation of our consolidated financial statements are described below. There are other items within our consolidated financial statements that require estimation and judgment, but they are not deemed critical as defined above.

Receivables and Allowance for Credit Losses

In the normal course of business, we extend credit to our customers on a short-term basis. Our principal customers are major oil and natural gas exploration, field development and production companies. We routinely review and evaluate our accounts receivable balances for collectability. The determination of the collectability of amounts due from our customers requires us to use estimates and make judgments regarding future events and trends, including monitoring our customers' payment history and current credit worthiness to determine that collectability is reasonably assured, as well as consideration of the overall business climate in which our customers operate. Expected credit losses are recorded on the initial recognition of our primary financial assets, which are trade accounts receivable and contract assets. We also have net receivable balances related to joint ventures in which we own less than 50%. We review and evaluate these receivables for collectability in a similar manner as we evaluate trade receivables. We believe that our allowance for credit losses is adequate to cover potential bad debt losses under current conditions; however, uncertainties regarding changes in the financial condition of our customers, either adverse or positive, could impact the amount and timing of any additional provisions for credit losses that may be required.

Impairment of Long-Lived Assets

We review the vessels in our active fleet for impairment whenever events occur or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. In such evaluation, the estimated future undiscounted cash flows generated by an asset group are compared with the carrying amount of the asset group to determine if a write-down may be required. With respect to vessels that are expected to remain in active service, we group together for impairment testing purposes vessels with similar operating and marketing characteristics. Stacked vessels expected to return to active service are evaluated for impairment as part of their assigned active asset group and not individually.



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We estimate cash flows based upon historical data adjusted for our best estimate of expected future market performance, which, in turn, is based on industry trends. The primary estimates and assumptions used in reviewing active vessel groups for impairment and estimating undiscounted cash flows include utilization rates, average day rates and average daily operating expenses. These estimates are made based on recent actual trends in utilization, day rates and operating costs and reflect management's best estimate of expected market conditions during the period of future cash flows. These assumptions and estimates have changed considerably as market conditions have changed, and they are reasonably likely to continue to change as market conditions change in the future. Although we believe our assumptions and estimates are reasonable, deviations from the assumptions and estimates could produce materially different results. Management estimates may vary considerably from actual outcomes due to future adverse market conditions or poor operating results that could result in the inability to recover the current carrying value of an asset group, thereby possibly requiring an impairment charge in the future. As our fleet continues to age, management closely monitors the estimates and assumptions used in the impairment analysis in order to properly identify evolving trends and changes in market conditions that could impact the results of the impairment evaluation.

If an asset group fails the undiscounted cash flow test, we estimate the fair value of each asset group and compare such estimated fair value to the carrying value of each asset group in order to determine if impairment exists.

Management estimates the fair value of each vessel in an asset group considered Level 3, as defined by ASC 820, Fair Value Measurements and Disclosures, by considering items such as the vessel's age, length of time stacked, likelihood of a return to active service and actual recent sales of similar vessels, among others. Third party appraisals, broker values or internal valuations based on recent sale activity are utilized for vessels expected to be sold as an operating vessel. We leverage information for vessels in a similar class, similar age, or similar specification to be used as a basis of fair value for vessels expected to be sold. Internal valuations are also prepared for vessels expected to be sold for recycling utilizing an estimated recycle value per lightweight ton based on the vessel location, the weight of the vessel and recent recycle activity. We record an impairment charge when the carrying value of an asset group exceeds its estimated fair value. In previous years, we sought opportunities to dispose of our older vessels when market conditions warranted and opportunities would arise. As a result, vessel dispositions would vary from year to year, and gains (losses) on sales of assets would also fluctuate significantly from period to period. Most of our vessels were sold to buyers with whom we do not compete in the offshore energy industry. We continue to employ that strategy, but to a lesser extent. When circumstances warrant we review our fleet and make decisions to remove assets that are not considered to be part of our long-term plans. In these circumstances, we will reclassify the identified vessels as held for sale and, if necessary, we will revalue these vessels to net realizable value. We consider the valuation approach for our assets held for sale to be a Level 3 fair value measurement due to the level of estimation involved in valuing assets to be recycled or sold. We estimate the net realizable value using various methodologies including third party appraisals, sales comparisons, sales agreements and scrap yard tonnage prices. Estimates generally fall in ranges rather than exact numbers due to the nature of sales of offshore vessels and industry conditions. Our value ranges depend on our expectation of the ultimate disposition of the vessel. We will in all circumstances attempt to achieve maximum value for our vessels, but also recognize that certain vessels are more likely to be recycled, especially given the time and effort required to achieve a sale and the costs incurred to maintain a vessel while a searching for a buyer. We establish ranges that in many cases have scrap value as the low end of the range and an expected open market sale value at the top of the range. When there is no expectation within the range that is considered more likely than any other, we apply equal probability weighting to the low and high ends of the valuation range.

Income Taxes

The asset-liability method is used for determining our income tax provisions, under which current and deferred tax liabilities and assets are recorded in accordance with enacted tax laws and rates. Under this method, the amounts of deferred tax liabilities and assets at the end of each period are determined using the tax rate expected to be in effect when taxes are actually paid or recovered. In addition, we determine our effective tax rate by estimating our permanent differences resulting from differing treatment of items for tax and accounting purposes.



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As a global company, we are subject to the jurisdiction of taxing authorities in the United States and by the respective tax agencies in the countries in which we operate internationally, as well as to tax agreements and treaties among these governments. Our operations in these different jurisdictions are taxed on various bases: actual income before taxes, deemed profits (which are generally determined using a percentage of revenue rather than profits) and withholding taxes based on revenue. Determination of taxable income in any tax jurisdiction requires the interpretation of the related tax laws and regulations and the use of estimates and assumptions regarding significant future events such as the amount, timing and character of deductions, permissible revenue recognition methods under the tax law and the sources and character of income and tax credits. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or our level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes that we provide during any given year. We are periodically audited by various taxing authorities in the United States and by the respective tax agencies in the countries in which we operate internationally. The tax audits generally include questions regarding the calculation of taxable income. Audit adjustments affecting permanent differences could have an impact on our effective tax rate.

The carrying value of our net deferred tax assets is based on our present belief that we will be unable to generate sufficient future taxable income in certain tax jurisdictions to utilize such deferred tax assets, based on estimates and assumptions. If these estimates and related assumptions change in the future, we may be required to adjust valuation allowances against our deferred tax assets resulting in additional income tax expense or benefit in our consolidated statement of operations. Management evaluates the realizability of the deferred tax assets and assesses the need for changes to valuation allowances on a quarterly basis. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the present need for a valuation allowance, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of our net recorded amount, an adjustment to the valuation allowance would increase income in the period such determination was made. Should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

Deferred taxes are not provided on undistributed earnings of certain non-U.S. subsidiaries and business ventures because we consider those earnings to be permanently invested abroad.

We record uncertain tax positions on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions would be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that was more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The recognition and measurement of tax liabilities for uncertain tax positions in any tax jurisdiction requires the interpretation of the related tax laws and regulations as well as the use of estimates and assumptions regarding significant future events. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or our level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes during any given year.

New Accounting Pronouncements

For information regarding the effect of new accounting pronouncements, refer to Note (1) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.



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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk refers to the potential losses arising from changes in interest rates, foreign currency fluctuations and exchange rates, equity prices and commodity prices including the correlation among these factors and their volatility. We are primarily exposed to interest rate risk and foreign currency fluctuations and exchange risk. We enter into derivative instruments only to the extent considered necessary to meet our risk management objectives and do not use derivative contracts for speculative purposes.

Interest Rate Risk and Indebtedness

Changes in interest rates may result in changes in the fair market value of our financial instruments, interest income and interest expense. Our financial instruments that are exposed to interest rate risk are our cash equivalents. Due to the short duration and conservative nature of the cash equivalent investment portfolio, we do not expect any material loss with respect to our investments. The book value for cash equivalents is considered to be representative of its fair value.

Senior Secured Bonds

Please refer to Note (3) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for a discussion on our outstanding debt.

Because the terms on the Senior Secured Bonds due November 2026 bear interest at fixed rates, interest expense would not be impacted by changes in market interest rates. The following table discloses how the estimated fair value of our respective Senior Secured Bonds, as of December 31, 2021, would change with a 100 basis-point increase or decrease in market interest rates.

(In Thousands)

	Outstanding Value	Estimated Fair Value	100 Basis Point Increase	100 Basis Point Decrease
Total	\$ 175,000	\$ 177,623	\$ 170,882	\$ 184,698

Foreign Exchange Risk

Our financial instruments that can be affected by foreign currency exchange rate fluctuations consist primarily of cash and cash equivalents, trade receivables, trade payables and debt denominated in currencies other than the U.S. dollar. We may enter into spot and forward derivative financial instruments as a hedge against foreign currency denominated assets and liabilities, currency commitments, or to lock in desired interest rates. Spot derivative financial instruments are short-term in nature and settle within two business days. The fair value of spot derivatives approximates the carrying value due to the short-term nature of this instrument, and as a result, no gains or losses are recognized. We had no derivative instruments as of December 31, 2021 and 2020, respectively. Forward derivative financial instruments are generally longer-term in nature but generally do not exceed one year. The accounting for gains or losses on forward contracts is dependent on the nature of the risk being hedged and the effectiveness of the hedge.

Other

Due to our international operations, we are exposed to foreign currency exchange rate fluctuations and exchange rate risks on all charter hire contracts denominated in foreign currencies. For some of our international contracts, a portion of the revenue and local expenses are incurred in local currencies with the result that we are at risk of changes in the exchange rates between the U.S. dollar and foreign currencies. We generally do not hedge against any foreign currency rate fluctuations associated with foreign currency contracts that arise in the normal course of business, which exposes us to the risk of exchange rate losses. To minimize the financial impact of these items we attempt to contract a significant majority of our services in U.S. dollars. In addition, we attempt to minimize the financial impact of these risks by matching the currency of our operating costs with the currency of the revenue streams when considered appropriate. We continually monitor the currency exchange risks associated with all contracts not denominated in U.S. dollars.

Discussions related to our joint venture operations are disclosed in Note (4) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.



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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

TIDEWATER INC.

**Report on Form 10-K
Items 8, 15(a), and 15(c)**

Index to Financial Statements

Financial Statements	<u>Page</u>
<u>Report of Independent Registered Public Accounting Firm For The Year Ended December 31, 2021 (PCAOB ID 238)</u>	<u>55</u>
<u>Report of Independent Registered Public Accounting Firm For The Years Ended December 31, 2020 and 2019 (PCAOB ID 34)</u>	<u>57</u>
<u>Consolidated Balance Sheets, December 31, 2021 and December 31, 2020</u>	<u>58</u>
<u>Consolidated Statements of Operations, years ended December 31, 2021, 2020 and 2019</u>	<u>59</u>
<u>Consolidated Statements of Comprehensive Loss, years ended December 31, 2021, 2020, and 2019</u>	<u>60</u>
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All other schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or the related notes.



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Tidewater Inc.

Opinion on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of Tidewater Inc. and its subsidiaries (the "Company") as of December 31, 2021, and the related consolidated statements of operations, of comprehensive loss, of equity and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited 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 (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also 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 COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements 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. 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.



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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.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) 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 matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Uncertain Tax Positions

As described in Notes 1 and 5 to the consolidated financial statements, the total amount of gross unrecognized tax benefits was approximately \$333.7 million as of December 31, 2021. Management records uncertain tax positions on the basis of a two-step process in which (i) management determines whether it is more likely than not that the tax positions would be sustained on the basis of the technical merits of the position and (ii) for those tax positions that meet the more-likely-than-not recognition threshold, management recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The recognition and measurement of tax liabilities for uncertain tax positions in any tax jurisdiction requires the interpretation of the related tax laws and regulations as well as the use of estimates and assumptions regarding significant future events. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or the level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes during any given year.

The principal considerations for our determination that performing procedures relating to uncertain tax positions is a critical audit matter are the (i) significant judgment by management in determining those items that require recognition as it is more likely than not that the tax positions would be sustained on the basis of the technical merits of the position based on the interpretation of related tax laws and regulations, which in turn led to significant auditor judgment, subjectivity, and effort in performing procedures and evaluating management's determination of uncertain tax positions based on management's interpretation of tax laws and regulations, and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the operating effectiveness of controls relating to determining the uncertain tax positions that require recognition. These procedures also included, among others, (i) testing management's process for recognizing uncertain tax positions, including evaluation of the completeness, and (ii) for certain uncertain tax positions, testing management's assessment of the technical merits of the uncertain tax positions based on their interpretation of related tax laws and regulations. Professionals with specialized skill and knowledge were used to assist in testing (i) management's process for recognizing uncertain tax positions and (ii) management's assessment of the technical merits of the uncertain tax positions.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
March 9, 2022

We have served as the Company's auditor since 2021.



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Tidewater Inc. and subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Tidewater Inc. and subsidiaries (the "Company") as of December 31, 2020, the related consolidated statements of operations, comprehensive loss, equity, and cash flows, for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche

Houston, Texas
March 4, 2021

We began serving as the Company's auditor in 2004. In 2021 we became the predecessor auditor.



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TIDEWATER INC.

CONSOLIDATED BALANCE SHEETS

(In Thousands, except share and par value data)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 149,037	\$ 149,933
Restricted cash	1,240	2,079
Trade and other receivables, less allowance for credit losses of \$1,948 and \$1,516 as of December 31, 2021 and 2020, respectively	86,503	112,623
Due from affiliates, less allowance for credit losses of \$72,456 and \$71,800 as of December 31, 2021 and 2020, respectively	70,134	62,050
Marine operating supplies	12,606	15,876
Assets held for sale	14,421	34,396
Prepaid expenses and other current assets	8,731	11,692
Total current assets	<u>342,672</u>	<u>388,649</u>
Net properties and equipment	688,040	780,318
Deferred drydocking and survey costs	40,734	56,468
Other assets	24,334	25,742
Total assets	<u><u>1,095,780</u></u>	<u><u>1,251,177</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 20,788	\$ 16,981
Accrued expenses	51,734	52,422
Due to affiliates	61,555	53,194
Current portion of long-term debt	—	27,797
Other current liabilities	23,865	32,785
Total current liabilities	<u>157,942</u>	<u>183,179</u>
Long-term debt	167,885	164,934
Other liabilities	68,184	79,792
Commitments and contingencies		
Equity:		
Common stock of \$0.001 par value, 125,000,000 shares authorized. 41,307,617 and 40,704,984 shares issued and outstanding at December 31, 2021 and 2020, respectively	41	41
Additional paid-in capital	1,376,494	1,371,809
Accumulated deficit	(677,900)	(548,931)
Accumulated other comprehensive income (loss)	2,668	(804)
Total stockholders' equity	<u>701,303</u>	<u>822,115</u>
Noncontrolling interests	466	1,157
Total equity	<u>701,769</u>	<u>823,272</u>
Total liabilities and equity	<u><u>\$ 1,095,780</u></u>	<u><u>\$ 1,251,177</u></u>

See accompanying Notes to Consolidated Financial Statements.



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TIDEWATER INC. CONSOLIDATED STATEMENTS OF OPERATIONS (In Thousands, except share and per share data)

	Year Ended December 31,		
	2021	2020	2019
Revenues:			
Vessel revenues	\$ 361,569	\$ 386,174	\$ 477,015
Other operating revenues	9,464	10,864	9,534
Total revenue	371,033	397,038	486,549
Costs and expenses:			
Vessel operating costs	261,814	268,780	329,196
Costs of other operating revenues	2,231	3,405	2,800
General and administrative	68,516	73,447	103,716
Depreciation and amortization	114,544	116,709	101,931
(Gain) loss on asset dispositions, net	2,901	(7,591)	(2,263)
Affiliate credit loss impairment expense	400	52,981	—
Affiliate guarantee obligation	—	2,000	—
Long-lived asset impairments and other	15,643	74,109	37,773
Total costs and expenses	466,049	583,840	573,153
Operating loss	(95,016)	(186,802)	(86,604)
Other income (expense):			
Foreign exchange loss	(369)	(5,245)	(1,269)
Equity in net earnings (losses) of unconsolidated companies	(3,322)	164	(3,152)
Dividend income from unconsolidated company	—	17,150	—
Interest income and other, net	1,605	1,228	6,598
Loss on early extinguishment of debt	(11,100)	—	—
Interest and other debt costs, net	(15,583)	(24,156)	(29,068)
Total other expense	(28,769)	(10,859)	(26,891)
Loss before income taxes	(123,785)	(197,661)	(113,495)
Income tax (benefit) expense	5,875	(965)	27,724
Net loss	(129,660)	(196,696)	(141,219)
Less: Net income (losses) attributable to noncontrolling interests	(691)	(454)	524
Net loss attributable to Tidewater Inc.	\$ (128,969)	\$ (196,242)	\$ (141,743)
Basic loss per common share	\$ (3.14)	\$ (4.86)	\$ (3.71)
Diluted loss per common share	\$ (3.14)	\$ (4.86)	\$ (3.71)
Weighted average common shares outstanding	41,008,907	40,354,638	38,204,934
Dilutive effect of stock options and restricted stock	—	—	—
Adjusted weighted average common shares	41,008,907	40,354,638	38,204,934

See accompanying Notes to Consolidated Financial Statements.



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TIDEWATER INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In Thousands)

	Year Ended December 31,		
	2021	2020	2019
Net loss	\$ (129,660)	\$ (196,696)	\$ (141,219)
Other comprehensive income (loss):			
Change in supplemental executive retirement plan pension liability, net of tax of \$0, \$0, and \$0, respectively	(763)	(2,309)	(2,121)
Change in pension plan minimum liability, net of tax of \$0, \$0, and \$0, respectively	4,235	1,741	(309)
Total comprehensive loss	<u>\$ (126,188)</u>	<u>\$ (197,264)</u>	<u>\$ (143,649)</u>

See accompanying Notes to Consolidated Financial Statements.



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TIDEWATER INC.
CONSOLIDATED STATEMENTS OF EQUITY

<u>(In Thousands)</u>	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Noncontrolling interest	Total
Balance at December 31, 2018	\$ 37	1,352,388	(210,783)	2,194	1,087	\$ 1,144,923
Total comprehensive loss	—	—	(141,743)	(2,430)	524	(143,649)
Issuance of common stock	3	(3)	—	—	—	—
Amortization of share based awards	—	15,136	—	—	—	15,136
Balance at December 31, 2019	40	1,367,521	(352,526)	(236)	1,611	1,016,410
Total comprehensive loss	—	—	(196,242)	(568)	(454)	(197,264)
Adoption of credit loss accounting standard	—	—	(163)	—	—	(163)
Issuance of common stock	1	(1)	—	—	—	—
Amortization of share based awards	—	4,289	—	—	—	4,289
Balance at December 31, 2020	41	1,371,809	(548,931)	(804)	1,157	823,272
Total comprehensive loss	—	—	(128,969)	3,472	(691)	(126,188)
Amortization of share based awards	—	4,685	—	—	—	4,685
Balance at December 31, 2021	\$ 41	1,376,494	(677,900)	2,668	466	\$ 701,769

See accompanying Notes to Consolidated Financial Statements.



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TIDEWATER INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	Year Ended December 31,		
	2021	2020	2019
Operating activities:			
Net loss	\$ (129,660)	\$ (196,696)	\$ (141,219)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	73,223	73,030	77,045
Amortization of deferred drydocking and survey costs	41,321	43,679	24,886
Amortization of debt premiums and discounts	3,171	3,961	(4,877)
Provision (benefit) for deferred income taxes	(1,287)	1,224	672
(Gain) loss on asset dispositions, net	2,901	(7,591)	(2,263)
Affiliate credit loss impairment expense	400	52,981	—
Affiliate guarantee obligation	—	2,000	—
Long-lived asset impairments and other	15,643	74,109	37,773
Loss on debt extinguishment	11,100	—	—
Changes in investments in unconsolidated companies	—	—	1,039
Stock-based compensation expense	5,638	5,117	19,603
Changes in operating assets and liabilities, net:			
Trade and other receivables	26,120	(2,606)	1,086
Changes in due to/from affiliate, net	(123)	11,949	22,193
Marine operating supplies	1,365	2,588	2,425
Other current assets	2,961	4,264	(4,120)
Accounts payable	3,807	(10,520)	(4,438)
Accrued expenses	(688)	(17,551)	8,189
Other current liabilities	(8,920)	8,685	3,008
Other liabilities and deferred credits	(6,849)	(20,002)	1,270
Deferred drydocking and survey costs	(27,282)	(33,271)	(70,437)
Other, net	2,165	8,636	(3,258)
Net cash provided by (used in) operating activities	15,006	3,986	(31,423)
Cash flows from investing activities:			
Proceeds from sales of assets	34,010	38,296	28,847
Additions to properties and equipment	(8,951)	(14,900)	(17,998)
Net cash provided by investing activities	25,059	23,396	10,849
Cash flows from financing activities:			
Issuance of long-term debt	172,375	—	—
Principal payments on long-term debt	(198,918)	(98,080)	(133,693)
Debt extinguishment premium	(7,781)	—	(11,402)
Debt issuance and modification costs	(5,737)	—	—
Tax on share-based award	(953)	(828)	(4,467)
Other	—	(857)	—
Net cash used in financing activities	(41,014)	(99,765)	(149,562)
Net change in cash, cash equivalents and restricted cash	(949)	(72,383)	(170,136)
Cash, cash equivalents and restricted cash at beginning of period	155,225	227,608	397,744
Cash, cash equivalents and restricted cash at end of period	\$ 154,276	\$ 155,225	\$ 227,608
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest, net of amounts capitalized	\$ 13,747	\$ 21,235	\$ 32,687
Income taxes	\$ 19,013	\$ 13,018	\$ 14,378

Cash, cash equivalents and restricted cash at December 31, 2021 and 2020 includes \$4.0 million and \$3.2 million, respectively, in long-term restricted cash.

See accompanying Notes to Consolidated Financial Statements.



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(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

We provide offshore support vessels and marine support services to the global offshore energy industry through the operation of a diversified fleet of offshore marine service vessels. Our revenues, net earnings and cash flows from operations are dependent upon the activity level of the vessel fleet (utilization) and the price we charge for these services (day-rate). The level of our business activity is driven by the amount of installed offshore oil and gas production facilities, the level of offshore drilling and exploration activity, and the general level of offshore construction projects such as pipeline and windfarm construction and support. Our customers' offshore activity, in turn, is dependent on crude oil and natural gas prices, which fluctuate depending on the respective levels of supply and demand for crude oil and natural gas and the outlook for such levels.

Unless otherwise required by the context, the terms "we", "us", "our" and "company" as used herein refer to Tidewater Inc. and its consolidated subsidiaries and predecessors.

Basis of Presentation

The consolidated financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in U.S. dollars, have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission.

Principles of Consolidation

The consolidated financial statements include the accounts of Tidewater Inc. and its subsidiaries. Intercompany balances and transactions are eliminated in consolidation.

Reporting Segments

Reporting business segments are defined as a component of an enterprise for which separate financial information is available and is evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Our segments are based on geographic markets: the Americas segment, which includes the U.S. Gulf of Mexico (GOM), Trinidad, Mexico and Brazil; the Middle East/Asia Pacific segment, which includes Saudi Arabia, East Africa, Southeast Asia and Australia; the Europe/Mediterranean segment, which includes the United Kingdom, Norway and Egypt; and the West Africa segment, which includes Angola, Nigeria, and other coastal regions of West Africa.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the recorded amounts of revenues and expenses during the reporting period. The accompanying consolidated financial statements include estimates for allowance for credit losses, useful lives of property and equipment, estimated net realizable value of assets held for sale and marine operating supplies, income tax provisions, impairments, commitments and contingencies and certain accrued liabilities. We evaluate our estimates and assumptions on an ongoing basis based on a combination of historical information and various other assumptions that are considered reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. These accounting policies involve judgment and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions or if different assumptions had been used and, as such, actual results may differ from these estimates.

Cash Equivalents

We consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Restricted Cash

We consider cash as restricted when there are contractual agreements that govern the use or withdrawal of the funds.



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Marine Operating Supplies

Marine operating supplies, which consist primarily of operating parts and supplies for our vessels as well as fuel, are stated at the lower of weighted-average cost or net realizable value.

Properties and Equipment

Capitalization, Depreciation and Amortization

Upon emergence from Chapter 11 bankruptcy on July 31, 2017, properties and equipment were stated at their fair market values in accordance with fresh-start accounting. Properties and equipment acquired after fresh-start are stated at their acquisition cost. Depreciation is computed primarily on the straight-line basis beginning on acquisition date or on the date construction is completed, with salvage values of 7.5% for marine equipment, using estimated useful lives of 10 - 20 years for marine equipment and 3 - 10 years for other properties and equipment. Depreciation is provided for all vessels unless a vessel meets the criteria to be classified as held for sale. Estimated remaining useful lives are reviewed when there has been a change in circumstances that indicates the original estimated useful life may no longer be appropriate. Upon retirement or disposal of a fixed asset, the costs and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in our consolidated statements of operations.

Maintenance and Repairs

Most of our vessels require certification inspections twice in every five-year period. These costs include drydocking and survey costs necessary to ensure compliance with applicable regulations and maintain certifications for vessels with classification societies. These certification costs are typically incurred while the vessel is in drydock and may be incurred concurrent with other vessel maintenance and improvement activities. Costs related to the certification of vessels are deferred and amortized over 30 months on a straight-line basis.

Maintenance costs incurred at the time of the recertification drydocking that are not related to the certification of the vessel are expensed as incurred.

Costs related to vessel improvements that either extend the vessel's useful life or increase the vessel's functionality are capitalized and depreciated. Vessel modifications that are performed for a specific customer contract are capitalized and amortized over the firm contract term. Major modifications to equipment that are being performed not only for a specific customer contract are capitalized and amortized over the remaining life of the equipment.

Net Properties and Equipment

The following are summaries of net properties and equipment:

(In Thousands)

	December 31, 2021	December 31, 2020
Properties and equipment:		
Vessels and related equipment	\$ 898,649	\$ 940,175
Other properties and equipment	19,625	16,861
	918,274	957,036
Less accumulated depreciation and amortization	230,234	176,718
Net properties and equipment	\$ 688,040	\$ 780,318

As of December 31, 2021, we owned 153 offshore support vessels, including 18 that were reclassified as assets held for sale in current assets. Excluding the 18 vessels held for sale, we owned 135 vessels, 126 of which were actively employed and 9 of which were stacked. As of December 31, 2020, we owned 172 vessels, including 23 that were classified as held for sale and 35 that were stacked. We consider a vessel to be stacked if the vessel crew is disembarked and limited maintenance is being performed. We reduce operating costs by stacking vessels when we do not foresee opportunities to profitably or strategically operate the vessels in the near future. Vessels are stacked when market conditions warrant and they are removed from stack when they are returned to active service, sold or otherwise disposed. We consider our current stacked vessels to be available for return to service. Stacked vessels are considered to be in service and are included in our utilization statistics. Refer to Note (7) for additional discussion of our assets held for sale including any reclassifications to or from the active fleet and any impairments associated with classification as assets held for sale.



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In the fourth quarter of 2021, we contracted to build two new ocean going tugs for the Africa market. These vessels are expected to be complete in 2023 and cost approximately \$6.3 million each. We made a \$2.3 million down payment to start construction on these two tugboats.

Impairment of Long-Lived Assets

We review the vessels in our active fleet for impairment whenever events occur or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. In such evaluation, the estimated future undiscounted cash flows generated by an asset group are compared with the carrying amount of the asset group to determine if a write-down may be required. With respect to vessels that are expected to remain in active service, we group together for impairment testing purposes vessels with similar operating and marketing characteristics. Stacked vessels expected to return to active service are evaluated for impairment as part of their assigned active asset group.

We estimate cash flows based upon historical data adjusted for our best estimate of expected future market performance, which, in turn, is based on industry trends. The primary estimates and assumptions used in reviewing active vessel groups for impairment and estimating undiscounted cash flows include utilization rates, average day rates and average daily operating expenses. These estimates are made based on recent actual trends in utilization, day rates and operating costs and reflect management's best estimate of expected market conditions during the period of future cash flows. These assumptions and estimates have changed considerably as market conditions have changed, and they are reasonably likely to continue to change as market conditions change in the future. Although we believe our assumptions and estimates are reasonable, deviations from the assumptions and estimates could produce materially different results. Management estimates may vary considerably from actual outcomes due to future adverse market conditions or poor operating results that could result in the inability to recover the current carrying value of an asset group, thereby possibly requiring an impairment charge in the future. As our fleet continues to age, management closely monitors the estimates and assumptions used in the impairment analysis in order to properly identify evolving trends and changes in market conditions that could impact the results of the impairment evaluation.

If an asset group fails the undiscounted cash flow test, we estimate the fair value of that asset group and compare such estimated fair value to the carrying value of that asset group in order to determine if impairment exists.

From time to time, we designate assets for disposal. Cost and related accumulated depreciation associated with assets designated for disposal are removed from the property and equipment accounts and reclassified to assets held for sale at estimated net realizable value. Any excess of previous net book value over estimated net realizable value is charged to impairment expense.

Refer to Note (7) for discussion of our evaluations of long-lived assets for impairment during 2021.

Accrued Property and Liability Losses

Our insurance coverage is provided by third party insurers. We establish case-based reserves for estimates of reported losses on outstanding claims, estimates received from ceding reinsurers, and reserves based on past experience of unreported losses. Such losses principally relate to our vessel operations and are included as a component of vessel operating costs in the consolidated statements of earnings. The liability for such losses and the related reimbursement receivable from reinsurance companies are classified in the consolidated balance sheets into current and noncurrent amounts based upon estimates of when the liabilities will be settled and when the receivables will be collected.

Pension Benefits

We follow the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 715, Compensation – Retirement Benefits, and use a December 31 measurement date for determining net periodic benefit costs, benefit obligations and the fair value of plan assets. Net periodic pension costs and accumulated benefit obligations are determined using several assumptions including the discount rates used to measure future obligations and expenses, retirement ages, mortality rates, expected long-term return on plan assets, and other assumptions, all of which have a significant impact on the amounts reported.

Our pension cost consists of service costs, interest costs, expected returns on plan assets, amortization of prior service costs or benefits and actuarial gains and losses. We consider various factors in developing pension assumptions, including an evaluation of relevant discount rates, expected long-term returns on plan assets, plan asset allocations, expected changes in retirement benefits, analyses of current market conditions and input from actuaries and other consultants.



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For the long-term rate of return, we developed assumptions regarding the expected rate of return on plan assets based on historical experience and projected long-term investment returns, which consider the plan's target asset allocation and long-term asset class return expectations. Assumptions for the discount rate reflect the theoretical rate at which liabilities could be settled in the bond market at December 31, 2021.

Income Taxes

Income taxes are accounted for in accordance with the provisions of ASC 740, *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred taxes are not provided on undistributed earnings of certain non-U.S. subsidiaries and business ventures because we consider those earnings to be permanently invested abroad.

We record uncertain tax positions on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions would be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The recognition and measurement of tax liabilities for uncertain tax positions in any tax jurisdiction requires the interpretation of the related tax laws and regulations as well as the use of estimates and assumptions regarding significant future events. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or our level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes during any given year.

Revenue Recognition

Our primary source of revenue derives from time charter contracts of our vessels on a rate per day of service basis; therefore, vessel revenues are recognized on a daily basis throughout the contract period. The base rate of hire for a time charter contract is generally a fixed rate, provided, however, that some longer-term contracts at times include escalation clauses to recover specific additional costs.

Operating Costs

Vessel operating costs consist primarily of costs such as crew wages; repair and maintenance; insurance; fuel, lube oil and supplies; and other vessel expenses, which include costs such as brokers' commissions, training costs, agent fees, port fees, canal transit fees, temporary importation fees, vessel certification fees, and satellite communication fees. Repair and maintenance costs include both routine costs and major repairs carried out during drydockings, which occur during the economic useful life of the vessel. Vessel operating costs are recognized as incurred.

Foreign Currency Translation

The U.S. dollar is the functional currency for all our existing international operations, as transactions in these operations are predominately denominated in U.S. dollars. Foreign currency exchange gains and losses from the revaluation of our foreign currency denominated monetary assets and liabilities are included in the consolidated statements of operations.

Earnings Per Share

We report both basic earnings (loss) per share and diluted earnings (loss) per share. The calculation of basic earnings (loss) per share is computed based on the weighted average number of shares of common stock outstanding. Diluted earnings (loss) per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Diluted earnings (loss) per share includes the dilutive effect of stock options and restricted stock grants (both time and performance based) awarded as part of our share-based compensation and incentive plans as well as our outstanding warrants. Per share amounts disclosed in these Notes to Consolidated Financial Statements, unless otherwise indicated, are on a diluted basis.



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The components of basic and diluted earnings (loss) per share, are as follows:

(In Thousands, except share and per share data)

	Year Ended December 31,		
	2021	2020	2019
Net loss available to common shareholders	\$ (128,969)	\$ (196,242)	\$ (141,743)
Weighted average outstanding shares of common stock, basic	41,008,907	40,354,638	38,204,934
Dilutive effect of options, warrants and stock awards	—	—	—
Weighted average common stock and equivalents	41,008,907	40,354,638	38,204,934
Loss per share, basic	\$ (3.14)	\$ (4.86)	\$ (3.71)
Loss per share, diluted	\$ (3.14)	\$ (4.86)	\$ (3.71)
Additional information:			
Incremental "in-the-money" options, warrants, and restricted stock awards and units outstanding at the end of the period (A)	2,345,948	2,235,310	2,483,956

(A) For years ended December 31, 2021, 2020 and 2019 we also had 5,923,399 shares of "out-of-the-money" warrants outstanding at the end of each period.

Concentrations of Credit Risk

Our financial instruments that are exposed to concentrations of credit risk consist primarily of trade and other receivables from a variety of domestic, international and national energy companies. We manage our exposure to risk by performing ongoing credit evaluations of our customers' financial condition and may at times require prepayments or other forms of collateral. We also have net receivable balances related to joint ventures in which we own less than 50%. We review and evaluate these receivables for collectability in a similar manner as we evaluate trade receivables. We maintain an allowance for credit loss based on expected collectability and do not believe we are generally exposed to concentrations of credit risk that are likely to have a material adverse impact on our financial position, results of operations, or cash flows.

Stock-Based Compensation

Stock-based compensation transactions are accounted for using a fair-value-based method. We use the Black-Scholes option-pricing model to determine the fair-value of stock-based awards.

Comprehensive Income (Loss)

We report total comprehensive income (loss) and its components. Accumulated other comprehensive income (loss) is comprised of any minimum pension liability for our U.S. Defined Benefits Pension Plans.

Fair Value Measurements

We follow the provisions of ASC 820, for financial assets and liabilities that are measured and reported at fair value on a recurring basis. ASC 820 establishes a hierarchy for inputs used in measuring fair value. Fair value is calculated based on assumptions that market participants would use in pricing assets and liabilities and not on assumptions specific to the entity. The statement requires that each asset and liability carried at fair value be classified into one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

Our primary financial instruments consist of cash and cash equivalents, restricted cash, trade receivables and trade payables with book values that are considered to be representative of their respective fair values.

Our cash equivalents, which are securities with maturities less than 90 days, are held in money market funds or time deposit accounts with highly rated financial institutions. The carrying value for cash equivalents is considered to be representative of its fair value due to the short duration and conservative nature of the cash equivalent investment portfolio.



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Recently Adopted Accounting Pronouncements

From time-to-time new accounting pronouncements are issued by the FASB that we adopt as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on our consolidated financial statements upon adoption.

On August 28, 2018, the FASB issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement: - Changes to The Disclosure Requirements for Fair Value Measurement, which eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. Entities will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, but public companies will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. We adopted this standard on January 1, 2020 and it did not have any impact on our consolidated financial position, net earnings or cash flow. See Note (7) for application of this standard.

On June 16, 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses, which introduces a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses. The new model will apply to: (i) loans, accounts receivable, trade receivables, and other financial assets measured at amortized cost, (ii) loan commitments and certain other off-balance sheet credit exposures, (iii) debt securities and other financial assets measured at fair value through other comprehensive income and (iv) beneficial interests in securitized financial assets.

Expected credit losses are recognized on the initial recognition of our trade accounts receivable, contract assets and net amounts due from our less than 50% owned joint ventures. In each subsequent reporting period, even if a loss has not yet been incurred, credit losses are recognized based on the history of credit losses and current conditions, as well as reasonable and supportable forecasts affecting collectability. We developed an expected credit loss model applicable to our trade accounts receivable and contract assets that considers our historical performance and the economic environment, as well as the credit risk and its expected development for each group of customers that share similar risk characteristics. We segmented our trade accounts receivable and contract assets by type of client, except for individual account balances that have deteriorated in credit quality, which are evaluated individually. We then determined, for each of these client asset groups, the average expected credit loss utilizing our actual credit loss experience over the last five years, which was adjusted as discussed above, and was applied to the balance attributable to each segment in our trade accounts receivable and contract asset balances. We review and evaluate our net receivables due from joint ventures for collectability in a similar manner as we evaluate trade receivables. This standard was adopted through a cumulative-effect adjustment to the accumulated deficit as of January 1, 2020, which is the beginning of the first period in which this guidance is effective. Periods prior to the adoption date that are presented for comparative purposes are not adjusted. Adopting this standard on January 1, 2020 increased the allowance for expected credit losses by approximately \$0.2 million.

Activity in the allowance for credit losses for the years ended December 31, 2021 and 2020 is as follows:

<u>(In Thousands)</u>	Trade and Other Receivables	Due from Affiliate
Balance at January 1, 2020	\$ 70	\$ 20,083
Cumulative effect adjustment upon adoption of standard	163	—
Current period provision for expected credit losses	1,283	52,981
Other	—	(1,264)
Balance at December 31, 2020	\$ 1,516	\$ 71,800
Current period provision for expected credit losses	838	400
Write offs	(406)	—
Other	—	256
Balance at December 31, 2021	\$ 1,948	\$ 72,456

In 2019, the allowance for doubtful accounts balance at the beginning of the period was \$2.7 million and write offs for the year was \$2.6 million.



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In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and clarifying and amending existing guidance. The guidance is effective for annual and interim periods beginning after December 15, 2020 with early adoption permitted. We adopted this standard on January 1, 2021 and it did not have a material impact on our consolidated financial statements and related disclosures.

In August 2018 the FASB issued ASU 2018-14, Compensation – Retirement Benefits – Defined Benefit Plans – General, which modifies the disclosure requirements for employers that sponsor defined benefit plans or other postretirement plans. This ASU removes certain disclosures that no longer are considered cost beneficial, clarifies the specific requirements of certain other disclosures, and adds disclosure requirements identified as relevant. The guidance is effective for annual and interim periods beginning after December 15, 2020 with early adoption permitted. We adopted this standard on January 1, 2021 and it did not have a material impact on our defined benefit plan disclosures.

Recently Issued Accounting Standards Not Yet Adopted

In November 2021, the FASB issued Accounting Standards Update (ASU) 2021-10, Disclosures by Business Entities about Government Assistance, which requires disclosures about the types of government assistance that we received, our accounting for the governmental assistance and its effect on our financial statements. The guidance is effective for annual periods beginning after December 15, 2021, with early adoption permitted, and the disclosures can be applied either prospectively at the date of initial application or retrospectively. We will adopt this standard on January 1, 2022, and we are currently evaluating the effects on our disclosures.

In October 2021, the FASB issued ASU 2021-08, Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which amends Topic 805, Business Combinations to require an acquirer to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, Revenue from Contracts with Customers. The guidance is effective for annual and interim periods beginning after December 15, 2022 with early adoption permitted. We are presently evaluating the effect of the standard on our disclosures.

In July 2021, the FASB issued ASU 2021-05, Lessors - Certain Leases with Variable Lease Payments, which amends Topic 842, Accounting for Leases, to require a lessor to classify a lease with entirely or partially variable payments that do not depend on an index or rate as an operating lease if another classification (i.e. sales-type or direct financing) would trigger a Day 1 loss. The guidance is effective for annual and interim periods beginning after December 15, 2021, with early adoption permitted. We will adopt this standard on January 1, 2022, and it will not have a material impact on our consolidated financial statements and related disclosures.

In May 2021, the FASB issued ASU-2021-04, Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options, which clarify and reduce diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after modification or exchange. The guidance is effective for annual and interim periods beginning after December 15, 2021, with early adoption permitted. We will adopt this standard on January 1, 2022, and it will not have a material impact on our consolidated financial statements and related disclosures.



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(2) REVENUE RECOGNITION

Our primary source of revenue is derived from charter contracts for which we provide a vessel and crew on a rate per day of service basis. Services provided under respective charter contracts represent a single performance obligation satisfied over time and are comprised of a series of time increments; therefore, vessel revenues are recognized daily throughout the contract period. There are no material differences in the cost structure of our contracts because operating costs are generally the same without regard to the length of a contract. Customers are typically billed on a monthly basis for day rate services and payment terms are generally 30 to 60 days.

Occasionally, customers pay additional lump-sum fees to us in order to either mobilize a vessel to a new location prior to the start of a charter contract or demobilize the vessel at the end of a charter contract. Mobilizations are not a separate performance obligation; thus, we have determined that mobilization fees are a component of the vessel's charter contract. As such, we defer lump-sum mobilization fees as a liability and recognize such fees as revenue consistent with the pattern of revenue recognition primarily on a straight-line basis over the term of the vessel's respective charter. Lump-sum demobilization revenue expected to be received upon contract termination is deferred as an asset and recognized ratably as revenue only in circumstances where the receipt of the demobilization fee at the end of the contract can be estimated and there is a high degree of certainty that collection will occur.

Customers also occasionally reimburse us for modifications to vessels in order to meet contractual requirements. These vessel modifications are not considered to be a separate performance obligation of the vessel's charter; thus, we record a liability for lump-sum payments made by customers for vessel modification and recognize it as revenue consistent with the pattern of revenue recognition primarily on a straight-line basis over the term of the vessel's respective charter.

Total revenue is determined for each individual contract by estimating both fixed (mobilization, demobilization and vessel modifications) and variable (day rate services) consideration expected to be earned over the contract term.

Costs associated with customer-directed mobilizations and reimbursed modifications to vessels are considered costs of fulfilling a charter contract and are expected to be recovered. Mobilization costs such as crew, travel, fuel, port fees, temporary importation fees and other costs are deferred as an asset and amortized as other vessel operating expenses consistent with the pattern of revenue recognition primarily on a straight-line basis over the term of such vessel's charter. Costs incurred for modifications to vessels in order to meet contractual requirements are capitalized as a fixed asset and depreciated either over the term of the respective charter contract or over the remaining estimated useful life of the vessel in instances where the modification is a permanent upgrade to the vessel and enhances its usefulness.

Refer to Note (13) for revenue by segment and in total for the worldwide fleet.

Contract Balances

Trade accounts receivables are recognized when revenue is earned and collectible. Contract assets include pre-contract costs, primarily related to vessel mobilizations, which have been deferred and will be amortized as other vessel expenses consistent with the pattern of revenue recognition primarily on a straight-line basis over the term of such vessel's charter. Contract liabilities include payments received for mobilizations or reimbursable vessel modifications to be recognized consistent with the pattern of revenue recognition primarily on a straight-line basis over the term of such vessel's charter. At December 31, 2021, we had \$1.8 million and \$2.6 million of deferred mobilization costs included with other current assets and other assets, respectively, and we have \$0.6 million of deferred mobilization revenue related to unsatisfied performance obligations included within other current liabilities, which will be recognized during the year ending December 31, 2022. At December 31, 2020, we had \$2.2 million and \$4.3 million of deferred mobilization costs included with other current assets and other assets, respectively, and we had \$0.4 million of deferred mobilization revenue related to unsatisfied performance obligations included within other current liabilities all of which were recognized during the year ended December 31, 2021.



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(3) DEBT

The following table summarizes debt outstanding based on stated maturities:

<u>(In Thousands)</u>	December 31, 2021	December 31, 2020
Senior secured bonds:		
8.50% Senior secured bonds due November 2026	\$ 175,000	\$ —
Senior secured notes:		
8.00% Senior secured notes due August 2022	—	147,049
Troms offshore borrowings:		
NOK denominated notes due May 2024 and January 2026	—	20,513
USD denominated notes due January and April 2027	—	30,413
	175,000	197,975
Debt discount and issuance costs	(7,115)	(5,244)
Less: Current portion of long-term debt	—	(27,797)
Total long-term debt	<u>\$ 167,885</u>	<u>\$ 164,934</u>

Senior Secured Bonds due November 2026 (the 2026 Notes)

On November 16, 2021, we completed an offering of \$175.0 million aggregate principal amount of the 2026 Notes. The bonds were privately placed, at an issue price of 98.5%. We used the net proceeds from the offering (i) to redeem its 8% Senior Secured Notes due 2022, (ii) to discharge our Troms offshore debt and (iii) for general corporate purposes, including fees and expenses related to the foregoing actions and recognized a \$11.1 million loss on debt extinguishment resulting from costs and expenses incurred in connection with this transaction.

The 2026 Notes were issued pursuant to the Bond Terms, dated as of November 15, 2021 (the Bond Terms), among us and Nordic Trustee AS, as Bond Trustee and Security Agent. We have the option to issue an additional \$25.0 million of notes under the Bond Terms if we can satisfy certain additional financial tests. Repayment of the 2026 Notes is guaranteed by our wholly-owned US subsidiaries named as guarantors therein (the Guarantors).

The 2026 Notes are secured by (i) a mortgage over each vessel owned by a Guarantor, the equipment that is a part of such vessel, and related rights to insurance on all of the foregoing, (ii) our intercompany claims of a Guarantor against a Restricted Group Company (defined as the Company, GulfMark Oceans, L.P. (GOLP), Tidewater Marine International, Inc. (TMII) and the Guarantors), (iii) bank accounts that contain vessel collateral proceeds or the periodic deposits to the debt service reserve account, (iv) collateral assignments of the rights of each Guarantor under certain long term charter contracts now existing or hereafter arising, and (v) all of the equity interests of the Guarantors and 66% of the equity interests of each of GOLP and TMII.

The 2026 Notes will mature on November 16, 2026. Interest on the 2026 Notes will accrue at a rate of 8.5% per annum payable semi-annually in arrears in May and November of each year, beginning May 2022. Each month, we will deposit into a debt service reserve account, an amount equal to one-sixth its next interest payment obligation which is classified as restricted cash on the balance sheet at December 31, 2021. We have pledged such bank account to secure payment of the 2026 Notes. Prepayment of the 2026 Notes prior to May 2024 requires the payment of make-whole amounts, and prepayments after that date are subject to prepayment premiums that decline over time.

The 2026 Notes contain two financial covenants: (i) a minimum free liquidity test (of Guarantor liquidity) equal to the greater of \$20.0 million or 10% of net interest bearing debt, and (ii) a minimum equity ratio of 30%, in each case for us and our consolidated subsidiaries. The Bond Terms also contain certain equity cure rights with respect to such financial covenants. We are currently in compliance with these covenants. Our ability to issue an additional \$25.0 million of notes under the Bond Terms is subject to compliance with a minimum vessel loan to value ratio and a maximum net leverage ratio. Our ability to make certain distributions to our stockholders is not allowed for the first two years and is thereafter subject to certain limits, including in some circumstances a minimum liquidity test and a maximum net leverage ratio. The 2026 notes are also subject to (i) customary vessel management and insurance covenants in the vessel mortgages, and (ii) negative covenants as set forth in the Bond Terms and in the Guarantee Agreement between us, Nordic Trustee AS as Security Agent and the Guarantors. The Bond Terms also contains certain customary events of default.



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As of December 31, 2021 the fair value of the 2026 Notes was \$177.6 million which was determined using observable market-based input or level two on the fair value hierarchy.

Credit Facility Agreement

On November 16, 2021, we entered into a Super Senior Revolving Credit Facility Agreement (the Credit Facility Agreement) with DNB Bank ASA, New York Branch, as Facility Agent, and Nordic Trustee AS, as Security Trustee. The Credit Facility Agreement takes precedence over all other debt, if and when drawn.

The Credit Facility Agreement matures on November 16, 2026 and provides \$25.0 million for general working capital purposes. All amounts owed under the Credit Facility Agreement are secured by the same collateral that secures the 2026 Notes, and such collateral is to be shared in accordance with the priorities established in the Intercreditor Agreement among the Facility Agent, the Company, certain subsidiaries thereof, Nordic Trustee AS and certain other parties. No amounts have been drawn on this credit facility.

Loans under Credit Facility Agreement will bear interest, at our option, either at a rate based on the prime rate published in the Wall Street Journal, or at LIBOR, plus 4% in either case. LIBOR, which is expected to be discontinued as an interest rate benchmark, is subject to customary provisions for replacement by the secured overnight financing rate as published by the Federal Reserve Bank of New York.

The Credit Facility Agreement includes covenants and events of default that are substantially the same as those provided in the Bond Terms, including covenants that limit liens, indebtedness, fundamental changes, dispositions, distributions, third party credit support, and transactions with affiliates. The Credit Facility Agreement also contains the same two financial covenants as are found in the Bond Terms. The Credit Facility Agreement contains certain equity cure rights with respect to such financial covenants. The Credit Facility Agreement contains mandatory prepayment obligations if (i) the aggregate fair market value, determined by independent appraisal, of the vessel collateral is less than \$75 million, or (ii) aggregate nominal amount of the outstanding Bonds is less than \$75.0 million.

Senior Secured Notes

Upon our emergence from Chapter 11 bankruptcy on July 31, 2017, we issued \$350.0 million aggregate principal amount of our 8.00% Senior Secured Notes due 2022.

The Senior Secured Notes were scheduled to mature on August 1, 2022; however, we repaid the senior secured notes in full in November 2021 with a portion of the proceeds from the 2026 Notes. Interest on the Secured Notes accrued at a rate of 8.00% per annum and was payable quarterly in arrears. The Senior Secured Notes were secured by substantially all our assets and guarantees of certain of our subsidiaries.

The \$2.1 million restricted cash on the balance sheet at December 31, 2020, represented proceeds from asset sales since the date of the last tender offer and was restricted as of that date by the terms of the indenture. During 2021 and 2020, we repurchased \$11.8 million and \$27.7 million, respectively, of the Senior Secured Notes in open market transactions. We also completed a successful voluntary tender offer for our Senior Secured Notes in the fourth quarter of 2020 that resulted in the repurchase of notes with a face value of \$50.0 million, which included the release of all restricted cash described above, for a total repurchase price of \$50.3 million.

We completed a successful voluntary tender offer for our Senior Secured Notes in November 2019 that resulted in the repurchase of notes with a face value of \$125.0 million plus a premium of 8.5% for total repurchase price of \$135.6 million. We deferred the premium and other costs of \$11.4 million which were expensed under the interest method over the remaining term.

Troms Offshore Debt

Between 2012 and 2014 our indirect wholly owned subsidiary, Troms Offshore, entered into two Norwegian kroner (NOK) denominated 12 year borrowing agreements aggregating 504.4 million NOK maturing in May 2024 and January 2026. In addition, in 2015 Troms Offshore entered into two U.S. dollar denominated 12 year borrowing agreements aggregating \$60.8 million and maturing in early 2027. Each loan required semi-annual principal and interest payments and bears interest at fixed rates ranging from 4.56% to 6.13%. As of December 31, 2020 there was \$50.9 million outstanding on the Troms offshore debt.

An amendment and restatement were executed in December 2020 which included an obligation to prepay an additional amount that would not exceed \$45.0 million. The prepayment associated with this amendment and restatement were \$23.3 million and \$12.5 million for the years ended December 31, 2021 and 2020, respectively. The Troms offshore debt was also prepaid in full in November 2021 with a portion of the proceeds from the 2026 Notes.



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Debt Costs

We capitalize a portion of our interest costs incurred on borrowed funds used to construct vessels. Interest and debt costs incurred are as follows:

(In Thousands)

	Year Ended December 31,		
	2021	2020	2019
Total interest and debt costs incurred	\$ 15,607	\$ 24,156	\$ 29,068
Less: interest costs capitalized	(24)	—	—
Total interest and debt costs	<u>\$ 15,583</u>	<u>\$ 24,156</u>	<u>\$ 29,068</u>



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(4) INVESTMENT IN UNCONSOLIDATED AFFILIATES

We maintained the following balances with our unconsolidated affiliates:

(In Thousands)

	December 31, 2021	December 31, 2020
Due from affiliates:		
Angolan joint venture (Sonatide)	\$ 49,011	\$ 41,623
Nigerian joint venture (DTDW)	21,123	20,427
	<u>70,134</u>	<u>62,050</u>
Due to affiliates:		
Sonatide	\$ 40,432	\$ 32,767
DTDW	21,123	20,427
	<u>61,555</u>	<u>53,194</u>
Due from affiliates, net of due to affiliates	<u>\$ 8,579</u>	<u>\$ 8,856</u>

Amounts due from Sonatide

Amounts due from Sonatide (Due from affiliate in the consolidated balance sheets) at December 31, 2021 and December 31, 2020 of approximately \$49.0 million and \$41.6 million, respectively, represent cash received by Sonatide from customers and due to us, amounts due from customers that are expected to be remitted to us through Sonatide and costs incurred by us on behalf of Sonatide. The following table displays the activity in the due from affiliate account related to Sonatide for the periods indicated:

(In Thousands)

	Year Ended December 31,		
	2021	2020	2019
Due from Sonatide at beginning of year	\$ 41,623	\$ 89,246	\$ 109,176
Revenue earned by the company through Sonatide	41,775	44,254	52,372
Less amounts received from Sonatide	(26,429)	(36,160)	(60,486)
Less amounts used to offset Due to Sonatide obligations (A)	(8,530)	(11,848)	(10,551)
Less impairment of due from affiliate	(400)	(40,900)	—
Other	972	(2,969)	(1,265)
	<u>\$ 49,011</u>	<u>\$ 41,623</u>	<u>\$ 89,246</u>

(A) We reduced the respective due from affiliates and due to affiliates balances each period through netting transactions based on agreement with the joint venture.

The obligation to us from Sonatide is denominated in U.S. dollars; however, the underlying third-party customer payments to Sonatide were satisfied, in part, in Angolan kwanzas. In late 2019, we were informed that, as part of a broad privatization program, Sonangol intended to seek to divest itself of its interest in Sonatide. In January 2022, we acquired the 51% interest of Sonatide previously held by our partner, which has resulted in Sonatide becoming a wholly-owned subsidiary. Refer to Note (15) for discussion of the acquisition.

In the second quarter of 2020 Sonatide declared a \$35.0 million dividend. On June 22, 2020, Sonangol received \$17.8 million and we received \$17.2 million. Our share of the dividend is reflected as dividend income from unconsolidated company in the consolidated statement of operations. In addition, as a result of this dividend payment, the cash balances of the joint venture were significantly reduced and we determined that, as a result, a significant portion of our net due from Sonatide balance was compromised.

At December 31, 2021, Sonatide had approximately \$10.2 million of cash on hand plus approximately \$10.6 million of net trade accounts receivable, providing approximately \$20.8 million of current assets to satisfy the net due from Sonatide. Given prior discussions with our partner regarding how the net losses from the devaluation of certain Angolan kwanza denominated accounts should be shared, we continue to evaluate our net due from Sonatide balance for potential impairment based on available liquidity held by Sonatide. During the years ended December 31, 2021 and 2020, we recorded a \$0.4 million and \$40.9 million affiliate credit loss impairment expense, respectively.



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Amounts due to Sonatide

Amounts due to Sonatide (Due to affiliate in the consolidated balance sheets) at December 31, 2021 and 2020 of approximately \$40.4 million and \$32.8 million, respectively, primarily represents commissions payable and other costs paid by Sonatide on our behalf. The following table displays the activity in the due to affiliate account related to Sonatide for the periods indicated:

(In Thousands)

	Year Ended December 31,		
	2021	2020	2019
Due to Sonatide at beginning of year	\$ 32,767	\$ 31,475	\$ 29,347
Plus commissions payable to Sonatide	3,832	4,152	4,937
Plus amounts paid by Sonatide on behalf of the company	10,914	9,037	9,654
Less commissions paid to Sonatide	—	—	(5,961)
Less amounts used to offset Due from Sonatide obligations (A)	(8,530)	(11,848)	(10,551)
Other	1,449	(49)	4,049
	<u>\$ 40,432</u>	<u>\$ 32,767</u>	<u>\$ 31,475</u>

(A) We reduced the respective due from affiliates and due to affiliates balances each period through netting transactions based on agreement with the joint venture.

Sonatide Operations

Sonatide's principal earnings are from the commissions paid by us to the joint venture for our vessels chartered into Angola. In addition, Sonatide owns two vessels that may generate operating income and cash flow.

Company operations in Angola

For the year ended December 31, 2021, our Angolan operation generated vessel revenues of approximately \$43.2 million or 11.9% of our consolidated vessel revenues, from an average of approximately 24 company owned vessels that are marketed through Sonatide, 5 of which were stacked on average during the year ended December 31, 2021.

For the year ended December 31, 2020, our Angolan operation generated vessel revenues of approximately \$45.3 million or 11.7% of our consolidated vessel revenues, from an average of approximately 23 company owned vessels that are marketed through Sonatide, 6 of which were stacked on average during the year ended December 31, 2020.

For the year ended December 31, 2019, our Angolan operation generated vessel revenues of approximately \$52.1 million or 10.9% of our consolidated vessel revenues, from an average of approximately 32 company owned vessels that are marketed through Sonatide, 13 of which were stacked on average during the year ended December 31, 2019.

Amounts due from DTDW

We own 40% of DTDW in Nigeria. Our partner, who owns 60%, is a Nigerian national. DTDW owns one offshore service vessel. We also operate company owned vessels in Nigeria for which the joint venture receives a commission. As of December 31, 2021 and 2020, respectively, we had no company owned vessels operating in Nigeria and the DTDW owned vessel was not employed. At the beginning of 2020 we had expected that we would be operating numerous vessels in Nigeria, but in the second quarter of 2020 the COVID-19 pandemic and resulting oil price reduction (further described in Note 7) caused our primary customer in Nigeria to eliminate all planned operations for 2020. As a result, our cash flow projections indicated that DTDW does not have sufficient funds to meet its obligations to us or its vendors. Therefore, we recorded affiliate credit loss impairment expense for the year ending December 31, 2020 totaling \$12.1 million.

As of December 31, 2020, DTDW had long-term debt of \$4.7 million which was secured by the vessel owned by DTDW and guarantees from the DTDW partners (in proportion to their ownership interests). We recorded additional impairment expense of \$2.0 million which represented our portion of the joint venture debt guarantee during the year ended December 31, 2020. On April 22, 2021, we paid approximately \$2.0 million, to settle this debt guarantee and our partner assumed the remaining joint venture debt which represented his portion of the guarantee.



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(5) INCOME TAXES

Losses before income taxes derived from United States and non-U.S. operations are as follows:

(In Thousands)

	Year Ended December 31,		
	2021	2020	2019
Non-U.S.	\$ (58,476)	\$ (137,225)	\$ (44,205)
United States	(65,309)	(60,436)	(69,290)
	<u>\$ (123,785)</u>	<u>\$ (197,661)</u>	<u>\$ (113,495)</u>

Income tax expense (benefit) consists of the following:

(In Thousands)

	U.S.			
	Federal	State	Non-U.S.	Total
Year Ended December 31, 2019				
Current	\$ 649	\$ —	\$ 26,403	\$ 27,052
Deferred	672	—	—	672
	<u>\$ 1,321</u>	<u>\$ —</u>	<u>\$ 26,403</u>	<u>\$ 27,724</u>
Year Ended December 31, 2020				
Current	\$ (21,005)	\$ —	\$ 18,816	\$ (2,189)
Deferred	(30)	—	1,254	1,224
	<u>\$ (21,035)</u>	<u>\$ —</u>	<u>\$ 20,070</u>	<u>\$ (965)</u>
Year Ended December 31, 2021				
Current	\$ 682	\$ —	\$ 6,480	\$ 7,162
Deferred	(1,418)	—	131	(1,287)
	<u>\$ (736)</u>	<u>\$ —</u>	<u>\$ 6,611</u>	<u>\$ 5,875</u>

The actual income tax expense above differs from the amounts computed by applying the U.S. federal statutory tax rate of 21% to pre-tax loss as a result of the following:

(In Thousands)

	Year Ended December 31,		
	2021	2020	2019
Computed "expected" tax benefit	\$ (25,995)	\$ (41,509)	\$ (23,834)
Increase (reduction) resulting from:			
Foreign income taxed at different rates	10,984	27,639	9,283
Uncertain tax positions	(25,417)	(62,833)	5,145
Valuation allowance - deferred tax assets	34,566	43,455	15,707
Valuation allowance - deferred tax true-up	29,711	(6,523)	—
Deferred tax true-up	(29,789)	6,523	—
Foreign taxes	15,220	12,520	20,778
Return to accrual	(7,691)	11,401	(2,247)
162(m) - Executive compensation	125	286	28
Subpart F income	484	5,631	1,227
Other, net	3,677	2,445	1,637
	<u>\$ 5,875</u>	<u>\$ (965)</u>	<u>\$ 27,724</u>



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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

<u>(In Thousands)</u>	December 31, 2021	December 31, 2020
Deferred tax assets:		
Accrued employee benefit plan costs	\$ 7,275	\$ 8,815
Stock based compensation	649	407
Net operating loss and tax credit carryforwards	215,797	148,699
Restructuring fees not currently deductible for tax purposes	566	1,415
Disallowed business interest expense carryforward	10,386	5,546
Other	3,152	2,518
Gross deferred tax assets	237,825	167,400
Less valuation allowance	(204,899)	(140,428)
Net deferred tax assets	32,926	26,972
Deferred tax liabilities:		
Depreciation and amortization	(31,745)	(25,883)
Outside basis difference deferred tax liability	(2,891)	(2,891)
Foreign interest withholding tax	(990)	(859)
Other	572	(754)
Gross deferred tax liabilities	(35,054)	(30,387)
Net deferred tax assets (liabilities)	\$ (2,128)	\$ (3,415)

On March 27, 2020, the United States enacted the CARES Act, which made changes to existing U.S. tax laws, including, but not limited to, (1) allowing U.S. federal net operating losses originated in the 2019 or 2020 tax years to be carried back five years to recover taxes paid based upon taxable income in the prior five years, (2) eliminated the 80% of taxable income limitation on net operating losses for the 2019 or 2020 tax years (the 80% limitation will be reinstated for tax years after 2020), (3) accelerating the refund of prior year alternative minimum tax credits, and (4) modifying the limitation on deductible interest expense. Considering the available carryback, we have recorded a tax benefit of \$6.9 million in the year ended December 31, 2020 related to the realization of net operating loss deferred tax assets on which a valuation allowance was previously recorded.

As of December 31, 2021, the Company had U.S. federal net operating loss carryforwards of \$417.9 million, which includes \$163.7 million of net operating losses subject to an IRC Section 382 limitation. As of December 31, 2020, the Company had \$320.7 million of U.S. federal net operating losses, which includes \$159.3 million of net operating losses subject to an IRC Section 382 limitation. We have \$405.3 million foreign tax credits as of December 31, 2021. We have foreign net operating loss carryforwards of \$160.0 million that will expire beginning in 2025 with many having indefinite carryforward periods.

IRC Sections 382 and 383 provide an annual limitation with respect to the ability of a corporation to utilize its tax attributes, as well as certain built-in-losses, against future U.S. taxable income in the event of a change in ownership. Our emergence from Chapter 11 bankruptcy proceedings in 2017 is considered a change in ownership for purposes of IRC Section 382. The Company's annual limitation under the IRC is approximately \$15.0 million which is based on our value as of the ownership change date. In addition, the merger with GulfMark in 2018 resulted in a change in ownership of GulfMark for purposes of IRC Section 382. The GulfMark ownership change results in an annual limitation of approximately \$7.0 million on GulfMark's tax attributes generated prior to the ownership change date, which begin to expire in 2032. The Company has recorded a valuation allowance on the net operating loss balance as it believes that it is more likely than not that the deferred tax asset will not be realized.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit the use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated, were the cumulative losses for financial reporting purposes that were incurred for the years ending December 31, 2021, 2020 and 2019. Such objective negative evidence limits the ability to consider other subjective evidence, such as our projections for future growth and tax planning strategies.



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Based on this evaluation, for the period ended December 31, 2021, a valuation allowance of \$204.9 million was recorded against our net deferred tax asset. For the period ended December 31, 2020, a valuation allowance of \$140.4 million was recorded against our net deferred tax asset. The increase in the valuation allowance was primarily attributable to the additional valuation allowance on foreign tax credits that were previously reduced by uncertain tax positions which were released by a statute of limitation expiration. The amount of the deferred tax asset considered realizable could be adjusted if estimates of future U.S. taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as our projections for growth and/or tax planning strategies.

We have not recognized a U.S. deferred tax liability associated with temporary differences related to investments in our non-U.S. holding companies as the Company does not intend to dispose of the stock of these companies. These differences relate primarily to stock basis differences attributable to factors other than earnings, given that any untaxed cumulative earnings were subject to taxation in the U.S. in 2017 in accordance with the Tax Act. Further, any post-2017 earnings of these subsidiaries will either be taxed currently for U.S. purposes or will be permanently exempt from U.S. taxation. It is not practicable to estimate the deferred tax liability associated with temporary differences related to investments in our non-U.S. holding companies due to the legal structure and complexity of U.S. and non-U.S. tax laws.

Historically, it has been the practice and intention of the Company to indefinitely reinvest the earnings of its non-U.S. subsidiaries. Considering the significant changes made by the Tax Act, the Company will no longer be indefinitely reinvested with regards to its non-U.S. earnings which can be repatriated free of taxation. However, the Company is indefinitely reinvested in the non-U.S. earnings that could be subject to taxation and no deferred taxes have been provided. As of December 31, 2021, the non-U.S. positive unremitted earnings, for which the Company is indefinitely reinvested, are \$36.4 million. It is not practicable for the Company to estimate the amount of taxes on positive unremitted earnings due to the legal structure and complexity of non-U.S. tax laws. The Company decides each period whether to indefinitely reinvest these earnings. If, as a result of these reassessments, the Company distributes these earnings in the future, additional tax liabilities could result.

We record uncertain tax positions on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The recognition and measurement of tax liabilities for uncertain tax positions in any tax jurisdiction requires the interpretation of the related tax laws and regulations as well as the use of estimates and assumptions regarding significant future events. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or our level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes during any given year.

Our balance sheet reflects the following in accordance with ASC 740:

(In Thousands)

	December 31, 2021	December 31, 2020
Tax liabilities for uncertain tax positions	\$ 29,283	\$ 35,304
Income tax payable	11,480	15,928
Income tax receivable	1,322	8,280

Included in the liability balances for uncertain tax positions above for the periods ending December 31, 2021 and 2020, are \$17.8 million and \$22.1 million of penalties and interest, respectively. Penalties and interest related to income tax liabilities are included in income tax expense. Income tax payable is included in other current liabilities.



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A reconciliation of the beginning and ending amount of all unrecognized tax benefits, and the liability for uncertain tax positions (but excluding related penalties and interest) are as follows:

(In Thousands)

Balance at December 31, 2018	\$ 399,292
Additions based on tax positions related to the current year	14,741
Additions based on tax positions related to a prior year	1,964
Settlement and lapse of statute of limitations	(1,897)
Reductions based on tax positions related to a prior year	(58)
Balance at December 31, 2019 (A)	\$ 414,042
Additions based on tax positions related to a prior year	2,223
Settlement and lapse of statute of limitations	(64,458)
Reductions based on tax positions related to a prior year	(760)
Balance at December 31, 2020 (A)	\$ 351,047
Additions based on tax positions related to the current year	53
Additions based on tax positions related to a prior year	18,515
Settlement and lapse of statute of limitations	(35,962)
Balance at December 31, 2021 (A)	\$ 333,653

(A) The gross balance reported as uncertain tax positions is largely offset by \$322.1 million of foreign tax credits and other tax attributes.

It is reasonably possible that a decrease of \$6.4 million in unrecognized tax benefits may be necessary within the coming year due to the lapse of statutes of limitations or audit settlements.

The amount of unrecognized tax benefits that, if recognized for tax purposes, would affect the effective tax rate are \$29.3 million and \$35.3 million as of December 31, 2021 and December 31, 2020 respectively.

With limited exceptions, we are no longer subject to tax audits by U.S. federal, state, local or foreign taxing authorities for fiscal years prior to March 2015. In October 2020, the Company received notification from the IRS that the GulfMark U.S. income tax return ending December 31, 2017 was selected for examination. The IRS audit of the GulfMark U.S. income tax return ending December 31, 2017 was closed on November 15, 2021 with no additional tax due. We have ongoing examinations by various foreign tax authorities and do not believe that the results of these examinations will have a material adverse effect on our financial position or results of operations.

The Tax Act

The Tax Act was enacted on December 22, 2017 and introduced significant changes to U.S. income tax law, including a reduction in the statutory income tax rate from 35% to 21% effective January 1, 2018, a one-time transition tax on deemed repatriation of deferred foreign income, a base erosion anti-abuse tax ("BEAT") that effectively imposes a minimum tax on certain payments to non-U.S. affiliates, new and revised rules relating to the current taxation of certain income of foreign subsidiaries under the global intangible low-tax income ("GILTI") regime, changes to net operating loss carryforwards, immediate expensing for capital expenditures, and revised rules associated with limitations on the deduction of interest.

The Tax Act subjects a US shareholder to tax on GILTI earned by certain foreign subsidiaries. We have made an accounting policy election to account for GILTI in the year the tax is incurred. Due to current year losses, no GILTI was recognized for the years ending December 31, 2021, 2020 or 2019.

The BEAT provisions in the Tax Act eliminate the deduction of certain base-erosion payments made to related foreign corporations beginning in 2018, and impose a minimum tax if greater than regular tax. The BEAT did not have a material impact on our provision for income tax for the years ending December 31, 2021, 2020 or 2019.



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(6) LEASES

We have operating leases primarily for office space, temporary residences, automobiles and office equipment. Contracts containing assets that we benefit from and control are recognized on our balance sheet. Leases with an initial term of 12 months or less are not recorded on the balance sheet. We recognized lease expense for these leases on a straight-line basis over the lease term. We combine the lease and non-lease components for all lease agreements. Certain leases include one or more options to renew with renewal terms that can extend the lease term from one to ten years. The exercise of lease renewal options is at our sole discretion and lease renewal options are not included in our lease terms if they are not reasonably certain to be exercised. Our lease agreements do not contain any residual value guarantees or restrictive covenants or options to purchase the leased property. The amount of right of use assets and lease liabilities recorded on our Consolidated Balance Sheet at December 31, 2021 and 2020, respectively, are as follows.

<u>Leases (In Thousands)</u>	<u>Classification</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Assets:			
Operating	Other assets	\$ 3,441	\$ 3,372
Liabilities:			
Current			
Operating	Other current liabilities	1,405	1,134
Noncurrent			
Operating	Other liabilities	3,301	2,668
Total lease liabilities		\$ 4,706	\$ 3,802

Future payments to be made on our operating lease liabilities at December 31, 2021 will be as follows.

<u>Maturity of lease liabilities (In Thousands)</u>	<u>Operating leases</u>
2022	\$ 2,205
2023	1,183
2024	741
2025	748
2026	680
After 2026	316
Total lease payments	5,873
Less: Interest	(1,167)
Present value of lease liabilities	\$ 4,706

As most of our leases do not provide an implicit interest rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. We used the incremental borrowing rate on January 1, 2019 for operating leases that began prior to that date.

Lease costs included in general and administrative expense for the years ended December 31, 2021, 2020 and 2019, respectively, are as follows.

<u>(In Thousands)</u>	<u>Classification</u>	<u>Year Ended</u>	<u>Year Ended</u>	<u>Year Ended</u>
		<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Lease costs				
Operating lease costs	General and administrative	\$ 1,369	\$ 1,270	\$ 1,336
Short-term leases	General and administrative	2,529	3,483	4,840
Variable lease costs	General and administrative	412	392	313
Sublease income	General and administrative	—	—	(3)
Net lease cost		\$ 4,310	\$ 5,145	\$ 6,486



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Our weighted average remaining lease term and weighted average discount rate at December 31, 2021 is as follows.

<u>Lease term and discount rate</u>	<u>December 31, 2021</u>
Weighted average remaining lease term in years	3.3
Weighted average discount rate	7.4%

The cash paid for operating leases included in operating cash flows and in the measurement of lease liabilities for the years ended December 31, 2021, 2020 and 2019 was \$1.8 million, \$1.0 million and \$1.4 million, respectively. Right of use assets obtained in exchange for operating lease obligations were \$0.3 million, \$0.3 million and \$0.8 million, for the years ended December 31, 2021, 2020 and 2019, respectively.



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(7) ASSETS HELD FOR SALE, ASSET SALES AND ASSET IMPAIRMENTS

In 2019, we made a strategic decision to reduce the size of our fleet and to remove assets that were not considered to be part of our long-term plans. As a result, we evaluated our fleet for vessels to be considered for disposal and identified 46 (approximately 20% of our total vessels at the time) vessels to be classified as held for sale. Beginning in the first quarter of 2020, the industry and world economies were affected by a global pandemic and a concurrent reduction in the demand for and the price of crude oil. The pandemic and oil price impact severely affected the oil and gas industry and caused us to expand our disposal program to include more vessels. In 2020, we added 32 vessels to our assets held for sale. During 2020, we sold a total of 53 of the vessels that were classified as held for sale, moved two vessels back into our active fleet and had 23 vessels remaining in the held for sale account as of December 31, 2020. We also sold three vessels from our active fleet in 2020. During 2021, we sold a total of nine vessels that were classified as held for sale, added seven vessels to our assets held for sale, moved three vessels back into our active fleet and have 18 vessels remaining in the held for sale account as of December 31, 2021. In addition, we sold 10 vessels from our active fleet in 2021. One of the vessel sales was to a third-party operator, Jackson Offshore, which has a person in senior management, Matthew Rigdon, its Chief Operating Officer, who is the son of Larry Rigdon, the chairman of our Board of Directors. This vessel was sold for proceeds of \$11.4 million, all of which was collected in the second quarter of 2021, and we recognized a gain of \$4.3 million on the sale. We realized proceeds from sales of vessels and other assets during the years ended December 31, 2021 and 2020 of \$34.0 million and \$38.3 million, respectively.

See the following tables for additions and dispositions related to assets held for sale as well as net gains (losses) on sales of vessels and impairments recorded when the assets were valued at net realizable value upon classification as held for sale.

Following is the activity in assets held for sale during the years ended December 31:

<u>(In Thousands, except number of vessels)</u>	Number of Vessels		2021	Number of Vessels		2020	Number of Vessels		2019
Beginning balance	23	\$	34,396	46	\$	39,287	—	\$	—
Additions	7		18,096	32		97,663	46		66,033
Sales	(9)		(15,433)	(53)		(26,877)	—		—
Reactivation	(3)		(7,250)	(2)		(500)	—		—
Impairment	—		(15,388)	—		(75,177)	—		(26,746)
Ending balance	18	\$	14,421	23	\$	34,396	46	\$	39,287

Following is the summary of vessel sales and the gains on sales of vessels for the years ended December 31:

<u>(In Thousands, except number of vessels)</u>	2021		2020		2019	
Vessels sold from active fleet		10		3		40
Gain on sale of active vessels, net	\$	3,499	\$	1,217	\$	2,434
Vessels sold from assets held for sale		9		53		—
Gain (loss) on vessels sold from assets held for sale, net	\$	(6,209)	\$	6,384	\$	—
Total vessels sold		19		56		40
Total gain (loss) on sales of vessels, net	\$	(2,710)	\$	7,601	\$	2,434



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During the years ended December 31, 2021, 2020, and 2019, we recorded \$13.7 million, \$75.2 million, and \$26.7 million, respectively, in impairment related to our assets held for sale. In 2021, we recaptured \$1.7 million of impairment charged in 2020 to a vessel that we reactivated in 2021. In 2020, we recaptured \$1.0 million in impairment charged in 2019 to two vessels reactivated in 2020. Such recaptures are included in our total net impairment numbers disclosed here. We will from time to time reactivate vessels from assets held for sale back into the active fleet. Upon reactivation, we determine the appropriate fair value of the vessel and recapture any prior impairment expense to the extent the active fair value exceeds the assets held for sale net realizable value. The value assigned to the reactivated vessel is limited to its book value, adjusted for depreciation, prior to its classification as an asset held for sale. We consider the valuation approach for our assets held for sale to be a Level 3 fair value measurement due to the level of estimation involved in valuing assets to be recycled or sold. We estimate the net realizable value of our assets held for sale using various methodologies including third party appraisals, sales comparisons, sales agreements and scrap yard tonnage prices. Estimates generally fall in ranges rather than exact numbers due to the nature of sales of offshore vessels and industry conditions. Our value ranges depend on our expectation of the ultimate disposition of the vessel. We will in all circumstances attempt to achieve maximum value for our vessels, but also recognize that certain vessels are more likely to be recycled, especially given the time and effort required to achieve a sale and the costs incurred to maintain a vessel while searching for a buyer. We establish ranges that in many cases have scrap value as the low end of the range and an expected open market sale value at the top of the range. When there is no expectation within the range that is considered more likely than any other, we apply equal probability weighting to the low and high ends of the valuation range. We do not separate our asset impairment expense by segment because of the significant movement of our assets between segments.

In conjunction with our review of conditions that would indicate potential impairment in the value of our assets, we identified certain obsolete marine service parts and supplies inventory and charged \$1.9 million, \$3.0 million and \$5.2 million, respectively, of impairment expense for the years ended December 31, 2021, 2020, and 2019. We considered this valuation approach to be a Level 3 fair value measurement due to the level of estimation involved in valuing obsolete inventory.

In 2011, we contracted with a Brazilian shipyard to construct a vessel that was not completed. We initiated arbitration proceedings seeking completion of the hull or rescission of the contract and the return of funds. In response, the shipyard initiated a separate lawsuit seeking the amounts due under the contract. As of the fresh-start date, we recorded \$1.8 million in other assets which represented the unimpaired balance of the construction costs that were expected to be returned to us once the dispute was resolved. During 2019, our final appeal was denied and the case was remanded back to the original courts. Our local counsel informed us that it was now more likely than not, that the shipyard would prevail in the dispute and that we would be liable for an additional payment of \$4.0 million. As a result, a \$5.8 million expense was recorded in the fourth quarter of 2019. In 2020, the dispute with the shipyard was settled. We conveyed the ownership of the partially completed vessel to the shipyard in exchange for a release of all obligations under the contract with the shipyard. Accordingly, a \$4.0 million credit was recorded in the fourth quarter of 2020 to impairment expense, as no additional amounts are payable under the contract to the shipyard.

Impairments incurred during the last three years are primarily the result of our customers' reduction in offshore exploration and production expenditures caused by the ongoing and sustained low levels of crude oil and natural gas prices as well as our efforts to reduce the oversupply of vessels which currently exists in the offshore support vessel market through the sale and recycling of vessels.

Following is a summary of impairment of vessels in our active fleet, assets held for sale, marine service and vessel supplies and other impairment and costs during the years ended December 31:

(In Thousands, except number of vessels)	Number of Vessels	2021	Number of Vessels	2020	Number of Vessels	2019
Assets held for sale	8	\$ 15,388	47	\$ 75,177	35	\$ 26,746
Reactivation of asset held for sale	1	(1,650)	—	—	—	—
Obsolete inventory	—	1,905	—	2,959	—	5,223
Other	—	—	—	(4,027)	—	5,804
Total impairment and other expense		\$ 15,643		\$ 74,109		\$ 37,773



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In the first quarter of 2020, the World Health Organization declared an outbreak of a coronavirus (COVID-19) to be a pandemic (the COVID-19 pandemic) and, in response, much of the industrialized world had initiated severe measures to lessen its impact. The ongoing COVID-19 pandemic created significant volatility, uncertainty, and economic disruption throughout 2020 and 2021. With respect to our sector, the COVID-19 pandemic resulted in a much lower demand for oil as national, regional, and local governments imposed travel restrictions, border closings, restrictions on public gatherings, stay at home orders, and limitations on business operations in order to contain its spread. During this same time period, oil-producing countries struggled to reach consensus on worldwide production levels, resulting in both a market oversupply of oil and a precipitous fall in crude oil prices. Combined, these conditions adversely affected our operations and business beginning in late March 2020 and continuing through the remainder 2020 and 2021. Our industry began to experience signs of recovery in the fourth quarter of 2021 and into the current year. The initial reduction in demand for hydrocarbons together with a decline in the price of crude oil at the outset of the pandemic, resulted in our primary customers, the oil and gas companies, making material reductions to their planned spending on offshore projects, compounding the effect of COVID-19 on offshore operations. Further, these conditions, separately or together, are expected to continue to impact the demand for our services, the utilization and/or rates we can achieve for our assets and services, and the outlook for our industry in general.

In the first and second quarters of 2020, we considered these events to be indicators that the value of our active offshore vessel fleet may be impaired. As a result, in the first two quarters of 2020, we performed Step 1 evaluations of our active offshore fleet under FASB Accounting Standards Codification 360, which governs the methodology for identifying and recording impairment of long-lived assets to determine if any of our asset groups have net book value in excess of undiscounted future net cash flows. Our evaluations did not indicate impairment of any of our asset groups. Beginning with the third quarter of 2020, conditions related to the pandemic and oil price environment stabilized and in the fourth quarter industry conditions marginally improved. Similarly, during the year ended December 31, 2021, we have not seen any indications in the industry that would indicate impairment of any of our asset groups. As a result, we did not identify additional events or conditions that would require us to perform a Step 1 evaluation during 2021. We will continue to monitor the expected future cash flows and the fair market value of our asset groups for impairment.

Please refer to Note (1) for a discussion of our accounting policy for accounting for the impairment of long-lived assets.



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(8) EMPLOYEE RETIREMENT PLANS

Defined Benefit Pension Plan

We have a defined benefit pension plan (pension plan) that covers certain U.S. employees. On December 31, 2010, the pension plan was frozen and accrual of benefits was discontinued. We contributed \$1.1 million to the plan during the year ended December 31, 2019. We did not contribute to the plan during the years ended December 31, 2021 and 2020, respectively. We may contribute to this plan in 2022, but the amount, if any, has not been determined. We had defined benefit pension plans that covered a small number of current and former Norwegian employees. All Norwegian plan participants were transferred from our defined benefit plans into a defined contribution plan during 2020. Amounts contributed to these defined benefit plans were immaterial during the two years ended December 31, 2020.

Supplemental Executive Retirement Plan

We also offered a non-contributory, defined benefit supplemental executive retirement plan (supplemental plan) that provides pension benefits to certain employees in excess of those allowed under our tax-qualified pension plan. The supplemental plan was closed to new participation in 2010 and was frozen effective January 1, 2018. We contributed \$1.6 million, \$1.6 million and \$3.2 million during the years ended December 31, 2021, 2020 and 2019, respectively. Any future accrual of benefits under the supplemental plan or other contributions to the supplemental plan will be determined at our sole discretion.

Investment Strategies

U.S. Pension Plan

The obligations of our pension plan are supported by assets held in a trust for the payment of benefits. We are obligated to adequately fund the trust. For the pension plan assets, we have the following primary investment objectives: (1) closely match the cash flows from the plan's investments from interest payments and maturities with the long-term financial obligations from the plan's liabilities; and (2) enhance the plan's investment returns without taking on undue risk by industries, maturities or geographies of the underlying investment holdings.

The plan has historically invested in a fixed income only strategy, however because interest rates are forecasted by the United States (U.S.) Federal Reserve to remain low through 2023, it was determined in 2020 that the portfolio should be more broadly diversified. The pension plan's current target rate of return is 150 basis points above the simple average of the Bloomberg Barclays US Aggregate Bond Index return and the total return of the S&P 500 including dividends.

The fixed income portion of the pension plan investment portfolio will be approximately 50% and is comprised primarily of US Government bonds. The remainder of the portfolio will include a well-diversified structure that will include a wide array of asset classes comprised of domestic equities with a small percentage allocated to foreign markets. Alternative investments are allowed but may not exceed 25% of the market value of the portfolio. Illiquid equity holdings, private placements or restricted equities are not permissible investments for the plan.

The cash flow requirements of the pension plan are analyzed at least annually. The plan does not invest in Tidewater stock.

Our policy for the pension plan is to contribute no less than the minimum required contribution by law and no more than the maximum deductible amount. The pension plan assets are periodically evaluated for concentration risks. As of December 31, 2021, we did not have any individual asset investments that comprised 10% or more of each plan's overall assets.



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U.S. Pension Plan Asset Allocations

The following table provides the target and actual asset allocations for the pension plan:

	Target	Actual as of December 31, 2021	Actual as of December 31, 2020
U.S. Pension plan:			
Cash	—%	2%	3%
Debt securities	50%	34%	53%
Equity securities	50%	64%	44%
Total	100%	100%	100%

Fair Value of Pension Plans Assets

Tidewater's plan assets are accounted for at fair value and are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement, except for investments for which fair value is measured using the net asset value per share expedient.

The following table provides the fair value hierarchy for our domestic pension plan measured at fair value as of December 31, 2021:

(In Thousands)	Fair Value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Measured at Net Asset Value
Pension plan measured at fair value:					
Equity securities, primarily exchange traded funds	\$ 36,240	\$ 36,240	\$ —	\$ —	\$ —
Debt securities, primarily mutual funds	19,628	19,628	—	—	—
Cash and cash equivalents	911	—	911	—	—
Total fair value of plan assets	\$ 56,779	\$ 55,868	\$ 911	\$ —	\$ —

The fair value hierarchy for the pension plans assets measured at fair value as of December 31, 2020, are as follows:

(In Thousands)	Fair Value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Measured at Net Asset Value
Pension plan measured at fair value:					
Equity securities, primarily exchange traded funds	\$ 24,947	\$ 21,780	\$ —	\$ —	\$ 3,167
Debt securities, primarily exchange traded funds	29,922	17,925	—	—	11,997
Cash and cash equivalents	1,626	—	1,626	—	—
Total fair value of plan assets	\$ 56,495	\$ 39,705	\$ 1,626	\$ —	\$ 15,164



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Plan Assets and Obligations

Changes in combined plan assets and obligations and the funded status of the U.S. defined benefit pension plan, Norway's defined benefit pension plan (discontinued in the fourth quarter of 2020), and the supplemental plan (Pension Benefits), are as follows:

(In Thousands)

	Year Ended December 31,		
	2021	2020	2019
Change in benefit obligation:			
Benefit obligation at beginning of the period	\$ 88,960	\$ 91,654	\$ 90,247
Service cost	—	112	427
Interest cost	2,168	2,907	3,751
Benefits paid	(5,693)	(5,990)	(5,967)
Actuarial (gain) loss (A)	(1,127)	5,277	8,198
Settlement	—	(4,407)	(4,978)
Foreign currency exchange rate changes	—	(593)	(24)
Benefit obligation at end of the period	\$ 84,308	\$ 88,960	\$ 91,654
Change in plan assets:			
Fair value of plan assets at beginning of the period	\$ 56,495	\$ 59,625	\$ 56,790
Actual return	4,374	6,890	7,498
Actuarial loss	—	18	983
Administrative expenses	—	(49)	(68)
Employer contributions	1,603	1,615	5,027
Benefits paid	(5,693)	(5,990)	(5,967)
Settlement	—	(5,000)	(4,638)
Foreign currency exchange rate changes	—	(614)	—
Fair value of plan assets at end of the period	\$ 56,779	\$ 56,495	\$ 59,625
Unfunded status at end of the period	\$ (27,529)	\$ (32,465)	\$ (32,029)
Net amount recognized in the balance sheet consists of:			
Current liabilities	\$ (1,578)	\$ (1,524)	\$ (1,422)
Noncurrent liabilities	(25,951)	(30,941)	(30,607)
Net amount recognized	\$ (27,529)	\$ (32,465)	\$ (32,029)

(A) The change in the actuarial (gain) loss for the three years ended December 31, 2021 was primarily attributable to changes in the discount rate.

The following table provides combined information for pension plans with an accumulated benefit obligation in excess of plan assets (includes both the pension plans and supplemental plan):

(In Thousands)

	December 31, 2021	December 31, 2020
Projected and accumulated benefit obligation	\$ 84,308	\$ 88,960
Fair value of plan assets	56,779	56,495

Net periodic combined benefit cost for the pension plans and the supplemental plan includes the following components:

(In Thousands)

	Year Ended December 31,		
	2021	2020	2019
Service cost	\$ —	\$ 109	\$ 427
Interest cost	2,168	2,907	3,751
Expected return on plan assets	(2,174)	(2,191)	(2,375)
Administrational expenses	—	49	71
Payroll tax of net pension costs	—	14	55
Amortization of net actuarial losses	145	(5)	(592)
Settlement/curtailment (gain) loss	—	738	(219)
Net periodic pension cost	\$ 139	\$ 1,621	\$ 1,118



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The components of the net periodic combined pension cost, except for the service costs are included in the caption "Interest income and other, net." Service costs are included in the caption "Vessel operating costs."

Other changes in combined plan assets and benefit obligations recognized in other comprehensive (income) loss include the following components:

(In Thousands)	Pension Benefits		
	Year Ended December 31,		
	2021	2020	2019
Net (gain) loss	\$ (3,472)	\$ (568)	\$ 2,612
Settlement recognized	—	—	(182)
Total recognized in other comprehensive (income) loss, before tax and net of tax	\$ (3,472)	\$ (568)	\$ 2,430

We do not expect to recognize any unrecognized actuarial (loss) gain or unrecognized prior service credit (cost) as a component of net periodic benefit costs during the next year.

Discount rates of 2.85% and 2.5% were used to determine net benefit obligations as of December 2021 and 2020, respectively.

Assumptions used to determine net periodic benefit costs are as follows:

	Pension Benefits	
	2021	2020
Discount rate	2.5%	3.5%
Expected long-term rate of return on assets	4.0%	4.0%
Rates of annual increase in compensation levels	N/A	2.3%

To develop the expected long-term rate of return on assets assumption, we considered the current level of expected returns on various asset classes. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected return on plan assets assumption for the portfolio.

Based upon the assumptions used to measure our qualified pension benefit obligations at December 31, 2021, we expect that the combined benefits for the pension and the supplemental plan to be paid over the next ten years will be as follows:

Year ending December 31, (In Thousands)	Pension Benefits
2022	\$ 5,911
2023	5,863
2024	5,816
2025	5,746
2026	5,648
2027 – 2031	26,188
Total 10-year estimated future benefit payments	\$ 55,172



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Defined Contribution Plans

Retirement Contributions

Prior to 2019, all eligible U.S. fleet personnel received retirement contributions. This benefit was noncontributory by the employee, but we contributed, in cash, 3% of an eligible employee's compensation to a trust on behalf of the employees which vested over five years. We ceased contributing to the employee retirement plan effective January 1, 2018. Any future employer contributions to this plan will be determined at our discretion.

401(k) Savings Contribution

Upon meeting various citizenship, age and service requirements, employees are eligible to participate in a defined contribution savings plan and can contribute from 2% to 75% of their base salary to an employee benefit trust. Effective October 31, 2021, we matched, in cash, 50% of the first 6% of eligible compensation deferred by the employee. As of December 31, 2021, the amount contributed was \$0.1 million. Any future employer contributions to this plan will be determined at our discretion.

The plan held no shares of Tidewater common stock for the years ended December 31, 2021 and 2020, respectively.

Other Plans

A non-qualified supplemental savings plan is provided to executive officers who defer additional eligible compensation that cannot be deferred under the existing 401(k) plan due to IRS limitations. An optional company match or contribution of restoration benefits was ceased effective January 1, 2018.

We also provided retirement benefits to our eligible non-U.S. citizen employees working outside their respective country of origin pursuant to a self-directed multinational defined contribution retirement plan provided the employees were not enrolled in any home country pension or retirement program. Participants could contribute 1% to 50% of their base salary. A company match was ceased prior to January 1, 2018.

Multi-employer Pension Obligations

Certain of our current and former U.K. subsidiaries are participating in two multi-employer retirement funds known as the Merchant Navy Officers Pension Fund, or MNOPF and the Merchant Navy Ratings Pension Fund or MNRPF. At December 31, 2021 and 2020, we had recorded \$0.9 million and \$0.7 million, respectively, related to these liabilities. The status of the funds is calculated by an actuarial firm every several years. The last assessment was completed in March 2018 for the MNOPF Plan and March 2017 for the MNRPF Plan. We expense \$0.2 million per annum for these plans.



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(9) STOCK-BASED COMPENSATION AND INCENTIVE PLANS

Our long-term incentive plans have included restricted stock units (RSUs), stock options and phantom stock. As of December 31, 2021, the Tidewater Inc. 2021 Stock Incentive Plan (the “2021 Plan”), the Tidewater Inc. 2017 Stock Incentive Plan (the “2017 Plan”) and the GulfMark Management Incentive Plan (“Legacy GLF Plan”) are our only three active equity incentive plans and the only types of awards outstanding under either plan are RSUs and stock options that settle in shares of Tidewater common stock.

The number of common stock shares reserved for issuance under the plans and the number of shares available for future grants are as follows:

	Year Ended December 31,		
	2021	2020	2019
Shares of common stock reserved for issuance under the plans	6,473,228	3,973,228	3,973,228
Shares of common stock available for future grants	3,037,187	1,591,577	2,187,101

Restricted Stock Units

We have granted RSUs to key employees, including officers and non-employee directors. We have generally awarded time-based units, where each unit represents the right to receive, at the end of a vesting period, one unrestricted share of Tidewater common stock with no exercise price.

We have also awarded performance-based RSUs, where each unit represents the right to receive, at the end of a vesting period, up to two shares of Tidewater common stock with no exercise price based on various operating and financial metrics. The fair value of the performance-based and time-based RSUs is based on the market price of our common stock on the date of grant. The restrictions on the time-based RSUs awarded to key employees lapse over a three-year period from the date of the award. The restrictions on the time-based RSUs awarded to non-employee directors lapse over a one-year period. Time-based RSUs require no goals to be achieved other than the passage of time and continued employment. The restrictions on the performance-based restricted stock units lapse if we meet specific targets as defined. During the restricted period, the RSUs may not be transferred or encumbered, but the recipient has the right to receive dividend equivalents on the restricted stock units, and there are no voting rights until the restricted stock units vest. If dividends are declared, dividend equivalents are accrued on performance-based restricted shares and ultimately paid only if the performance criteria are achieved. RSU compensation costs are recognized on a straight-line basis over the vesting period, and are net of forfeitures.

RSUs granted to officers and employees under all the incentive plans generally have a vesting period over three years in equal installments from the date of grant, except that (i) the RSUs granted to directors vest over one year and (ii) certain RSUs granted to our officers are performance based and vest on the third anniversary of the date of grant, based on our performance as measured.

The following table sets forth a summary of our restricted stock unit activity:

	Weighted- average Grant-Date Fair Value	Time Based Units	Weight-average Grant Date Fair Value	Performance Based Units
Non-vested balance at December 31, 2018	\$ 24.21	1,081,084	\$ 26.04	63,365
Granted	23.44	186,143	24.50	101,143
Vested	24.45	(784,868)	—	—
Cancelled/forfeited	24.70	(78,591)	24.50	(70,694)
Non-vested balance at December 31, 2019	\$ 23.32	403,768	\$ 25.54	93,814
Granted	5.95	594,234	—	—
Vested	24.05	(265,919)	26.04	(63,365)
Non-vested balance at December 31, 2020	\$ 8.95	732,083	\$ 24.50	30,449
Granted	13.26	452,403	—	—
Vested	10.97	(406,604)	—	—
Cancelled/forfeited	24.50	(1,769)	—	—
Non-vested balance at December 31, 2021	\$ 10.37	776,113	\$ 24.50	30,449

Restrictions on 299,000 time-based units outstanding at December 31, 2021 will lapse during fiscal 2022.



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Restricted stock unit compensation expense and grant date fair value are as follows:

(In Thousands)

	Year Ended December 31,		
	2021	2020	2019
Grant date fair value of restricted stock units vested	\$ 4,460	\$ 6,395	\$ 19,193
Restricted stock unit compensation expense	5,638	5,117	19,603

As of December 31, 2021, total unrecognized RSU compensation costs totaled approximately \$3.3 million, or \$2.6 million net of tax which will be recognized over a weighted average period of two years, compared to \$4.7 million, or \$3.7 million net of tax, at December 31, 2020 and \$6.3 million, \$5.0 million, net of tax, at December 31, 2019. No RSU compensation costs were capitalized as part of the costs of an asset. The amount of unrecognized RSU compensation costs will be affected by any future restricted stock unit grants and by the separation of an employee who has received RSUs that are unvested as of their separation date. There were no modifications to the RSUs during the years ended December 31, 2021, 2020 and 2019. Forfeitures are recognized as an adjustment to compensation expense for all RSUs in the same period as the forfeitures occur.

Stock Option Plan

Tidewater has 603,756 stock options that were granted in 2020 and 2021 of which 488,890 are outstanding as of December 31, 2021. The fair value of the options on the grant dates, as determined under the Black Scholes model, range from \$3.23 per option to \$3.69 per option. The weighted average exercise price of unexercised options at December 31, 2021 was \$11.46, with a weighted average remaining contractual term of 8.8 years. The stock options vest ratably over a three-year period and have a life of ten years. None of the stock options have been forfeited or exercised, however, 114,866 stock options are exercisable. As of December 31, 2021, there was \$1.2 million of unrecognized compensation costs related to the stock options that is expected to be recognized over a weighted-average period of 1.8 years.

Phantom Stock Plan

We previously provided a Phantom Stock Plan to provide additional incentive compensation to key employees. Participants had the right to receive the value of a share of common stock in cash at vesting. Participants had no voting or other rights as a stockholder. The phantom shares generally had a three-year vesting period.

The following table sets forth a summary of our phantom stock activity:

	Weighted- average Grant-Date Fair Value	Time Based Shares	Weighted- average Grant-Date Fair Value	Series A Warrants	Weighted- average Grant-Date Fair Value	Series B Warrants
Non-vested balance at December 31, 2018	\$ 226.50	4,517	\$ 1.00	7,650	\$ 2.94	8,269
Vested	226.50	(4,517)	1.00	(7,650)	2.94	(8,269)
Non-vested balance at December 31, 2019	\$ —	—	\$ —	—	\$ —	—

The grant date fair value of phantom stock vested was \$1.1 million for the year ended December 31, 2019. Phantom stock compensation expense was immaterial.



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(10) STOCKHOLDERS' EQUITY

Common Stock

The number of shares of authorized and issued common stock and preferred stock are as follows:

	December 31, 2021	December 31, 2020
Common stock shares authorized	125,000,000	125,000,000
Common stock par value	\$ 0.001	\$ 0.001
Common stock shares issued	41,307,617	40,704,984
Preferred stock shares authorized	3,000,000	3,000,000
Preferred stock par value	No par	No par
Preferred stock shares issued	—	—

Common Stock Repurchases

No shares were repurchased during the years ended December 31, 2021, 2020 and 2019.

Dividend Program

There were no dividends declared during the years ended December 31, 2021, 2020 and 2019.

Warrants

During 2017, we issued 11,543,814 New Creditor Warrants upon emergence from bankruptcy. In addition, 2,432,432 Series A Warrants and 2,629,657 Series B Warrants were issued to the holders of common stock with exercise prices of \$57.06 and \$62.28, respectively. As of December 31, 2021, we had 635,663 shares of common stock issuable upon the exercise of the New Creditor Warrants. No Series A Warrants or Series B Warrants have been exercised.

In conjunction with the merger with GulfMark, Tidewater assumed approximately 2.3 million \$0.01 Creditor Warrants (GLF Creditor Warrants) and approximately 0.8 million Equity Warrants (GLF Equity Warrants) with an exercise price of \$100 and each warrant becoming exercisable for 1.1 shares of Tidewater common stock on substantially the same terms and conditions as provided in the warrant agreements governing the GLF Creditor Warrants and the GLF Equity Warrants. As of December 31, 2021, we had 559,125 GLF Creditor Warrants outstanding. No GLF Equity Warrants have been exercised.

At-the-market offering

On November 16, 2021, we entered into an At-the-market Sales Agreement (the Agreement) with Virtu Americas LLC and DNB Markets, Inc. (the Agents) pursuant to which we may offer and sell shares of our common stock, par value \$0.001 per share (the Shares), having an aggregate offering price of up to \$30,000,000 from time to time through the Agents acting as sales agent or directly to either Agent acting as principal.

The offer and sale of the Shares to be sold pursuant to the Agreement have been registered under the Securities Act of 1933, as amended (the Securities Act), pursuant to our registration statement on Form S-3 (Registration No. 333-234686) filed with the Securities and Exchange Commission (the Commission), which was declared effective by the Commission. Sales, if any, of the Shares pursuant to the Agreement will be made in "at the market offerings" as defined in Rule 415 promulgated under the Securities Act, including, without limitation, sales made directly on or through The New York Stock Exchange or on any other existing trading market for the Shares or to or through a market maker or any other method permitted by law.

The Agreement contains customary representations, warranties and covenants, customary indemnification and contribution obligations, including for certain liabilities under the Securities Act, other obligations of the parties and termination provisions. Under the terms of the Agreement, we will pay the Agents a commission up to 3.0% of the gross proceeds from each sale of the Shares. In addition, we have agreed to pay certain expenses incurred by the Agents in connection with entering into the Agreement and the offering. The Agreement will terminate upon the earlier of (i) such date that the aggregate gross sales proceeds of Shares sold pursuant to the Agreement equal the total dollar amount listed in the Agreement or (ii) the termination of the Agreement by us or an Agent in accordance with the terms of the Agreement.



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We have no obligation to sell any of the Shares under the Agreement and may at any time suspend the offering of its Shares upon notice and subject to other conditions.

Shelf Registration

On July 13, 2021, we filed a Post Effective Amendment to our Registration Statement on Form S-3 which became effective on July 20, 2021. Under this “shelf” registration, we may offer and sell up to \$300.0 million of any combination of common stock, debt securities, depository shares, preferred stock or warrants from time to time in one or more classes or series and in amounts, at prices and on terms that we will determine at the time of the offering. Any debt securities we issue may be guaranteed by one or more of our existing and future subsidiaries. We may offer and sell these securities to or through underwriters, dealers or agents or directly to one or more purchasers. A prospectus supplement for each offering of securities will describe in detail the plan of distribution. The names of any underwriters, dealers or agents involved in the offer and sale of any securities and the specific manner in which they may be offered will be set forth in the prospectus supplement covering the offer and sale of those securities.

Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component, net of tax, are as follows:

(In Thousands)

	Year Ended December 31,		
	2021	2020	2019
Balance at December 31	\$ (804)	\$ (236)	\$ 2,194
Pension benefits recognized in OCI	3,472	(568)	(2,430)
Balance at December 31	<u>\$ 2,668</u>	<u>\$ (804)</u>	<u>\$ (236)</u>

Tax Benefits Preservation Plan

On April 13, 2020, we adopted a Tax Benefits Preservation Plan (the Plan) as a measure to protect our existing net operating loss carryforwards and foreign tax credits (Tax Attributes) and to reduce our potential future tax liabilities. Use of our Tax Attributes would be substantially limited if we experienced an “ownership change” as defined in Section 382 of the Internal Revenue Code. The Plan was terminated on December 15, 2021.



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(11) COMMITMENTS AND CONTINGENCIES

Currency Devaluation and Fluctuation Risk

Due to our international operations, we are exposed to foreign currency exchange rate fluctuations and exchange rate risks on all charter hire contracts denominated in foreign currencies. For some of our international contracts, a portion of the revenue and local expenses are incurred in local currencies with the result that we are at risk of changes in the exchange rates between the U.S. dollar and foreign currencies. We generally do not hedge against any foreign currency rate fluctuations associated with foreign currency contracts that arise in the normal course of business, which exposes us to the risk of exchange rate losses. To minimize the financial impact of these items, we attempt to contract a significant majority of our services in U.S. dollars. In addition, we attempt to minimize the financial impact of these risks by matching the currency of the company's operating costs with the currency of the revenue streams when considered appropriate. We continually monitor the currency exchange risks associated with all contracts not denominated in U.S. dollars.

Legal Proceedings

Various legal proceedings and claims are outstanding which arose in the ordinary course of business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions, will not have a material adverse effect on our financial position, results of operations, or cash flows.



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(12) ACCRUED EXPENSES, OTHER CURRENT LIABILITIES, AND OTHER LIABILITIES

A summary of accrued expenses as of December 31, is as follows:

(In Thousands)

	2021	2020
Payroll and related payables	\$ 18,627	\$ 17,201
Accrued vessel expenses	19,662	17,129
Accrued interest expense	1,859	3,240
Other accrued expenses	11,586	14,852
	<u>\$ 51,734</u>	<u>\$ 52,422</u>

A summary of other current liabilities as of December 31, is as follows:

(In Thousands)

	2021	2020
Taxes payable	\$ 18,977	\$ 23,883
Other	4,888	8,902
	<u>\$ 23,865</u>	<u>\$ 32,785</u>

A summary of other liabilities as of December 31, is as follows:

(In Thousands)

	2021	2020
Pension liabilities	\$ 26,872	\$ 31,736
Liability for uncertain tax positions	29,283	35,304
Other	12,029	12,752
	<u>\$ 68,184</u>	<u>\$ 79,792</u>



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(13) SEGMENT INFORMATION, GEOGRAPHICAL DATA AND MAJOR CUSTOMERS

The following table provides a comparison of revenues, vessel operating profit (loss), depreciation and amortization, additions to properties and equipment and assets by segment and in total. Vessel operating profit (loss) is calculated as vessel revenues less vessel operating costs, segment depreciation expenses, and segment general and administrative costs. Vessel revenues and operating costs relate to our owned and operated vessels while other operating revenues relate to the activities of our other miscellaneous marine-related businesses.

(In Thousands)

	Year Ended December 31,		
	2021	2020	2019
Revenues:			
Vessel revenues:			
Americas	\$ 102,151	\$ 126,676	\$ 136,958
Middle East/Asia Pacific	102,537	97,133	90,321
Europe/Mediterranean	80,914	83,602	123,711
West Africa	75,967	78,763	126,025
Total vessel revenues	361,569	386,174	477,015
Other operating revenues	9,464	10,864	9,534
Total revenues	371,033	397,038	486,549
Vessel operating profit (loss):			
Americas	(11,270)	4,944	(805)
Middle East/Asia Pacific	(1,174)	(5,935)	(6,044)
Europe/Mediterranean	(16,968)	(8,629)	(1,289)
West Africa	(16,985)	(27,508)	8,298
Total vessel operating profit (loss)	(46,397)	(37,128)	160
Other operating profit	7,233	7,458	6,734
	(39,164)	(29,670)	6,894
Corporate expenses	(36,908)	(35,633)	(57,988)
Gain (loss) on asset dispositions, net	(2,901)	7,591	2,263
Affiliate credit loss impairment expense	(400)	(52,981)	—
Affiliate guarantee obligation	—	(2,000)	—
Asset impairments and other	(15,643)	(74,109)	(37,773)
Operating loss	\$ (95,016)	\$ (186,802)	\$ (86,604)
Depreciation and amortization:			
Americas	\$ 30,856	\$ 32,079	\$ 27,493
Middle East/Asia Pacific	25,992	24,244	21,440
Europe/Mediterranean	28,163	29,222	30,053
West Africa	26,196	27,787	21,166
Corporate and other	3,337	3,377	1,779
Total depreciation and amortization	\$ 114,544	\$ 116,709	\$ 101,931
Additions to properties and equipment:			
Americas	\$ —	\$ 2,842	\$ 969
Middle East/Asia Pacific	(42)	2,629	5,237
Europe/Mediterranean	764	1,059	4,001
West Africa	6,341	6,028	2,721
Corporate	1,888	2,342	5,070
Total additions to properties and equipment	\$ 8,951	\$ 14,900	\$ 17,998
Total assets:			
Americas	\$ 278,394	\$ 338,649	\$ 375,297
Middle East/Asia Pacific	183,287	226,422	270,413
Europe/Mediterranean	293,760	302,214	358,943
West Africa	223,988	242,825	376,087
Corporate	116,351	141,067	198,788
Total assets	\$ 1,095,780	\$ 1,251,177	\$ 1,579,528



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The following table discloses our customers that accounted for 10% or more of total revenues:

	Year Ended December 31,		
	2021	2020	2019
Chevron Corporation	15.7%	14.3%	13.0%
Saudi Aramco	11.8%	11.5%	*

* Less than 10% of total revenues.



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(14) RESTRUCTURING CHARGES

In the fourth quarter of 2018, we finalized plans to abandon duplicate office facilities in St. Rose and New Orleans, Louisiana; Houston, Texas; and Aberdeen, Scotland. Those closures resulted in \$0.2, \$1.5 million and \$6.8 million respectively, of lease exit and severance charges in the years ended December 31, 2021, 2020 and 2019, respectively. These charges are included in general and administrative expense in our consolidated Statement of Operations.

Activity for the lease exit and severance liabilities for the two years ended December 31, 2021 were:

<u>(In Thousands)</u>	Lease Exit Costs		Severance	
	Europe/ Mediterranean	Corporate	Company	Total
Balance at December 31, 2019	\$ 1,791	\$ 2,318	\$ 272	\$ 4,381
Charges	71	63	1,367	1,501
Cash payments	(306)	(602)	(1,639)	(2,547)
Balance at December 31, 2020	\$ 1,556	\$ 1,779	\$ —	\$ 3,335
Charges	96	78	—	174
Cash payments	(505)	(1,495)	—	(2,000)
Balance at December 31, 2021	\$ 1,147	\$ 362	\$ —	\$ 1,509



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(15) SUBSEQUENT EVENTS

Sonatide Acquisition

In January 2022 we acquired the 51% equity interest in the Sonatide joint venture owned by our former joint venture partner, pursuant to a Sale and Purchase Agreement between Sonangol Holdings, LDA and us for \$11.2 million in cash. This acquisition gives us complete control of our operations in Angola.

The acquisition date fair value of the 49% equity interest in Sonatide held by us was zero and we do not expect to recognize a significant gain (loss) or goodwill as a result of remeasuring to the fair value of our equity interest. The fair value of our equity interest was determined using the consideration paid to our 51% joint venture partner, adjusted for the difference in our ownership interest, less a control premium. The control premium was calculated using the expected future commissions to be received by our joint venture partner that will no longer be paid times our EBITDA (earnings before interest, taxes, depreciation and amortization) multiple as determined by the independent investment analysts that follow our company.

Business combination related costs were expensed as incurred in general and administrative expense and consisted of various advisory, legal, accounting, valuation and other professional fees which were not material to our consolidated results of operations for the year ended December 31, 2021.

Swire Pacific Offshore Holdings Ltd. Acquisition

On March 9, 2022, we entered into a definitive agreement to acquire Swire Pacific Offshore Holdings Ltd. ("SPO") which owns 50 offshore support vessels operating primarily in West Africa, Southeast Asia and the Middle East. The transaction is subject to customary closing conditions and is expected to close in the second quarter of 2022. At the closing of the transaction, we will pay \$42.0 million in cash and issue 8,100,000 warrants, each of which is exercisable at \$0.001 per share for one share of our common stock. The cash portion of the purchase price is subject to customary adjustment mechanisms related to SPO's closing date working capital, cash and indebtedness.



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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed with the objective of providing reasonable assurance that information required to be disclosed in our reports, filed or submitted under the Securities Exchange Act of 1934 (Exchange Act), such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive and chief financial officers, as appropriate, to allow timely decisions regarding required disclosure. However, any control system, no matter how well conceived and followed, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met.

As of December 31, 2021, the end of the period covered by this report, we have evaluated, under the supervision and with the participation of our management, including our President, Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act, as amended). Based on that evaluation, our President, Chief Executive Officer, and Chief Financial Officer concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). Our internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and financial statements for external purposes in accordance generally accepted accounting principles. 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.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework (2013)*. Based on our assessment, our management concluded that, as of December 31, 2021, our internal control over financial reporting was effective based on those criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ending December 31, 2021 that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.



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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item is incorporated by reference to our 2022 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2021.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference to our 2022 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2021.

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

Information required by this item is incorporated by reference to our 2022 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2021.

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

Information required by this item is incorporated by reference to our 2022 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2021.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item is incorporated by reference to our 2022 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2021.



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PART IV

ITEM 15. EXHIBITS

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements.

A list of the consolidated financial statements filed as a part of this Annual Report on Form 10-K is set forth in Part II, Item 8 beginning on page 49 of this Annual Report on Form 10-K and is incorporated herein by reference.

(2) Exhibits.

The index below describes each exhibit filed as a part of this Annual Report on Form 10-K. Exhibits not incorporated by reference to a prior filing are designated by an asterisk; all exhibits not so designated are incorporated herein by reference to a prior filing as indicated.

- 2.1 Joint Prepackaged Chapter 11 Plan of Reorganization of Tidewater Inc. and its Affiliated Debtors, dated May 11, 2017 (filed with the Commission as Exhibit A to Exhibit T3E.1 of the Form T-3 filed on May 12, 2017, File No. 22-29043).
- 2.2 Disclosure Statement for Joint Prepackaged Chapter 11 Plan of Reorganization of Tidewater Inc. and its Affiliated Debtors, dated May 11, 2017 (filed with the Commission as Exhibit T3E.1 of the Form T-3 filed on May 12, 2017, File No. 22-29043).
- 2.3 Second Amended Joint Prepackaged Chapter 11 Plan of Reorganization of Tidewater Inc. and its Affiliated Debtors, dated July 13, 2017 (filed with the Commission as Exhibit 2.1 to the company's current report on Form 8-K on July 18, 2017, File No. 1-6311).
- 2.4 Agreement and Plan of Merger by and between Tidewater Inc. and GulfMark Offshore, Inc., dated as of July 15, 2018 (filed with the Commission as Exhibit 2.1 to the company's current report on Form 8-K filed on July 16, 2018, File No. 1-6311).
- 3.1 Amended and Restated Certificate of Incorporation of Tidewater Inc. (filed with the Commission as Exhibit 3.1 to the company's current report on Form 8-K on July 31, 2017, File No. 1-6311).
- 3.2 Second Amended and Restated By-Laws of Tidewater Inc., dated November 15, 2018 (filed with the Commission as Exhibit 3.2 to the company's registration statement on Form 8-A on November 15, 2018, File No. 1-6311).
- 3.3 Certificate of Designations of Series A Junior Participating Preferred Stock (filed with the Commission as Exhibit 3.1 to the company's current report on Form 8-K on April 14, 2020, File No. 1-6311).
- 4.1* Description of Registered Securities of Tidewater, Inc.
- 4.2 Bond Terms for 8.5% Senior Secured Notes due 2026, dated November 16, 2021, by and among Tidewater Inc. and Nordic Trustee AS, as Bond Trustee and Security Agent (filed with the Commission as Exhibit 4.1 to the company's current report on Form 8-K on November 17, 2021, File No. 1-6311).
- 4.3 Credit Facility Agreement, dated November 16, 2021, by and among Tidewater Inc., DNB Bank ASA, New York Branch, as Facility Agent, Nordic Trustee AS, as Security Trustee, DNB Markets, Inc. as Bookrunner and Mandated Lead Arranger, and the lenders party thereto (filed with the Commission as Exhibit 4.2 to the company's current report on Form 8-K on November 17, 2021, File No. 1-6311).
- 4.4 Intercreditor Agreement, dated November 16, 2021, by and among Tidewater Inc., certain subsidiaries thereof, DNB Bank ASA, New York Branch, as Facility Agent, Nordic Trustee AS, as Security Trustee, and certain other institutions (filed with the Commission as Exhibit 4.3 to the company's current report on Form 8-K on November 17, 2021, File No. 1-6311).



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- 4.5 Guarantee Agreement, dated November 16, 2021, among Tidewater Inc., Nordic Trustee AS as Security Agent and the original guarantors named therein (filed with the Commission as Exhibit 4.4 to the company's current report on Form 8-K on November 17, 2021, File No. 1-6311).
- 10.1 Restructuring Support Agreement, dated May 11, 2017 (filed with the Commission as Schedule 1 to Exhibit A to Exhibit T3E.1 of the Form T-3 filed on May 12, 2017, File No. 22-29043).
- 10.2 Creditor Warrant Agreement, dated July 31, 2017, between Tidewater Inc., as Issuer and Computershare Inc. and Computershare Trust Company, N.A., collectively as Warrant Agent (filed with the Commission as Exhibit 10.1 to the company's current report on Form 8-K on July 31, 2017, File No. 1-6311).
- 10.3 Existing Equity Warrant Agreement, dated July 31, 2017, between Tidewater Inc., as Issuer and Computershare Inc. and Computershare Trust Company, N.A., collectively as Warrant Agent (filed with the Commission as Exhibit 10.2 to the company's current report on Form 8-K on July 31, 2017, File No. 1-6311).
- 10.4 Equity Warrant Agreement, dated as of November 14, 2017, between GulfMark Offshore, Inc. and American Stock Transfer & Trust Company, LLC, as warrant agent (filed with the Commission as Exhibit 4.1 to the company's registration statement on Form 8-A on November 15, 2018, File No. 1-6311).
- 10.5 Assignment, Assumption and Amendment Agreement, dated as of and effective November 15, 2018, by and among GulfMark Offshore, Inc., Tidewater Inc. and American Stock Transfer & Trust Company, LLC, as warrant agent (filed with the Commission as Exhibit 4.2 to the company's registration statement on Form 8-A on November 15, 2018, File No. 1-6311).
- 10.6 Noteholder Warrant Agreement, dated as of November 14, 2017, between GulfMark Offshore, Inc. and American Stock Transfer & Trust Company, LLC, as warrant agent (filed with the Commission as Exhibit 4.1 to the company's current report on Form 8-K on November 16, 2018, File No. 1-6311).
- 10.7 Assignment, Assumption and Amendment Agreement – Jones Act Warrants, dated as of and effective November 15, 2018, by and among GulfMark Offshore, Inc., Tidewater Inc. and American Stock Transfer & Trust Company, LLC, as warrant agent (filed with the Commission as Exhibit 4.2 to the company's current report on Form 8-K on November 16, 2018, File No. 1-6311).
- 10.8+ Restated Non-Qualified Deferred Compensation Plan and Trust Agreement as Restated October 1, 1999 between Tidewater Inc. and Merrill Lynch Trust Company of America (filed with the Commission as Exhibit 10(e) to the company's quarterly report on Form 10-Q for the quarter ended December 31, 1999, File No. 1-6311).
- 10.9+ Tidewater Inc. Amended and Restated Employees' Supplemental Savings Plan, executed on December 10, 2008 (filed with the Commission as Exhibit 10.3 to the company's quarterly report on Form 10-Q for the quarter ended December 31, 2008, File No. 1-6311).
- 10.10+ Amendment Number One to the Tidewater Employees' Supplemental Savings Plan, effective January 22, 2009 (filed with the Commission as Exhibit 10.43 to the company's annual report on Form 10-K for the fiscal year ended March 31, 2009, File No. 1-6311).
- 10.11+ Amendment Number Two to the Tidewater Employees' Supplemental Savings Plan (filed with the Commission as Exhibit 10.43 to the company's annual report on Form 10-K for the fiscal year ended March 31, 2011, File No. 1-6311).
- 10.12+ Amendment Number Three to the Tidewater Employees' Supplemental Savings Plan (filed with the Commission as Exhibit 10.1 to the company's quarterly report on Form 10-Q for the quarter ended December 31, 2010, File No. 1-6311).
- 10.13+ Summary of Compensation Arrangements with Non-employee Directors (filed with the Commission as Exhibit 10.15 to the company's annual report on Form 10-K for the fiscal year ended December 31, 2019, File No. 1-6311).



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- 10.14+ [Director Stock Election Program \(filed with the Commission as Exhibit 10.13 to the company's quarterly report on Form 10-Q for the quarter ended June 30, 2019 filed on August 9, 2019, File No. 1-6311\).](#)
- 10.15+ [Form of Tidewater Inc. Indemnification Agreement entered into with each member of the Board of Directors, each executive officer and the principal accounting officer \(filed with the Commission as Exhibit 10 to the company's current report on Form 8-K on August 12, 2015, File No. 1-6311\).](#)
- 10.16+ [Tidewater Inc. 2017 Stock Incentive Plan \(filed with the Commission as Exhibit 10.3 to the company's current report on Form 8-K on July 31, 2017, File No. 1-6311\).](#)
- 10.17+ [Amendment No. 1 to the Tidewater Inc. 2017 Stock Incentive Plan, effective April 30, 2019 \(filed with the Commission as Exhibit 10.11 to the company's quarterly report on Form 10-Q for the quarter ended March 31, 2019 filed on May 6, 2019, File No. 1-6311\).](#)
- 10.18+ [Form of Incentive Agreement for the Grant of Restricted Stock Units under the Tidewater Inc. 2017 Stock Incentive Plan \(grants to non-employee directors\) \(filed with the Commission as Exhibit 10.5 to the company's quarterly report on Form 10-Q for the quarter ended September 30, 2017, File No. 1-6311\).](#)
- 10.19+ [Legacy GLF Management Incentive Plan \(filed with the Commission as Exhibit 10.1 to the company's registration statement on Form S-8 on November 15, 2018, File No. 333-228401\).](#)
- 10.20+ [Amendment No. 1 to the Tidewater Inc. Legacy GLF Management Incentive Plan, effective April 30, 2019 \(filed with the Commission as Exhibit 10.10 to the company's quarterly report on Form 10-Q for the quarter ended March 31, 2019 filed on May 6, 2019, File No. 1-6311\).](#)
- 10.21+ [Form of Incentive Agreement for the Grant of Restricted Stock Units under the Legacy GLF Management Incentive Plan \(grants to non-employee directors\) \(filed with the Commission as Exhibit 10.37 to the company's annual report on Form 10-K for the year ended December 31, 2018 filed on February 28, 2019, File No. 1-6311\).](#)
- 10.22+ [Officer Form of Incentive Agreement for the Grant of Restricted Stock Units under the Legacy GLF Management Incentive Plan \(for use with onboarding grants in 2018\) \(filed with the Commission as Exhibit 10.38 to the company's annual report on Form 10-K for the year ended December 31, 2018 filed on February 28, 2019, File No. 1-6311\).](#)
- 10.23+ [Officer Form of Agreement for the Grant of Restricted Stock Units under either the Tidewater Inc. 2017 Stock Incentive Plan or the Tidewater Inc. Legacy GLF Management Incentive Plan \(for use with annual grants in 2019 and 2020\) \(filed with the Commission as Exhibit 10.12 to the company's quarterly report on Form 10-Q for the quarter ended June 30, 2019 filed on August 9, 2019, File No. 1-6311\).](#)
- 10.24+ [Form of Agreement for the Grant of Stock Options under the Tidewater Inc. 2017 Stock Incentive Plan \(for use with CEO grant in 2020\) \(filed with the Commission as Exhibit 10.25 to the company's annual report on Form 10-K for the year ended December 31, 2020 filed on March 4, 2021, File No. 1-6311\).](#)
- 10.25+ [Amended and Restated Employment Agreement with Quintin V. Kneen, dated and effective December 28, 2018 \(filed with the Commission as Exhibit 10.1 to the company's current report on Form 8-K on January 4, 2019, File No. 1-6311\).](#)
- 10.26+ [Amendment, dated September 4, 2019, to Amended and Restated Employment Agreement with Quintin V. Kneen \(filed with the Commission as Exhibit 10.9 to the company's quarterly report on Form 10-Q for the quarter ended September 30, 2019 filed on November 12, 2019, File No. 1-6311\).](#)
- 10.27+ [Amended and Restated Employment Agreement with Samuel R. Rubio, dated and effective December 28, 2018 \(filed with the Commission as Exhibit 10.5 to the company's current report on Form 8-K on January 4, 2019, File No. 1-6311\).](#)



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10.28+	<u>Form of Change of Control Agreement, entered into with certain of the company's officers (filed with the Commission as Exhibit 10.1 to the company's current report on Form 8-K on December 19, 2017, File No. 1-6311).</u>
10.29+	<u>Tidewater Inc. Short-Term Incentive Plan (effective for performance periods beginning January 1, 2019) (filed with the Commission as Exhibit 10.1 to the company's current report on Form 8-K on April 19, 2019, File No. 1-6311).</u>
10.30+	<u>Form of Retention Bonus Program Letter Agreement (entered into with certain executive officers in March 2020) (filed with the Commission as Exhibit 10.9 to the company's quarterly report on Form 10-Q for the quarter ended March 31, 2020 filed on May 11, 2020, File No. 1-6311).</u>
10.31+	<u>Form of Severance and Change of Control Agreement effective March 9, 2021 entered into with each of Quintin V. Kneen, Chief Executive Officer, Sam R. Rubio, Chief Financial Officer, David E. Darling, Chief Operating Officer, and Daniel A. Hudson, General Counsel (filed with the Commission as Exhibit 10.9 to the company's quarterly report on Form 10-Q filed on May 6, 2021, File No. 1-6311).</u>
10.32+	<u>Cooperation Agreement, dated May 3, 2021, by and among Tidewater Inc., The Ravenswood Investment Company L.P., Robotti & Company, Incorporated, Robotti & Company Advisors, LLC, Robotti Securities, LLC, Ravenswood Management Company, L.L.C., Ravenswood Investments III, L.P., the Suzanne & Robert Robotti Foundation Inc., Suzanne Robotti and Robert E. Robotti (filed with the Commission as Exhibit 10.1 to the company's current report on Form 8-K filed on May 3, 2021, File No. 1-6311).</u>
10.33+	<u>Tidewater Inc. Amended and Restated 2021 Stock Incentive Plan (filed with the Commission as Exhibit 10.1 to the company's current report on Form 8-K filed on May 21, 2021, File No. 1-6311).</u>
10.34+	<u>Form of Incentive Agreement for the Grant of Restricted Stock Units under the Tidewater Inc. 2021 Stock Incentive Plan (grants to non-employee directors) (filed with the Commission as Exhibit 10.11 to the company's quarterly report on Form 10-Q filed on August 9, 2021, File No. 1-6311).</u>
10.35+	<u>Form of Incentive Agreement for the Grant of Restricted Stock under the Tidewater Inc. 2021 Stock Incentive Plan (grants to non-employee directors) (filed with the Commission as Exhibit 10.12 to the company's quarterly report on Form 10-Q filed on August 9, 2021, File No. 1-6311).</u>
10.36+	<u>Non-employee Directors Deferred Compensation Plan (filed with the Commission as Exhibit 10.13 to the company's quarterly report on Form 10-Q filed on August 9, 2021, File No. 1-6311).</u>
21*	<u>Subsidiaries of the company.</u>
23.1*	<u>Consent of Independent Registered Accounting Firm – PricewaterhouseCoopers LLP.</u>
23.2*	<u>Consent of Independent Registered Accounting Firm – Deloitte & Touche LLP.</u>
31.1*	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2*	<u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>



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101.INS*	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

+ Indicates a management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY.

Not applicable.



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SIGNATURES

Pursuant to the requirements of Section 13 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 on March 9, 2022.

TIDEWATER INC.
(Registrant)

By: /s/ Samuel R. Rubio
Samuel R. Rubio
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 9, 2022.

/s/ Quintin V. Kneen
Quintin V. Kneen, President and Chief Executive Officer (Principal Executive Officer)

/s/ Samuel R. Rubio
Samuel R. Rubio, Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

/s/ Larry T. Rigdon
Larry T. Rigdon, Chairman of the Board of Directors

/s/ Darron M. Anderson
Darron M. Anderson, Director

/s/ Melissa Cogle
Melissa Cogle, Director

/s/ Dick H. Fagerstal
Dick H. Fagerstal, Director

/s/ Louis A. Raspino
Louis A. Raspino, Director

/s/ Robert E. Robotti
Robert E. Robotti, Director

/s/ Kenneth H. Traub
Kenneth H. Traub, Director

/s/ Lois K. Zabrocky
Lois K. Zabrocky, Director



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

As of December 31, 2021, Tidewater Inc. ("Tidewater," the "company," "we," "us," and "our") had three securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our common stock, par value \$0.001 per share (the "Common Stock"); (2) Tidewater equity warrants, consisting of two series ("Series A Warrants" and "Series B Warrants" and together, the "TDW Equity Warrants"); and (3) legacy GulfMark equity warrants ("Legacy GLF Equity Warrants"), which were assumed and converted in our 2018 business combination with GulfMark Offshore, Inc. ("GulfMark" and such event, the "business combination").

Description of Common Stock

The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to (1) the applicable provisions of the Delaware General Corporation Law (the "DGCL") and (2) the applicable provisions of our amended and restated certificate of incorporation (our "charter") and our amended and restated by-laws (our "by-laws"), both of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit is a part. We encourage you to read our charter, our by-laws, and the applicable provisions of the DGCL for additional information.

Authorized Shares. Our charter authorizes us to issue up to 125,000,000 shares of Common Stock and 3,000,000 shares of preferred stock, no par value per share.

Voting Rights. We have only one outstanding class of Common Stock and all voting rights are vested in the holders of Common Stock. On all matters subject to a vote of stockholders, including the election of directors, our stockholders are entitled to one vote for each share of Common Stock owned. Our stockholders do not have cumulative voting rights with respect to the election of directors.

Dividend Rights. Subject to the rights that may be granted to any holders of Tidewater preferred stock, holders of Common Stock are entitled to receive dividends, if any, in the amounts and at the times declared by the board of directors of Tidewater (the "Board") in its discretion out of any assets or funds of Tidewater legally available for the payment of dividends.

Liquidation Rights. Upon the dissolution, liquidation or winding up of Tidewater's business, subject to the rights, if any, of the holders of any outstanding series of preferred stock, holders of Common Stock are entitled to receive the assets of Tidewater available for distribution to its stockholders ratably in proportion to the number of shares of Common Stock held by them.

Assessment and Redemption. Shares of Common Stock presently outstanding are validly issued, fully paid and nonassessable. There is no provision for any voluntary redemption of Common Stock.

Preemptive Rights. Holders of Common Stock do not have any preemptive right to subscribe to an additional issue of its Common Stock or to any security convertible into such stock.

Limitations on Ownership by Non-U.S. Citizens. We own and operate U.S.-flag vessels in U.S. coastwise trade; accordingly, we are subject to applicable statutes and regulations commonly referred to as the Jones Act, which, subject to limited exceptions, restricts maritime transportation between points in the United States (known as marine cabotage services or coastwise trade) to vessels built in the United States, registered under the U.S. flag, manned by predominantly U.S. crews, and owned and operated by U.S. citizens within the meaning of the Jones Act. Under the Jones Act, at least 75% of the outstanding shares of each class or series of our capital stock must be owned and controlled by U.S. citizens. In order to ensure compliance with the Jones Act coastwise citizenship requirement that at least 75% of our outstanding Common Stock is owned by U.S. citizens, our charter restricts ownership of the shares of our outstanding Common Stock by non-U.S. citizens in the aggregate to not more than 24%. Our charter further prohibits the acquisition of shares by a non-U.S. citizen where (i) such acquisition would cause the aggregate number of shares held by all non-U.S. citizens to exceed 24% of our issued and outstanding Common Stock and (ii) such acquisition would cause the aggregate number of shares held by any individual non-U.S. citizen to exceed 4.9% of our issued and outstanding Common Stock. Our charter further provides the Board with authority to redeem any share of Common Stock that is owned by a non-U.S. citizen that would result in ownership by non-U.S. citizens in the aggregate in excess of 24% of our issued and outstanding Common Stock. Our charter further provides that we may require beneficial owners of our Common Stock to confirm their citizenship from time to time through written statement or affidavit and could, at the discretion of the Board, suspend the voting rights of such beneficial owner, pay into an escrow account dividends or other distributions (upon liquidation or otherwise) with respect to such shares held by such beneficial owner and restrict, prohibit or void the transfer of such shares and refuse to register such shares of Common Stock held by such beneficial owner until confirmation of its citizenship status is received.

Listing. Our Common Stock is listed for trading on the New York Stock Exchange under the symbol "TDW."

Transfer Agent. The transfer agent and registrar for our Common Stock is Computershare Inc.

Description of TDW Equity Warrants

The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms and conditions of the warrant agreement, dated July 31, 2017, between Tidewater and the warrant agent (the "TDW Equity Warrant Agreement") and the applicable provisions of our charter, both of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit is a part. We encourage you to read the TDW Equity Warrant Agreement and our charter for additional information.

Warrant Agreement and Warrant Agent. The TDW Equity Warrants were issued under, and are subject to the terms and conditions of, the TDW Equity Warrant Agreement. Computershare Inc. and Computershare Trust Company, N.A. together serve as warrant agent for the TDW Equity Warrants.



Exercise Terms. The TDW Equity Warrants have six-year terms and are exercisable through July 31, 2023. Each TDW Equity Warrant represents the right to purchase one share of our Common Stock at the applicable exercise price (for Series A Warrants, \$57.06 per share; for Series B Warrants, \$62.28 per share), subject to adjustment as described in greater detail below under “Adjustments.” Any exercise of TDW Equity Warrants is subject to the restrictions in our charter that limit exercise of warrants where such exercise would cause the total number of shares of Common Stock held by non-U.S. citizens to exceed 24% of our outstanding Common Stock, as described in greater detail below under “Conversion to Jones Act Warrant.”

Expiration. All unexercised TDW Equity Warrants will expire, and the rights of the holders of TDW Equity Warrants to purchase shares of Common Stock will terminate on, the first to occur of (i) the close of business on July 31, 2023, or (ii) upon their earlier exercise or settlement in accordance with the terms of the TDW Equity Warrant Agreement.

No Rights as Stockholders Before Exercise. A holder of TDW Equity Warrants, by virtue of holding, or having a beneficial interest in, such warrants, will not have the right to vote, to consent, to receive any cash dividends, stock dividends, allotments or rights or other distributions paid, allotted or distributed or distributable to the holders of shares of Common Stock, or to exercise any rights whatsoever as a stockholder of Tidewater unless, until and only to the extent such persons become holders of record of shares of Common Stock issued upon settlement of the TDW Equity Warrants.

Conversion to Jones Act Warrant. As noted under “Description of Common Stock – Limitations on Ownership by Non-U.S. Citizens,” to ensure compliance with the Jones Act, our charter limits our aggregate ownership by non-U.S. citizens to not more than 24% of our outstanding Common Stock. If, at any time during the 180-day period ending on the expiration of the TDW Equity Warrants, the exercise of the TDW Equity Warrants would be prohibited because of the Jones Act limitations on ownership by non-U.S. citizens, a holder of TDW Equity Warrants that is a non-U.S. Citizen and has exercised such warrant (including the payment of the exercise price) will receive from us, in lieu of shares of Common Stock, an equivalent number of new warrants (the “Jones Act Warrants”). If issued, the Jones Act Warrants would be exercisable at a price of \$0.001 per share and have a term that expires on July 31, 2042. These Jones Act Warrants would be issued pursuant to a Jones Act Warrant Agreement that Tidewater and the warrant agent would enter into upon our first issuance of Jones Act Warrants.

Adjustments. The number of shares of Common Stock for which a TDW Equity Warrant is exercisable, and the exercise price per share of such warrant are subject to adjustment from time to time upon the occurrence of certain events, including, among other things: (i) the issuance of shares of Common Stock as a dividend or distribution to all holders of shares of Common Stock, or a subdivision, combination, or other reclassification of the outstanding shares of Common Stock into a greater or smaller number of shares of Common Stock; (ii) the issuance as a dividend or distribution to all holders of shares of Common Stock of evidences of indebtedness or assets (excluding cash distributions of dividends from earnings); and (iii) the payment in respect of a tender offer or exchange offer by the company for shares of Common Stock, where the exercise price or warrant shares issuable would result in an increase or decrease of at least one percent, provided, that any adjustments which are not required to be made are required to be carried forward and taken into account in any subsequent adjustments.

Third Party Mergers or Consolidations. In the event of a merger or consolidation of Tidewater in which stock or non-cash consideration of the acquiring entity is more than 50% of the merger consideration, the TDW Equity Warrants will remain outstanding, with the holders having the right thereafter to exercise the TDW Equity Warrants for the duration of their term to acquire the merger consideration into which a share of Common Stock was converted in the transaction.

Reorganization Event. Upon the occurrence of a reorganization event (as defined in the TDW Equity Warrant Agreement), holders of TDW Equity Warrants will have the right to receive, upon exercise of such warrant, the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) that a holder of one share of Common Stock would have owned or been entitled to receive in connection with such reorganization event.

Cashless Exercise. The TDW Equity Warrants permit a holder to elect to exercise the TDW Equity Warrant such that no payment of cash will be required in connection with such exercise. If a cashless exercise is elected, we will deliver, without any cash payment therefor, a reduced number of shares of Common Stock equal to the value (as of the exercise date for such TDW Equity Warrant) of the aggregate exercise price which would otherwise be payable in cash for all of the shares of Common Stock for which such TDW Equity Warrants are being exercised, divided by the market price of a share of Common Stock determined as of the business day immediately preceding the day the warrant exercise notice is delivered to the warrant agent.

Listing. The TDW Equity Warrants are listed on the New York Stock Exchange under the symbols “TDW.WS.A” (Series A Warrants) and “TDW.WS.B” (Series B Warrants).

Description of Legacy GLF Equity Warrants

The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms and conditions of a warrant agreement, dated November 14, 2017, between GulfMark and the warrant agent, which was amended and assumed by Tidewater pursuant to an Assignment, Assumption, and Amendment Agreement dated November 15, 2018 (as amended, the “Legacy GLF Equity Warrant Agreement”) and the applicable provisions of our charter, both of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit is a part. We encourage you to read the Legacy GLF Equity Warrant Agreement and our charter for additional information.

Warrant Agreement and Warrant Agent. The Legacy GLF Equity Warrants were issued under, and are subject to the terms and conditions of, the Legacy GLF Equity Warrant Agreement. American Stock Transfer & Trust Company, LLC serves as warrant agent for the Legacy GLF Equity Warrants.

Exercise Terms. The Legacy GLF Equity Warrants have seven-year terms and are exercisable through November 14, 2024. Each Legacy GLF Equity Warrant represents the right to purchase 1.100 shares of Common Stock for an exercise price of \$100 per share, subject to adjustment as described in greater detail below under “Adjustments,” and all other terms and conditions of the Legacy GLF Equity Warrant Agreement. These terms and conditions include limitations on foreign ownership as set forth in our charter that are intended to comply with the Jones Act (for more information, see “Description of Common Stock – Limitations on Ownership by Non-U.S. Citizens”). Specifically, during the term of the GLF Equity Warrants, any non-U.S. citizen holders are prohibited from converting their GLF Equity Warrants into shares of Common Stock so long as certain other warrants originally issued by GulfMark and assumed by us in the business combination are outstanding and held by non-U.S. citizens. In addition, non-U.S. citizen holders may not exercise their warrants to the extent that such exercise would cause the aggregate ownership by non-U.S. citizens to exceed 24% of our outstanding Common Stock.

Expiration. All unexercised Legacy GLF Equity Warrants will expire, and the rights of the holders of Legacy GLF Equity Warrants to purchase shares of Common Stock will terminate on, the first to occur of (i) the close of business on November 14, 2024 or (ii) upon their earlier exercise or settlement in accordance with the



terms of the Legacy GLF Equity Warrant Agreement.

No Rights as Stockholders Before Exercise. A holder of Legacy GLF Equity Warrants, by virtue of holding, or having a beneficial interest in, such warrants, will not have the right to vote, to consent, to receive any cash dividends, stock dividends, allotments or rights or other distributions paid, allotted or distributed or distributable to the holders of shares of Common Stock, or to exercise any rights whatsoever as a stockholder of Tidewater unless, until and only to the extent such persons become holders of record of shares of Common Stock issued upon settlement of the Legacy GLF Equity Warrants.

Adjustments. The number of shares of Common Stock for which a Legacy GLF Equity Warrant is exercisable, and the exercise price per share of such warrant are subject to adjustment from time to time pursuant to the terms and conditions of the Legacy GLF Equity Warrant Agreement upon the occurrence of certain events, including the issuance of a stock dividend to all holders of Common Stock, a subdivision, a combination or other reclassification of Common Stock.

Reorganization Event. Upon the occurrence of a merger, consolidation, recapitalization, reclassification, reorganization or business combination with another person or entity, each holder of Legacy GLF Equity Warrants will have the right to receive, upon the exercise of such warrant, an amount of securities, cash or other property received in connection with such event with respect to or in exchange for the number of shares of Common Stock for which such Legacy GLF Equity Warrant is exercisable immediately prior to such event.

Cashless Exercise. The Legacy GLF Equity Warrants generally only permit holders to exercise the Legacy GLF Equity Warrants for a cash payment, or, if the underlying shares of Common Stock are listed on a national securities exchange as of the applicable exercise date, pursuant to a cashless exercise, whereby a holder may elect to pay cash to purchase the shares underlying the Legacy GLF Equity Warrant at the then-applicable exercise price. If a holder elects to have a cashless exercise, we will reduce the number of shares of Common Stock issuable pursuant to the exercise of the Legacy GLF Equity Warrants, without any cash payment therefor.

Listing. The Legacy GLF Equity Warrants are listed on the NYSE American under the symbol "TDW.WS."

Certain Anti-Takeover Provisions of our Charter, Bylaws, and Delaware Law

Certain provisions of the DGCL and our charter and bylaws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction or other attempts to influence or replace Tidewater's incumbent directors and officers. These provisions are summarized below.

Section 203 of the DGCL. Section 203 of the DGCL generally prohibits any "business combination," including mergers, sales and leases of assets, issuances of securities and similar transactions, by a corporation or a subsidiary with an "interested stockholder" who beneficially owns 15% or more of a corporation's voting stock, within three years after the person or entity becomes an interested stockholder, unless: (i) the transaction that will cause the person or entity to become an interested stockholder is approved by the board of directors of the corporation prior to the transaction; (ii) after the completion of the transaction in which the person or entity becomes an interested stockholder, the interested stockholder holds at least 85% of the voting stock of the corporation not including shares held by officers and directors of interested stockholders or shares held by specified employee benefit plans; or (iii) after the person or entity becomes an interested stockholder, the business combination is approved by the corporation's board of directors and holders of at least two-thirds of the corporation's outstanding voting stock, excluding shares held by the interested stockholder. Our charter incorporates Section 203 (except for Section 203(b)(4)) and provides that such provisions will govern even if Tidewater does not have a class of voting stock that is (i) listed on a National Securities Exchange, (ii) authorized for quotation on an interdealer quotation system of a registered national securities association or (iii) held of record by more than 2,000 stockholders.

Authorized but Unissued Shares of Common Stock. Our charter authorizes the Board to issue authorized but unissued shares of common stock.

Undesignated Preferred Stock. Our charter provides the Board with the authority to determine and fix the powers, preferences, rights, qualifications, limitations and restrictions of shares of preferred stock issued by the Board.

No Cumulative Voting. Holders of our Common Stock do not have cumulative voting rights in the election of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our bylaws provide advance notice procedures for stockholders to nominate candidates for election as directors at our annual and special meetings of stockholders and for stockholders seeking to bring business before its annual meeting of stockholders. Our bylaws also specify certain requirements regarding the form and content of a stockholder's notice.

Special Meetings of Stockholders. Our bylaws allow only the Board to call special meetings of stockholders. Our stockholders are not able to call special meetings of stockholders.

Stockholder Action by Written Consent. Our charter provides that any action required or permitted to be taken at a stockholders' meeting may be taken only upon the vote of the stockholders at such meeting and may not be taken by written consent of the stockholders.

Amendments of Certain Provisions of the Charter. Our charter requires the affirmative vote of at least 80% of the voting power of the outstanding shares of Tidewater's capital stock, voting together as a single class, to amend, repeal or adopt any provision inconsistent with the provision of its charter prohibiting stockholders acting by written consent.

Amendments of the Bylaws. Our bylaws may only be adopted, amended, or repealed by either a majority of our directors and a majority of Tidewater's continuing directors, voting as a separate group, or the holders of at least 80% of the total voting power of all stockholders and two-thirds of the total voting power of stockholders, other than any related person, present or duly represented at a stockholders' meeting voting as a separate group.

Limitations on Ownership by Non-U.S. Citizens. As described under "Description of our Common Stock – Limitations on Ownership by Non-U.S. Citizens," certain provisions of our charter designed to ensure our compliance with the Jones Act may have an anti-takeover effect.



Exhibit 21

List of Tidewater Inc. Subsidiaries as of December 31, 2021

	Name of Subsidiary or Organization	Jurisdiction of Incorporation	Percentage of Voting Securities Owned
1	3291361 Nova Scotia ULC	Canada	100%
2	Al Wasl Marine LLC	Dubai	49%
3	Antilles Marine Service Limited	Trinidad and Tobago	50%
4	Arabia Shipping Limited	Cayman Islands	100%
5	Arrendadora de Naves del Golfo, S.A. de C.V., SOFOM, ENR	Mexico	100%
6	Chalvoyage (M) Sdn. Bhd.	Malaysia	49%
7	Compania Maritima de Magallanes Limitada	Chile	100%
8	Divetide Limited	Thailand	49%
9	DTDW Holdings Limited	Cyprus	40%
10	DTDW Marine Services B.V.	Netherlands	40%
11	Equipo Mara, C.A.	Venezuela	19.90%
12	Global Panama Marine Service, Inc.	Panama	100%
13	GM Offshore, Inc.	Delaware	100%
14	GOMI Holdings, Inc.	Delaware	100%
15	Gorgon NewCo, LLC	Delaware	100%
16	Gulf Channel Offshore Servicios LDA	Angola	49%
17	Gulf Fleet Abu Dhabi	Abu Dhabi	49%
18	Gulf Fleet Middle East Limited	Cayman Islands	100%
19	Gulf Fleet N.V.	Netherlands Antilles	100%
20	Gulf Fleet Supply Vessels, L.L.C.	Louisiana	100%
21	Gulf Offshore Marine International, S. de R.L.	Panama	100%
22	GulfMark Americas, Inc.	Delaware	100%
23	GulfMark Asia Pte. Ltd.	Singapore	100%
24	GulfMark Capital, LLC	Delaware	100%
25	GulfMark de Mexico, S. de R.L. de C.V.	Mexico	100%
26	GulfMark Foreign Investments LLC	Delaware	100%
27	GulfMark Guernsey International Limited	Guernsey	100%
28	GulfMark Malaysia, Inc.	Malaysia	100%
29	GulfMark Malaysia Sdn. Bhd.	Malaysia	49%
30	GulfMark Malta Limited	Malta	100%
31	GulfMark Management, Inc.	Delaware	100%
32	GulfMark Marine Trinidad Limited	Trinidad & Tobago	49%
33	GulfMark Maritime S. de R.L. de C.V.	Mexico	100%
34	GulfMark North Sea Limited	United Kingdom	100%
35	GulfMark Oceans, L.P.	Cayman Islands	100%
36	GulfMark Resources, LLC	Delaware	100%
37	GulfMark Servicios de Mexico, S. de R.L. de C.V.	Mexico	49%
38	GulfMark Servicios Maritimos do Brasil Limitada	Brazil	100%
39	GulfMark Shipping, LLC	Delaware	100%
40	GulfMark Thailand, LLC	Delaware	100%
41	GulfMark UK International Limited	United Kingdom	100%
42	Hilliard Oil & Gas, Inc.	Nevada	100%
43	Indigo Fleet Limited	Cayman Islands	100%
44	International Maritime Services, Inc.	Cayman Islands	100%
45	Java Boat Corporation	Louisiana	100%



46	Java Boat Corporation B.V.	Netherlands	100%
47	JB Holding Company B.V.	Netherlands	100%
48	Logistica Mexicana del Caribe, S. de R.L. de C.V.	Mexico	100%
49	Maré Alta do Brasil Navegação Ltda.	Brazil	100%
50	Mashhor Marine Sdn. Bhd.	Brunei	70%
51	Middle East Ships Limited	Cayman Islands	100%
52	Navegadores Servicios de Apoio Marítimo Ltda.	Brazil	100%
53	Naviera Tídex, S. de R.L. de C.V.	Mexico	49%
54	O.I.L. (Nigeria) Limited	Nigeria	82.10%
55	Offshore Labuan Leasing Inc.	Labuan	100%
56	Offshore Marine Inc.	Labuan	49%
57	Pacific Tidewater Pty. Ltd.	Australia	100%
58	Pan Marine do Brasil Ltda.	Brazil	100%
59	Pan Marine International Dutch Holdings, L.L.C.	Louisiana	100%
60	Pan Marine International, Inc.	Cayman Islands	100%
61	Pental Insurance Co. Ltd.	Bermuda	100%
62	Point Marine, L.L.C.	Louisiana	100%
63	Purple Fleet Limited	Cayman Islands	100%
64	Quality Shipyards, L.L.C.	Louisiana	100%
65	S.O.P., Inc.	Louisiana	100%
66	SEA Maritime Services Pte. Ltd.	Singapore	100%
67	Semaring Enterprise Sdn. Bhd.	Malaysia	51%
68	Semaring Logistics (M) Sdn. Bhd.	Malaysia	49%
69	Servicios Costa Afuera de Mexico, S. de R.L. de C.V.	Mexico	100%
70	Sonatide Marine Services, Ltd.	Cayman Islands	49%
71	Sonatide Marine, Ltd.	Cayman Islands	49%
72	Southern Ocean Services Pte. Ltd.	Singapore	100%
73	TDW International Unrestricted, Inc.	Cayman Islands	100%
74	Tide States Vessels, L.L.C.	Louisiana	100%
75	Tide States, L.L.C.	Louisiana	100%
76	Tideflo Marine Services Limited	Nigeria	40%
77	Tidewater (India) Private Limited	India	100%
78	Tidewater Al Rushaid Co. Ltd.	Saudi Arabia	50%
79	Tidewater Caribe, C.A.	Venezuela	100%
80	Tidewater Corporate Services, L.L.C.	Delaware	100%
81	Tidewater Crewing Guernsey Ltd.	Guernsey	100%
82	Tidewater Crewing Limited	Cayman Islands	100%
83	Tidewater Cyprus Limited	Cyprus	100%
84	Tidewater de Mexico, S. de R.L. de C.V.	Mexico	49%
85	Tidewater Dutch Holdings Cooperatief U.A.	Netherlands	100%
86	Tidewater GOM, Inc.	Louisiana	100%
87	Tidewater GOM Limited	Cayman Islands	100%
88	Tidewater Investment Cooperatief U.A.	Netherlands	100%
89	Tidewater Investment SRL	Barbados	100%
90	Tidewater Marine AS	Norway	100%
91	Tidewater Marine Australia Pty Ltd	Australia	100%
92	Tidewater Marine Charter Services Pte. Ltd.	Singapore	100%
93	Tidewater Marine Fleet, L.L.C.	Louisiana	100%
94	Tidewater Marine Gabon S.A.	Gabon	100%



95	Tidewater Marine Hulls, L.L.C.	Louisiana	100%
96	Tidewater Marine Indonesia Limited	Vanuatu	100%
97	Tidewater Marine International Dutch Holdings, L.L.C.	Louisiana	100%
98	Tidewater Marine International Pte. Ltd.	Singapore	100%
99	Tidewater Marine International, Inc.	Cayman Islands	100%
100	Tidewater Marine Sakhalin, L.L.C.	Louisiana	100%
101	Tidewater Marine Service (M) Sdn. Bhd.	Malaysia	100%
102	Tidewater Marine Ships, L.L.C.	Louisiana	100%
103	Tidewater Marine Technical Services (Shenzhen) Co., Ltd.	China	100%
104	Tidewater Marine UK Ltd.	United Kingdom	100%
105	Tidewater Marine Vanuatu Limited	Vanuatu	100%
106	Tidewater Marine Vessels, L.L.C.	Louisiana	100%
107	Tidewater Marine West Indies Limited	Bahamas	100%
108	Tidewater Marine Western, L.L.C.	Delaware	100%
109	Tidewater Marine, L.L.C.	Louisiana	100%
110	Tidewater Mexico Holding, L.L.C.	Delaware	100%
111	Tidewater Norge AS	Norway	100%
112	Tidewater Offshore Sdn Bhd	Malaysia	49%
113	Tidewater Personnel UK LTD	United Kingdom	100%
114	Tidewater Rederi AS	Norway	100%
115	Tidewater Subsea ROV, L.L.C.	Louisiana	100%
116	Tidewater Subsea, L.L.C.	Louisiana	100%
117	Tidewater Support Services Limited	England	100%
118	Tidewater Venture, Inc.	Delaware	100%
119	Tidex Nigeria Limited	Nigeria	60%
120	Troms Offshore Fleet Holding AS	Norway	100%
121	Troms Offshore Management AS	Norway	100%
122	Troms Offshore Supply AS	Norway	100%
123	Twenty Grand (Brazil), L.L.C.	Louisiana	100%
124	Twenty Grand Marine Service, L.L.C.	Louisiana	100%
125	Vessellogistics Limited	Cyprus	100%
126	VTG Ships Limited	Cayman Islands	100%
127	VTG Supply Boat Liberia Inc.	Liberia	100%
128	Zapata Gulf Marine, L.L.C.	Louisiana	100%
129	Zapata Marine Service (Nigeria) Limited	Nigeria	100%

NOTE: The Company has elected to exclude certain subsidiaries that do not constitute a "Significant Subsidiary" as set forth in Section 601(b)(21) of Regulation S-K.



Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-228029 and 333-234686) and on Form S-8 (Nos. 333-219793, 333-228401, 333-227111 and 333-257072) of our report dated March 9, 2022, relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Houston, Texas

March 9, 2022



Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-228029 and 333-234686 on Form S-3 and Registration Statement Nos. 333-257072, 333-219793, 333-228401 and 333-227111, on Form S-8 of our report dated March 4, 2021, relating to the financial statements of Tidewater Inc. appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Houston, Texas
March 9, 2022



EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Quintin V. Kneen, certify that:

1. I have reviewed this annual report on Form 10-K of Tidewater 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. As principal executive officer, I am 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 my 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 9, 2022

/s/ Quintin V. Kneen

Quintin V. Kneen
President and Chief Executive Officer



EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Samuel R. Rubio, certify that:

1. I have reviewed this annual report on Form 10-K of Tidewater 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. As principal financial officer, I am 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 my 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 9, 2022

/s/ Samuel R. Rubio

Samuel R. Rubio

Executive Vice President and Chief Financial 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 on Form 10-K of Tidewater Inc. (the "Company") for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Quintin V. Kneen, President and Chief Executive Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: March 9, 2022

/s/ Quintin V. Kneen

Quintin V. Kneen

President and Chief Executive Officer

A signed original of this written statement has been provided to the company and will be retained by the company and furnished to the Securities and Exchange Commission or its staff upon request.

The certification the registrant furnishes in this exhibit is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Registration Statements or other documents filed with the Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated.



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 on Form 10-K of Tidewater Inc. (the "Company") for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Samuel R. Rubio, Executive Vice President and Chief Financial Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: March 9, 2022

/s/ Samuel R. Rubio

Samuel R. Rubio

Executive Vice President and Chief Financial Officer

A signed original of this written statement has been provided to the company and will be retained by the company and furnished to the Securities and Exchange Commission or its staff upon request.

The certification the registrant furnishes in this exhibit is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Registration Statements or other documents filed with the Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated.



TIDEWATER

Tidewater Inc.

842 West Sam Houston Parkway North, Suite 400

Houston, Texas 77024, USA

Toll Free: +1.800.678.8433

Phone: +1.713.470.5300

www.tdw.com



Skattedirektoratet

Saksbehandler
Rune Tystad

Deres dato
17.10.2013

Vår dato
04.11.2013

Telefon
977 59 464

Deres referanse
Erik Evjen

Vår referanse
2013/816311

TROMS OFFSHORE SUPPLY AS
c/o Troms Offshore AS Postboks 6155
9291 TROMSØ

Fritak for konsernregnskapsplikten for underkonsernet Troms Offshore Supply AS, org.nr. 995 541 467

Vi viser til deres brev av 25. januar 2011 hvor dere søker om fritak fra plikten til å utarbeide konsernregnskap for Troms Offshore Supply AS.

Troms Offshore Supply AS ble i juni 2013 kjøpt opp av Tidewater Inc. Troms Offshore Supply AS eies i dag 100 % av Tidewater Inc. via det nederlandske selskapet Java Boat Corporation B.V. Tidewater Inc. utarbeider konsernregnskap i henhold til USGAAP, som omfatter Troms Offshore Supply AS og dets datterselskaper. Tidewater Inc. er notert på New York Stock Exchange

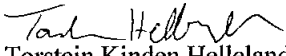
Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juni 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for Troms Offshore Supply AS. Det forutsettes at Tidewater Inc. utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskap. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med US GAAP og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

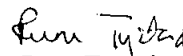
Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7.9.2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten på norsk, kan være på svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen


Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Rune Tystad

Postadresse
Postboks 9200 Grønland
0134 Oslo
skatteetaten.no/sendepost

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318

Sentralbord
800 80 000
Telefaks
22 17 08 60



Skatteetaten

Vår dato 12.07.2021	Din/Deres dato 18.06.2021	Saksbehandler Lars Waalorp
800 80 000 Skatteetaten.no	Din/Deres referanse AR435222310	Telefon 90833418
Org.nr 974761076	Vår referanse 2021/6061828	Postadresse Postboks 9200 Grønland 0134 OSLO

KPMG AS
Postboks 7000 Majorstua
0306 OSLO

Att. Trym Eriksen

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk

Vi viser til deres brev av 18. juni 2021 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for følgende selskaper:

Troms Offshore Supply AS	org.nr. 995 541 467
Troms Offshore Fleet Holding AS	org.nr. 912 669 165
Troms Offshore Management AS	org.nr. 896 488 112

Søknaden ble sendt til Skattedirektoratet. Skattedirektoratets myndighet til å treffe enkeltvedtak etter regnskapsloven § 3-4 tredje ledd ble delegert til skattekontoret med virkning fra 1. juni 2019.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Troms Offshore Fleet Holding AS og Troms Offshore Management AS er datterselskaper av Troms Offshore Supply AS som igjen er eid av et utenlandsk selskap. Selskapene driver rederivirksomhet og opererer primært forsyningsskip i Nordsjøen. Selskapene har utenlandsk styreleder/-medlem.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:



"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapene direkte eller indirekte er eid av et utenlandsk selskap. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.