

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2021

☐ **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 or other jurisdiction of incorporation)

72-0487776

(I.R.S. Employer Identification No.)

6002 Rogerdale Road, Suite 600

Houston, Texas 77072

(Address of principal executive offices) (Zip code)

(713) 470-5300

Registrant's telephone number, including area code

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.001 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
Preferred stock purchase rights	N/A	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ 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 ☐

Non-accelerated filer ☐

Emerging Growth Company ☐

Accelerated filer ☒

Smaller reporting company ☐

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 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 ☐

41,279,272 shares of Tidewater Inc. common stock \$0.001 par value per share were outstanding on October 31, 2021.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TIDEWATER INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share and par value data)

	September 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 127,414	\$ 149,933
Restricted cash	24,092	2,079
Trade and other receivables, less allowance for credit losses of \$2,134 and \$1,516 at September 30, 2021 and December 31, 2020, respectively	86,015	112,623
Due from affiliates, less allowance for credit losses of \$70,638 and \$71,800 at September 30, 2021 and December 31, 2020, respectively	68,217	62,050
Marine operating supplies	13,335	15,876
Assets held for sale	17,891	34,396
Prepaid expenses and other current assets	13,129	11,692
Total current assets	350,093	388,649
Net properties and equipment	709,324	780,318
Deferred drydocking and survey costs	40,510	56,468
Other assets	23,146	25,742
Total assets	\$ 1,123,073	\$ 1,251,177
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 18,042	\$ 16,981
Accrued expenses	52,133	52,422
Due to affiliates	59,571	53,194
Current portion of long-term debt	140,995	27,797
Other current liabilities	29,139	32,785
Total current liabilities	299,880	183,179
Long-term debt	14,139	164,934
Other liabilities	74,442	79,792
Commitments and contingencies		
Equity:		
Common stock of \$0.001 par value, 125,000,000 shares authorized, 41,277,377 and 40,704,984 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	41	41
Additional paid-in capital	1,375,215	1,371,809
Accumulated deficit	(639,966)	(548,931)
Accumulated other comprehensive loss	(1,289)	(804)
Total stockholders' equity	734,001	822,115
Noncontrolling interests	611	1,157
Total equity	734,612	823,272
Total liabilities and equity	\$ 1,123,073	\$ 1,251,177

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

TIDEWATER INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenues:				
Vessel revenues	\$ 91,634	\$ 85,395	\$ 261,141	\$ 298,344
Other operating revenues	767	1,072	4,717	6,835
	92,401	86,467	265,858	305,179
Costs and expenses:				
Vessel operating costs	65,344	61,784	190,627	205,383
Costs of other operating revenues	355	219	2,003	3,063
General and administrative	18,045	17,438	50,875	56,455
Depreciation and amortization	27,980	30,777	86,256	86,028
Long-lived asset impairments	2,167	1,945	2,167	67,634
Affiliate credit loss impairment expense (credit)	—	—	(1,000)	53,581
Affiliate guarantee obligation	—	—	—	2,000
(Gain) loss on asset dispositions, net	74	(520)	2,954	(7,511)
	113,965	111,643	333,882	466,633
Operating loss	(21,564)	(25,176)	(68,024)	(161,454)
Other income (expense):				
Foreign exchange loss	(523)	(1,153)	(951)	(2,365)
Equity in net earnings (losses) of unconsolidated companies	100	—	(1,697)	—
Dividend income from unconsolidated company	—	—	—	17,150
Interest income and other, net	148	272	179	1,084
Interest and other debt costs, net	(3,681)	(6,071)	(12,166)	(18,172)
	(3,956)	(6,952)	(14,635)	(2,303)
Loss before income taxes	(25,520)	(32,128)	(82,659)	(163,757)
Income tax expense	887	5,953	8,922	3,512
Net loss	\$ (26,407)	\$ (38,081)	\$ (91,581)	\$ (167,269)
Net loss attributable to noncontrolling interests	(149)	(154)	(546)	(274)
Net loss attributable to Tidewater Inc.	\$ (26,258)	\$ (37,927)	\$ (91,035)	\$ (166,995)
Basic loss per common share	\$ (0.64)	\$ (0.94)	\$ (2.22)	\$ (4.15)
Diluted loss per common share	\$ (0.64)	\$ (0.94)	\$ (2.22)	\$ (4.15)
Weighted average common shares outstanding	41,132	40,405	40,918	40,271
Adjusted weighted average common shares	41,132	40,405	40,918	40,271

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

TIDEWATER INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net loss	\$ (26,407)	\$ (38,081)	\$ (91,581)	\$ (167,269)
Other comprehensive income (loss):				
Change in pension plan and supplemental pension plan liability, net of tax of \$0, \$0.2 million, \$0 and \$0.4 million, respectively	(207)	525	(485)	1,342
Total comprehensive loss	\$ (26,614)	\$ (37,556)	\$ (92,066)	\$ (165,927)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

TIDEWATER INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Operating activities:		
Net loss	\$ (91,581)	\$ (167,269)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	54,605	53,614
Amortization of deferred drydocking and survey costs	31,651	32,414
Amortization of debt premium and discounts	2,662	2,418
Provision for deferred income taxes	167	107
(Gain) loss on asset dispositions, net	2,954	(7,511)
Loss on debt extinguishment	59	—
Affiliate credit loss impairment expense (credit)	(1,000)	53,581
Affiliate guarantee obligation	—	2,000
Long-lived asset impairments	2,167	67,634
Stock-based compensation expense	4,199	3,959
Changes in assets and liabilities, net:		
Trade and other receivables	26,608	9,434
Changes in due to/from affiliates, net	1,210	9,852
Accounts payable	1,061	(14,548)
Accrued expenses	(473)	(18,189)
Deferred drydocking and survey costs	(17,388)	(29,499)
Other, net	(8,833)	3,809
Net cash provided by operating activities	8,068	1,806
Cash flows from investing activities:		
Proceeds from asset dispositions	33,956	31,498
Additions to properties and equipment	(2,583)	(4,682)
Net cash provided by investing activities	31,373	26,816
Cash flows from financing activities:		
Principal payments on long-term debt	(39,259)	(33,520)
Debt modification costs	(855)	—
Debt extinguishment premium	(59)	—
Tax on share-based awards	(793)	(702)
Net cash used in financing activities	(40,966)	(34,222)
Net change in cash, cash equivalents and restricted cash	(1,525)	(5,600)
Cash, cash equivalents and restricted cash at beginning of period	155,225	227,608
Cash, cash equivalents and restricted cash at end of period	\$ 153,700	\$ 222,008
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest, net of amounts capitalized	\$ 10,083	\$ 16,169
Income taxes	\$ 14,735	\$ 9,940

Cash, cash equivalents and restricted cash at September 30, 2021 includes \$2.2 million in long-term restricted cash, which is included in other assets in our condensed consolidated balance sheet.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

TIDEWATER INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited)
(In thousands)

	Three Months Ended						
	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Non controlling interest	Total	
Balance at June 30, 2021	\$ 41	\$ 1,373,727	\$ (613,708)	\$ (1,082)	\$ 760	\$ 759,738	
Total comprehensive loss	—	—	(26,258)	(207)	(149)	(26,614)	
Amortization of share-based awards	—	1,488	—	—	—	1,488	
Balance at September 30, 2021	\$ 41	\$ 1,375,215	\$ (639,966)	\$ (1,289)	\$ 611	\$ 734,612	
Balance at June 30, 2020	\$ 40	\$ 1,369,645	\$ (481,757)	\$ 581	\$ 1,491	\$ 890,000	
Total comprehensive income (loss)	—	—	(37,927)	525	(154)	(37,556)	
Amortization of share-based awards	—	1,133	—	—	—	1,133	
Balance at September 30, 2020	\$ 40	\$ 1,370,778	\$ (519,684)	\$ 1,106	\$ 1,337	\$ 853,577	
	Nine Months Ended						
	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Non controlling interest	Total	
Balance at December 31, 2020	\$ 41	\$ 1,371,809	\$ (548,931)	\$ (804)	\$ 1,157	\$ 823,272	
Total comprehensive loss	—	—	(91,035)	(485)	(546)	(92,066)	
Amortization of share-based awards	—	3,406	—	—	—	3,406	
Balance at September 30, 2021	\$ 41	\$ 1,375,215	\$ (639,966)	\$ (1,289)	\$ 611	\$ 734,612	
Balance at December 31, 2019	\$ 40	\$ 1,367,521	\$ (352,526)	\$ (236)	\$ 1,611	\$ 1,016,410	
Total comprehensive income (loss)	—	—	(166,995)	1,342	(274)	(165,927)	
Adoption of credit loss accounting standard	—	—	(163)	—	—	(163)	
Amortization of share-based awards	—	3,257	—	—	—	3,257	
Balance at September 30, 2020	\$ 40	\$ 1,370,778	\$ (519,684)	\$ 1,106	\$ 1,337	\$ 853,577	

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

(1) INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements for the interim periods presented herein have been prepared in conformity with United States generally accepted accounting principles and, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the unaudited condensed consolidated financial statements at the dates and for the periods indicated as required by Rule 10-01 of Regulation S-X of the Securities and Exchange Commission (SEC). Results of operations for interim periods are not necessarily indicative of results of operations for the respective full years. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 4, 2021, as amended on April 30, 2021.

The unaudited condensed consolidated financial statements include the accounts of Tidewater Inc. and its subsidiaries. Intercompany balances and transactions are eliminated in consolidation. We use the equity method to account for equity investments over which we exercise significant influence but do not exercise control and are not the primary beneficiary. Unless otherwise specified, all per share information included in this document is on a diluted earnings per share basis.

(2) RECENTLY ISSUED OR ADOPTED ACCOUNTING PRONOUNCEMENTS

In July 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. Although we are presently evaluating the effect of the standard, we do not expect its adoption to 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. Although we are presently evaluating the effect of the standard, we do not expect its adoption to have a material impact on our consolidated financial statements and related disclosures.

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 are no longer 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 related disclosures.

(3) ALLOWANCE FOR CREDIT LOSSES

Expected credit losses are recognized on the initial recognition of our trade accounts receivable and contract assets. 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 segmented group of customers that share similar risk characteristics. It is our practice to write off receivables when all legal options for collection have been exhausted.

Activity in the allowance for credit losses for the nine months ended September 30, 2021 is as follows:

(In thousands)	Trade and Other Receivables	Due from Affiliates
Balance at January 1, 2021	\$ 1,516	\$ 71,800
Current period provision for expected credit losses	707	(1,000)
Write offs	(89)	—
Other	—	(162)
Balance at September 30, 2021	\$ 2,134	\$ 70,638

(4) REVENUE RECOGNITION

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

Contract Balances

At September 30, 2021, we had \$0.9 million and \$4.1 million of deferred mobilization costs included within prepaid expenses and other current assets and other assets, respectively.

At September 30, 2021, we have \$0.7 million of deferred mobilization revenue, included within accrued expenses, related to unsatisfied performance obligations which will be recognized during the remainder of 2021 and 2022.

(5) STOCKHOLDERS' EQUITY AND DILUTIVE EQUITY INSTRUMENTS

Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) (OCI) by component, net of tax, for the three and nine months ended September 30, 2021 and 2020 are as follows:

(In thousands)	Three Months Ended	
	September 30, 2021	September 30, 2020
Balance at June 30, 2021 and 2020	\$ (1,082)	\$ 581
Pension benefits recognized in OCI	(207)	525
Balance at September 30, 2021 and 2020	\$ (1,289)	\$ 1,106

(In thousands)	Nine Months Ended	
	September 30, 2021	September 30, 2020
Balance at December 31, 2020 and 2019	\$ (804)	\$ (236)
Pension benefits recognized in OCI	(485)	1,342
Balance at September 30, 2021 and 2020	\$ (1,289)	\$ 1,106

Dilutive Equity Instruments

We had 2,648,775 and 2,488,752 incremental "in-the-money" warrants, restricted stock units and stock options at September 30, 2021 and 2020, respectively, which are as follows:

	September 30, 2021	September 30, 2020
Total shares outstanding including warrants, restricted stock units and stock options		
Common shares outstanding	41,277,377	40,460,982
New creditor warrants (strike price \$0.001 per common share)	635,663	761,395
GulfMark creditor warrants (strike price \$0.01 per common share)	565,155	930,027
Restricted stock units and stock options	1,447,957	797,330
Total	43,926,152	42,949,734

We also had 5,923,399 shares of "out-of-the-money" warrants outstanding at both September 30, 2021 and 2020. Included in these "out-of-the-money" warrants are Series A Warrants, Series B Warrants and GLF Equity Warrants which have exercise prices of \$57.06, \$62.28, and \$100.00, respectively. No warrants or restricted stock units, whether in the money or out of the money, are included in our loss per share calculations because the effect of such inclusion is antidilutive.

(6) INCOME TAXES

We use a discrete effective tax rate method to calculate taxes for interim periods instead of applying the annual effective tax rate to an estimate of the full fiscal year due to the level of volatility and unpredictability of earnings in our industry, both overall and by jurisdiction.

Income tax expense for the quarter and nine months ended September 30, 2021, reflects tax liabilities in various jurisdictions that are either based on revenue (deemed profit regimes) or pre-tax profits.

The tax liabilities for uncertain tax positions are primarily attributable to permanent establishment issues related to a foreign joint venture, subpart F income inclusions and withholding taxes on foreign services. Penalties and interest related to income tax liabilities are included in income tax expense. Income tax payable is included in other current liabilities.

As of December 31, 2020, our balance sheet reflected approximately \$137.0 million of net deferred tax assets prior to a valuation allowance analysis, with a valuation allowance of \$140.4 million. As of September 30, 2021, we had net deferred tax assets of approximately \$162.1 million prior to a valuation allowance analysis of \$165.7 million.

Management assesses all available positive and negative evidence to permit use of existing deferred tax assets.

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was enacted on March 27, 2020 in the United States. The CARES Act includes several significant business tax provisions, that are available to us, that, among other things, would allow businesses to carry back net operating losses arising after 2017 to the five prior tax years. Considering the available carryback, in the second quarter of 2020, we recorded an account receivable tax benefit totaling \$6.9 million related to the realization of net operating loss deferred tax assets on which a valuation allowance was previously recorded. We collected this receivable in the first quarter of 2021.

With limited exceptions, we are no longer subject to tax audits by U.S. federal, state, local or foreign taxing authorities for years prior to 2014. We are subject to 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, results of operations, or cash flows.

(7) AFFILIATES BALANCES

We maintained the following balances with our unconsolidated affiliates:

(In thousands)	September 30, 2021	December 31, 2020
Due from affiliates:		
Angolan joint venture (Sonatide)	\$ 47,251	\$ 41,623
Nigeria joint venture (DTDW)	20,966	20,427
	68,217	62,050
Due to affiliates:		
Sonatide	\$ 38,605	\$ 32,767
DTDW	20,966	20,427
	59,571	53,194
Net due from affiliates	\$ 8,646	\$ 8,856

Amounts due from Sonatide

Amounts due from Sonatide represent cash received by Sonatide from customers and due to us, amounts due from customers that are expected to be remitted to us by 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 period indicated:

(In thousands)	Nine Months Ended September 30, 2021
Due from Sonatide at December 31, 2020	\$ 41,623
Revenue earned by the company through Sonatide	29,096
Less amounts received from Sonatide	(19,275)
Less amounts used to offset due to Sonatide obligations	(5,177)
Other	984
Total due from Sonatide at September 30, 2021	\$ 47,251

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. In late 2019, we were informed that, as part of a broad privatization program, Sonangol, our partner in Sonatide, intends to seek to divest itself from the Sonatide joint venture.

In the second quarter of 2020, Sonatide declared a \$35.0 million dividend. On September 22, 2020, Sonangol received \$17.8 million and we received \$17.2 million. All of our share of the dividend is reflected as dividend income from unconsolidated company in the consolidated statement of operations because (i) our investment in the Sonatide joint venture had previously been written down to zero, (ii) the distributions are not refundable and (iii) we are not liable for the obligations of or committed to provide financial support to the Sonatide joint venture. In addition, as a result of the aforementioned 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 nine months ended September 30, 2020, we recorded a \$41.5 million credit loss impairment expense.

After offsetting the amounts due to Sonatide, the net amount due from Sonatide at September 30, 2021 was approximately \$8.6 million. Sonatide had approximately \$11.2 million of cash on hand at September 30, 2021 plus approximately \$9.5 million of net trade accounts receivable 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 possible additional changes in future periods based in part on available liquidity held by Sonatide. In the nine months ended September 30, 2021, we recorded a \$1.0 million credit to the credit loss impairment account.

Amounts due to Sonatide

Amounts due to Sonatide represent 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 period indicated:

		Nine Months Ended September 30, 2021
(In thousands)		
Due to Sonatide at December 31, 2020	\$	32,767
Plus additional commissions payable to Sonatide		2,659
Plus amounts paid by Sonatide on behalf of the company		7,811
Less amounts used to offset due from Sonatide obligations		(5,177)
Other		545
Total due to Sonatide at September 30, 2021	\$	38,605

Company operations in Angola

Vessel revenues generated by our Angolan operations, percent of consolidated vessel revenues, average number of company owned vessels and average number of stacked company owned vessels of our Angolan operations for the periods indicated were as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenues of Angolan operations (in thousands)	\$ 12,046	\$ 10,660	\$ 30,413	\$ 35,086
Percent of consolidated vessel revenues	13%	12%	11%	12%
Number of company owned vessels in Angola	24	24	23	26
Number of stacked company owned vessels in Angola	4	8	5	9

Amounts due from DTDW

We own 40% of DTDW. Our partner, who owns 60%, is a Nigerian national. DTDW owns one offshore service vessel. We also, from time to time, operate company owned vessels in Nigeria for which our partner receives a commission. As of September 30, 2021, we had no company owned vessels operating in Nigeria and the DTDW owned vessel was not employed. As a result, the near-term cash flow projections indicate that DTDW does not have sufficient funds to meet its obligations to us or its vendors. Based on current situations, 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. In the second quarter of 2020, we recorded an affiliate credit loss impairment expense for the entire net due from DTDW balance as of September 30, 2020 totaling \$12.1 million.

Previously, 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 was fully reserved during 2020, that represented our portion of the joint venture debt guarantee and our partner assumed the remaining joint venture debt which represented his portion of the guarantee.

(8) EMPLOYEE BENEFIT PLANS

U.S. Defined Benefit Pension Plan

We have a defined benefit pension plan (pension plan) that covers certain U.S. employees. The pension plan was frozen during 2010. We have not made contributions to the pension plan since 2019. Actuarial valuations are performed annually and an assessment of the future pension obligations and market value of the assets will determine if contributions are made in the future.

Supplemental Executive Retirement Plan

We also support a non-contributory and non-qualified defined benefit supplemental executive retirement plan (supplemental plan) which was closed to new participants during 2010. We contributed \$1.2 million during each of the nine months ended September 30, 2021 and 2020, respectively. We expect to contribute \$0.4 million to the supplemental plan during the remainder of 2021. Our obligations under the supplemental plan were \$22.8 million for both September 30, 2021 and December 31, 2020, respectively, and are included in “accrued expenses” and “other liabilities” in the condensed consolidated balance sheet.

Net Periodic Benefit Costs

The net periodic benefit cost for our defined benefit pension plans and supplemental plan (referred to collectively as “Pension Benefits”) is comprised of the following components:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Pension Benefits:				
Service cost	\$ —	\$ 97	\$ —	\$ 111
Interest cost	542	239	1,628	2,737
Expected return on plan assets	(543)	(114)	(1,630)	(2,208)
Administrative expenses	—	52	—	64
Settlement loss	—	79	—	910
Amortization of net actuarial losses	36	5	109	(4)
Net periodic pension cost	\$ 35	\$ 358	\$ 107	\$ 1,610

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

(9) DEBT

The following is a summary of all debt outstanding:

(In thousands)	September 30, 2021	December 31, 2020
Senior Secured Notes:		
8.00% Senior Secured Notes due August 2022 (A) (B) (C)	\$ 135,210	\$ 147,049
Troms Offshore borrowings (D):		
NOK denominated notes due May 2024	2,763	5,954
NOK denominated notes due January 2026	6,450	14,559
USD denominated notes due January 2027	6,887	14,744
USD denominated notes due April 2027	7,444	15,669
	\$ 158,754	\$ 197,975
Debt premiums and discounts, net	(3,620)	(5,244)
Less: Current portion of long-term debt	(140,995)	(27,797)
Total long-term debt	\$ 14,139	\$ 164,934

- (A) As of September 30, 2021 and December 31, 2020 the fair value (Level 2) of the Senior Secured Notes was \$136.4 million and \$141.4 million, respectively.
- (B) The \$24.1 million restricted cash on the balance sheet at September 30, 2021, represents approximately 65% of net proceeds from asset dispositions since the date of the last tender offer and is restricted by the terms of the Indenture.
- (C) During the nine months ended September 30, 2021, we repurchased \$11.8 million of the Senior Secured Notes at a premium of \$0.1 million in open market transactions.
- (D) We pay principal and interest on these notes semi-annually. As of September 30, 2021 and December 31, 2020, the aggregate fair value (Level 2) of the Troms Offshore borrowings was \$23.6 million and \$51.6 million, respectively. The weighted average interest rate of the Troms Offshore borrowings as of September 30, 2021 was 5.0%.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, tender offers, exchange offers, redemptions, one or more additional offers, or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

An amendment and restatement of the Troms Offshore credit agreement was executed in December 2020 whereby the financial covenants were conformed to match the November 2020 amendments to the covenants governing the Senior Secured Notes, and included an obligation to prepay (1) the amounts deferred in the 2017 amendment and restatement and (2) an additional amount that will not exceed \$45 million representing a percentage of Senior Secured Notes prepayments. The prepayment associated with this amendment made during the nine months of 2021 totaled \$23.3 million. Additional prepayment obligations of \$3.4 million are due in the fourth quarter of 2021, and are reflected in current portion of long-term debt on our condensed consolidated balance sheet.

During the third quarter of 2021, we reclassified the Senior Secured Notes to current portion of long-term debt as the notes mature in August 2022. Our current Senior Secured Notes and Troms Offshore borrowings are expected to be redeemed with proceeds from our new Nordic Bond Offering as described below. The funding of the new notes will not take place until after the filing date of this Quarterly Report on Form 10Q as noted below.

Subsequent Event

On October 8, 2021, we announced the contemplated private offering of USD \$175.0 million in 5-year senior secured bonds in the Nordic bond market, subject to market and other conditions (the Nordic Bond Offering). On October 15, 2021, we announced the completion of pricing and terms of the Nordic Bond Offering. We anticipate that funding of the Nordic Bond Offering will occur on November 16, 2021, subject to customary closing conditions. The bonds will mature in November 2026 and have a coupon rate of 8.5% per annum. The net proceeds from the Nordic Bond Offering will be employed to repay the existing Senior Secured Notes and the Troms Offshore borrowings in full, including contractual make-whole premiums, with any remaining part thereof, applied for general corporate purposes.

(10) COMMITMENTS AND CONTINGENCIES

Currency Devaluation and Fluctuation Risk

Due to our international operations, we are exposed to foreign currency exchange rate fluctuations against the U.S. dollar. 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 for 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 our 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.

(11) FAIR VALUE MEASUREMENTS

Other Financial Instruments

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. 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. In addition, we disclose the fair value of our long-term debt in Note 9 and the fair value of our assets held for sale in Note 15.

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

As of September 30, 2021, our property and equipment consist primarily of 139 active vessels, which excludes the 14 vessels we have classified as held for sale, located around the world. As of December 31, 2020, our property and equipment consisted primarily of 149 active vessels, which excluded 23 vessels classified as held for sale.

A summary of properties and equipment is as follows:

(In thousands)	September 30, 2021	December 31, 2020
Properties and equipment:		
Vessels and related equipment	\$ 911,242	\$ 940,175
Other properties and equipment	16,868	16,861
	928,110	957,036
Less accumulated depreciation and amortization	218,786	176,718
Properties and equipment, net	\$ 709,324	\$ 780,318

A summary of accrued expenses is as follows:

(In thousands)	September 30, 2021	December 31, 2020
Payroll and related payables	\$ 16,852	\$ 17,201
Accrued vessel expenses	20,106	17,129
Accrued interest expense	2,596	3,240
Other accrued expenses	12,579	14,852
	\$ 52,133	\$ 52,422

A summary of other current liabilities is as follows:

(In thousands)	September 30, 2021	December 31, 2020
Taxes payable	\$ 21,305	\$ 23,883
Other	7,834	8,902
	\$ 29,139	\$ 32,785

A summary of other liabilities is as follows:

(In thousands)	September 30, 2021	December 31, 2020
Pension liabilities	\$ 31,139	\$ 31,736
Liability for uncertain tax positions	31,043	35,304
Other	12,260	12,752
	\$ 74,442	\$ 79,792

(13) SEGMENT AND GEOGRAPHIC DISTRIBUTION OF OPERATIONS

The following table provides a comparison of segment revenues, vessel operating profit (loss), depreciation and amortization, and additions to properties and equipment for the three and nine months ended September 30, 2021 and 2020. Vessel revenues relate to vessels owned and operated by us while other operating revenues relate to other miscellaneous marine-related businesses.

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenues:				
Vessel revenues:				
Americas	\$ 24,564	\$ 28,705	\$ 74,269	\$ 94,608
Middle East/Asia Pacific	25,633	23,280	75,675	72,091
Europe/Mediterranean	21,197	17,716	58,413	67,827
West Africa	20,240	15,694	52,784	63,818
Other operating revenues	767	1,072	4,717	6,835
	<u>\$ 92,401</u>	<u>\$ 86,467</u>	<u>\$ 265,858</u>	<u>\$ 305,179</u>
Vessel operating profit (loss):				
Americas	\$ (1,770)	\$ 107	\$ (8,361)	\$ 3,448
Middle East/Asia Pacific	(713)	(2,222)	(2,300)	(2,479)
Europe/Mediterranean	(2,866)	(3,883)	(12,873)	(4,086)
West Africa	(3,724)	(10,168)	(15,846)	(19,015)
Other operating profit	412	853	2,714	3,772
	<u>(8,661)</u>	<u>(15,313)</u>	<u>(36,666)</u>	<u>(18,360)</u>
Corporate expenses	(10,662)	(8,438)	(27,237)	(27,390)
Long-lived asset impairments	(2,167)	(1,945)	(2,167)	(67,634)
Affiliate credit loss impairment (expense) credit	—	—	1,000	(53,581)
Affiliate guarantee obligation	—	—	—	(2,000)
Gain (loss) on asset dispositions, net	(74)	520	(2,954)	7,511
Operating loss	<u>\$ (21,564)</u>	<u>\$ (25,176)</u>	<u>\$ (68,024)</u>	<u>\$ (161,454)</u>
Depreciation and amortization:				
Americas	\$ 7,290	\$ 8,076	\$ 22,679	\$ 23,645
Middle East/Asia Pacific	6,370	6,332	19,771	17,504
Europe/Mediterranean	6,834	8,248	21,543	21,860
West Africa	6,609	7,330	19,759	20,484
Corporate	877	791	2,504	2,535
	<u>\$ 27,980</u>	<u>\$ 30,777</u>	<u>\$ 86,256</u>	<u>\$ 86,028</u>
Additions to properties and equipment:				
Americas	\$ —	\$ (10)	\$ —	\$ (10)
Middle East/Asia Pacific	—	5	(42)	1,188
Europe/Mediterranean	146	(13)	739	913
West Africa	99	(11)	653	667
Corporate	477	636	1,233	1,924
	<u>\$ 722</u>	<u>\$ 607</u>	<u>\$ 2,583</u>	<u>\$ 4,682</u>

The following table provides a comparison of total assets at September 30, 2021 and December 31, 2020:

(In thousands)	September 30, 2021	December 31, 2020
Total assets:		
Americas	\$ 293,998	\$ 338,649
Middle East/Asia Pacific	184,580	226,422
Europe/Mediterranean	289,123	302,214
West Africa	235,249	242,825
Corporate	120,123	141,067
	<u>\$ 1,123,073</u>	<u>\$ 1,251,177</u>

(14) RESTRUCTURING CHARGES

In the fourth quarter of 2018, we abandoned the duplicate office facilities in four locations in the USA and Scotland. Activity for the lease exit and severance liabilities which are included in general and administrative expense for the nine months ended September 30, 2021 was as follows:

(In thousands)	Lease Exit Costs	Total
Balance at December 31, 2020	\$ 3,335	\$ 3,335
General and administrative charges	163	163
Cash payments	(1,800)	(1,800)
Balance at September 30, 2021	<u>\$ 1,698</u>	<u>\$ 1,698</u>

Activity for the lease exit and severance liabilities for the nine months ended September 30, 2020 was as follows:

(In thousands)	Lease Exit Costs	Severance	Total
Balance at December 31, 2019	\$ 4,109	\$ 272	\$ 4,381
General and administrative charges	198	1,076	1,274
Cash payments	(720)	(1,274)	(1,994)
Balance at September 30, 2020	<u>\$ 3,587</u>	<u>\$ 74</u>	<u>\$ 3,661</u>

(15) ASSET DISPOSITIONS, ASSETS HELD FOR SALE AND ASSET IMPAIRMENTS

In the fourth quarter of 2019, we evaluated our fleet, primarily vessels that had been stacked for an extended period, for vessels to be considered for disposal and identified 46 vessels to be classified as held for sale. Beginning late 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 which caused us to re-evaluate the remainder of our stacked vessel fleet and expand our disposal program to include more vessels. In 2020, we added 32 vessels to our assets held for sale, sold 53 of the vessels that were classified as held for sale, and had 23 vessels, valued at \$34.4 million, remaining in the held for sale account as of December 31, 2020. During the nine months of 2021, we added two vessels to assets held for sale, sold nine of our vessels held for sale, and re-activated two vessels from assets held for sale back into the active fleet, leaving 14 vessels, valued at \$17.9 million, remaining in the held for sale account as of September 30, 2021. In addition, we sold 10 vessels from our active fleet in the nine month period of 2021 and three vessels from our active fleet in the nine month period of 2020. One of the active vessel sales in 2021 was to a third-party operator which has a person in senior management who is an immediate family member of a Director. This vessel was sold for proceeds of \$11.4 million, all of which has been collected, and we recognized a gain of \$4.3 million on the sale. The total vessel and other sales for the nine months of 2021 contributed approximately \$34.0 million in proceeds and we incurred a net \$3.0 million loss on the dispositions. The vessel and other sales for the nine months of 2020 contributed \$31.5 million in proceeds and we recognized a \$7.5 million net gain on the dispositions.

During the nine months ended September 30, 2021 and 2020, we recorded \$1.9 million and \$65.7 million, respectively, in impairment related to assets 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 determined the fair value of the vessels held for sale using two methodologies depending on the vessel and on our planned method of disposition. We designated certain vessels to be recycled and valued those vessels using recycling yard pricing schedules based on dollars per ton. We generally value vessels that will be sold rather than recycled at the midpoint of a value range based on sales agreements or using comparative sales in the marketplace. Subsequent to the original valuation, we revalue individual assets held for sale if we determine that the ultimate disposition price will be below the value range used in the original estimate. In addition, in conjunction with the reactivation of a vessel from assets held for sale to the active fleet in the third quarter of 2021 and the concurrent valuation of such vessel at its fair value, we recaptured \$1.7 million of impairment charged to expense in the second quarter of 2020. We do not separate our asset impairment expense by segment because of the significant movement of our assets between segments.

The following table presents the activity in our asset held for sale account for the periods indicated:

(In thousands, except for number of vessels data)	Three Months Ended			
	Number of Vessels	September 30, 2021	Number of Vessels	September 30, 2020
Beginning balance	14	\$ 17,214	46	\$ 29,064
Additions	2	4,089	—	—
Sales	(1)	(1,250)	(22)	(9,901)
Transfers	(1)	(250)	—	—
Impairment	—	(1,912)	—	—
Ending balance	14	17,891	24	\$ 19,163

(In thousands, except for number of vessels data)	Nine Months Ended			
	Number of Vessels	September 30, 2021	Number of Vessels	September 30, 2020
Beginning balance	23	\$ 34,396	46	\$ 39,287
Additions	2	4,089	22	65,812
Sales	(9)	(15,432)	(44)	(20,247)
Transfers	(2)	(3,250)	—	—
Impairment	—	(1,912)	—	(65,689)
Ending balance	14	\$ 17,891	24	\$ 19,163

We evaluated our inventory as of September 30, 2021 and 2020, and charged \$1.9 million for each period to impairment expense for obsolete marine service and vessel supplies and parts inventory. 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 early 2020, it became evident that a novel coronavirus originating in Asia (COVID-19) could become a pandemic with worldwide reach. By mid- March, when the World Health Organization declared the outbreak to be a pandemic (the COVID-19 pandemic), 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 beginning in the first quarter of 2020. With respect to our particular 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 oil prices. Combined, these conditions adversely affected our operations and business beginning in the latter part of the first quarter of 2020 and continuing throughout the remainder of 2020 and through the first nine months of 2021. The reduction in demand for hydrocarbons together with an unprecedented decline in the price of oil has 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, have 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.

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, as of March 31, 2020 and June 30, 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 COVID-19 pandemic and oil price environment stabilized and in the fourth quarter of 2020 industry conditions marginally improved. Similarly, in the first nine months of 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 September 30, 2021. We will continue to monitor the expected future cash flows and the fair market value of our asset groups for impairment.

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

FORWARD-LOOKING STATEMENT

In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, this Quarterly Report on Form 10-Q 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, many of which are beyond our control, 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 and uncertainties include, without limitation, the risks related to fluctuations in worldwide energy demand and oil and natural gas prices, and levels of oil and natural gas prices including the levels to support offshore exploration and development activities; fleet additions by competitors and 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; enforcement of laws related to the environment, labor and foreign corrupt practices; 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 Quarterly Report on Form 10-Q, 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, discussed in this Quarterly Report on Form 10-Q, and discussed in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 4, 2021, as updated by subsequent filings with the SEC. 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 Quarterly Report on Form 10-Q, 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.

The following information contained in this Quarterly Report on Form 10-Q should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included in Part 1, Item 1 of this Quarterly Report on Form 10-Q and related disclosures and our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 4, 2021, as amended on April 30, 2021.

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 other 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 65 years.

At September 30, 2021, we owned 153 vessels (excluding 3 joint venture vessels), 139 of which are available to serve the global energy industry and 14 of which are available for immediate sale. The average age of our 139 active vessels at September 30, 2021 is 10.6 years.

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.

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, though a weaker offshore energy market should somewhat 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. 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, training costs, satellite communication fees, agent fees, port fees and other miscellaneous costs. Brokers' commissions are incurred primarily in our non-United States operations where brokers sometimes assist in obtaining work. Brokers generally are paid a percentage of day rates and, accordingly, commissions paid to brokers generally fluctuate in accordance with vessel revenue.

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. Most of our attention has been focused in three areas: (i) reducing the net receivable balance due from Sonatide, our Angolan joint venture with Sonangol, for vessel services; (ii) reducing the foreign currency risk created by virtue of provisions of Angolan law that require that payment for a portion of the services provided by Sonatide be paid in Angolan kwanza; and (iii) optimizing opportunities, consistent with Angolan law, for services provided by us to be paid for directly in U.S. dollars. 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 intends to seek to divest itself from the Sonatide joint venture.

Refer to Notes (7) of Notes to Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further details on the Sonatide joint venture.

DTDW

We own 40% of DTDW. Our partner, who owns 60%, is a Nigerian national. DTDW owns one offshore service vessel. We also, from time to time, operate company owned vessels in Nigeria for which our partner receives a commission. As of September 30, 2021, we had no company owned vessels operating in Nigeria and the DTDW owned vessel was not employed. As a result, the near-term cash flow projections indicate that DTDW does not have sufficient funds to meet its obligations to us or its vendors. Based on current situations, 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.

Previously, 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 and our partner assumed the remaining joint venture debt which represented his portion of the guarantee.

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. Beginning in late 2014, oil prices declined significantly from levels of over \$100.00 per barrel and continued to decline throughout 2015 and into 2016 causing an industry-wide downturn. Prices began to stabilize in the \$50.00 to \$60.00 per barrel range in 2019 and early 2020. 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 have recovered in 2021 to levels greater than experienced since 2018, currently trading near \$80.00 per barrel. Natural gas prices are also at historic highs.

In spite of the price recovery, there are lingering effects of the COVID-19 pandemic 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. We are the world's largest operator 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.

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. Any spread of COVID-19 to our onshore workforce or key management personnel could prevent us from supporting our offshore operations, reduce productivity as our onshore personnel continue to work remotely, and disrupt our business. Any outbreak on our vessels may result in the vessel, or some or all of a 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 are expected to continue 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.

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 third quarter and year-to-date 2021 revenues by less than 1% and 4% respectively. In addition, in the year ended December 31, 2020 and the nine months ended September 30, 2021, we incurred approximately \$18.0 million and \$5.2 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.

As a company, we have undertaken several measures to allow us to recover as soon as possible:

- Planned capital and drydock expenditures tied to contracts referenced above have been temporarily delayed or cancelled.
- We have the ability to rapidly respond to contract cancellations and delays, and have removed the crews and shut down operations, depending on contract terms, on vessels associated with cancelled or delayed contracts. We continue to evaluate our general and administrative costs to reflect the current demand for our offshore support vessels.

The full impact of the COVID-19 pandemic on our business and operations 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. As we cannot predict the 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.

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, as of March 31, 2020 and June 30, 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 first nine months of 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 September 30, 2021. We will continue to monitor the expected future cash flows and the fair market value of our asset groups for impairment.

Results of Operations – Three Months Ended September 30, 2021 compared to September 30, 2020

Revenues for the quarters ended September 30, 2021 and 2020 were \$92.4 million and \$86.5 million, respectively. The \$5.9 million increase in revenue is primarily due to an increase in capacity, as we have six more average vessels working in the third quarter of 2021 than during the same quarter of 2020. The increased capacity was supplemented by increased active utilization from 78.2% in 2020 to 81.6% in 2021. Average day rates decreased slightly from \$10,503 per day in 2020 to \$10,288 in 2021.

Vessel operating costs for the quarters ended September 30, 2021 and 2020 were \$65.3 million and \$61.8 million, respectively. The increase is primarily due to the increase in vessel activity, as we have six more active vessels in our fleet in the third quarter of 2021 compared to the third quarter of 2020. There was higher than normal repair and maintenance cost in the quarter and we have also reactivated vessels as a result of new contracts.

Depreciation and amortization expense for the quarters ended September 30, 2021 and 2020 were \$28.0 million and \$30.8 million, respectively, with the difference largely due the sale of ten vessels from our active fleet in 2021.

General and administrative expenses for the quarters ended September 30, 2021 and 2020 were \$18.0 million and \$17.4 million, respectively. The increase is primarily due to higher professional fees.

Included in gain (loss) on asset dispositions, net for the quarter ended September 30, 2021, are \$0.1 million of net losses from the disposal of six vessels and other assets. During the quarter ended September 30, 2020, we recognized gains of \$0.5 million related to the disposal of 22 vessels and other assets.

Long-lived asset impairment and affiliate credit loss impairment expense during the quarters ended September 30, 2021 and 2020, were a \$2.2 million and \$1.9 million expense, respectively. The expense in 2021 is due to \$1.9 million impairment of vessels designated as assets held for sale offset by \$1.7 million of recovered impairment of a vessel reactivated and added back to the active fleet from assets held for sale and \$1.9 million of impairment expense related to obsolete marine service and vessel supplies and parts inventory. In the prior year quarter we recorded \$1.9 million of impairment expense related to obsolete marine service and vessel supplies and parts inventory.

Interest expense for the quarters ended September 30, 2021 and 2020, was \$3.7 million and \$6.1 million, respectively. Since July 1, 2020, we paid down \$134.1 million of our Senior Secured Notes and TROMS debt which reduced our interest expense.

During the quarters ended September 30, 2021 and 2020, we recognized foreign exchange losses of \$0.5 million and \$1.2 million, respectively.

The tax expense for the three months ended September 30, 2021 was \$0.9 million compared to an income tax expense of \$6.0 million for the three months ending September 30, 2020. The decrease of \$5.1 million resulted from a benefit recognized from the resolution of an uncertain tax provision during the quarter. The tax expense for the three months ended September 30, 2021 is mainly attributable to foreign taxes that are calculated on the basis of deemed profit or minimum tax regimes or withholding tax on revenue instead of taxable income or loss. Additionally, the inability to offset profits in one country with losses in a different country contributes to having a tax liability despite large consolidated pre-tax losses.

Results of Operations – Nine Months Ended September 30, 2021 compared to September 30, 2020

Revenues for the nine months ended September 30, 2021 and 2020 were \$265.9 million and \$305.2 million, respectively. The \$39.3 million decrease in revenue is primarily due to a decrease in capacity, primarily as a result of contract cancellations and reduced demand arising from the effects of COVID-19 and lower crude oil prices. Overall, we had 17 less average active vessels during the nine months of 2021 than in the nine months of 2020. Active utilization increased slightly from 77.0% in 2020 to 79.2% in 2021. Average day rates decreased slightly from \$10,510 per day in 2020 to \$10,243 in 2021.

Vessel operating costs for the nine months ended September 30, 2021 and 2020 were \$190.6 million and \$205.4 million, respectively. The decrease is primarily due to a decrease in vessel activity, as we have 17 less active vessels in our fleet in the nine months of 2021 compared to the nine months of 2020 largely due to the downturn caused by the pandemic.

Depreciation and amortization expense for the nine months ended September 30, 2021 and 2020 were \$86.3 million and \$86.0 million, respectively, largely due to increased depreciation due to change in estimated vessel salvage values partially offset by a decrease in amortization expense related to deferred drydock expenditures resulting from the sale of vessels from the active fleet.

General and administrative expenses for the nine months ended September 30, 2021 and 2020 were \$50.9 million and \$56.5 million, respectively. The decrease is primarily due to decreased personnel and benefit costs related to the significant cost cutting measures that were implemented due to the COVID-19 downturn.

Included in gain (loss) on asset dispositions, net for the nine months ended September 30, 2021, are \$3.0 million of net losses from the disposal of 19 vessels and other assets. During the nine months ended September 30, 2020, we recognized gains of \$7.5 million related to the disposal of 47 vessels and other assets.

Long-lived asset impairment, affiliate credit loss impairment expense and affiliate guarantee obligation during the nine months ended September 30, 2021 and 2020, were \$1.2 million and \$123.2 million, respectively. The expense in 2021 is due to \$1.9 million impairment of additional vessels designated as assets held for sale offset by \$1.7 million recovered impairment of a vessel reactivated and added back to the active fleet from assets held for sale; \$1.9 million of impairment expense related to obsolete marine service and vessel supplies and parts inventory; and a partial offset of \$1.0 million affiliate credit loss impairment credit related to the valuation of our net receivables from our joint ventures in Africa. In the prior year period, we recorded \$65.7 million of impairment expense related to valuation of our assets held for sale, \$53.6 million affiliate credit loss impairment expense relating to the valuation of our net receivables from our joint ventures in Africa and \$2.0 million of impairment related to a guarantee of long-term debt of our Nigerian joint venture.

We also recorded \$17.2 million of dividend income from one of our African joint ventures in the nine months ended September 30, 2020.

Interest expense for the nine months ended September 30, 2021 and 2020, was \$12.2 million and \$18.2 million, respectively. Since July 1, 2020, we paid down \$134.1 million of our Senior Notes and TROMS debt which reduced our interest expense.

During the nine months ended September 30, 2021 and 2020, we recognized foreign exchange losses of \$1.0 million and \$2.4 million, respectively.

The tax expense for the nine months ended September 30, 2021 was \$8.9 million compared to an income tax expense of \$3.5 million for the nine months ended September 30, 2020. The increase of \$5.4 million from the prior year period resulted from the beneficial impact of a change in the tax laws (primarily the Cares Act refund) and higher foreign tax expenses in the current period. The tax expense for the nine months ended September 30, 2021 is mainly attributable to foreign taxes that are calculated on the basis of deemed profit or minimum tax regimes or withholding tax on revenue instead of taxable income or loss. Additionally, the inability to offset profits in one country with losses in a different country contributes to having a tax liability despite large consolidated pre-tax losses.

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The following table compares vessel revenues and vessel operating costs by geographic segment for our owned and operated vessel fleet and the related percentage of vessel revenue for the periods indicated:

(In thousands, except for percentages)	Three Months Ended				Nine Months Ended				
	September 30, 2021		September 30, 2020		September 30, 2021		September 30, 2020		
Vessel revenues:									
Americas	\$	24,564	27%	\$	28,705	34%	\$	94,608	32%
Middle East/Asia Pacific		25,633	28%		23,280	27%		72,091	24%
Europe/Mediterranean		21,197	23%		17,716	21%		67,827	23%
West Africa		20,240	22%		15,694	18%		63,818	21%
Total vessel revenues	\$	91,634	100%	\$	85,395	100%	\$	261,141	100%
Vessel operating costs:									
Americas:									
Crew costs	\$	8,535	35%	\$	11,711	41%	\$	39,035	41%
Repair and maintenance		2,951	12%		1,259	4%		5,133	5%
Insurance		219	1%		426	1%		1,270	1%
Fuel, lube and supplies		2,028	8%		1,754	6%		5,742	6%
Other		3,008	12%		2,486	9%		7,115	8%
	\$	16,741	68%	\$	17,636	61%	\$	52,221	70%
Middle East/Asia Pacific:									
Crew costs	\$	9,950	39%	\$	10,468	45%	\$	29,499	39%
Repair and maintenance		2,944	11%		2,385	10%		7,167	10%
Insurance		60	0%		562	2%		(127)	(0)%
Fuel, lube and supplies		1,747	7%		1,783	8%		5,853	8%
Other		3,334	13%		2,057	9%		6,165	9%
	\$	18,035	70%	\$	17,255	74%	\$	51,402	68%
Europe/Mediterranean:									
Crew costs	\$	10,541	50%	\$	7,952	45%	\$	29,355	43%
Repair and maintenance		1,754	8%		869	5%		5,288	8%
Insurance		208	1%		448	3%		1,299	2%
Fuel, lube and supplies		846	4%		592	3%		2,614	4%
Other		1,926	9%		1,274	7%		5,343	8%
	\$	15,275	72%	\$	11,135	63%	\$	44,034	75%
West Africa:									
Crew costs	\$	6,583	33%	\$	6,555	42%	\$	22,195	35%
Repair and maintenance		2,848	14%		1,419	9%		5,598	9%
Insurance		325	2%		517	3%		1,287	2%
Fuel, lube and supplies		2,130	10%		2,628	17%		8,683	14%
Other		3,407	17%		4,639	30%		15,070	24%
	\$	15,293	76%	\$	15,758	100%	\$	42,970	81%
Vessel operating costs:									
Crew costs	\$	35,609	39%	\$	36,686	43%	\$	119,864	40%
Repair and maintenance		10,497	11%		5,932	7%		23,186	8%
Insurance		812	1%		1,953	2%		5,748	2%
Fuel, lube and supplies		6,751	7%		6,757	8%		22,892	8%
Other		11,675	13%		10,456	12%		33,693	11%
Total vessel operating costs	\$	65,344	71%	\$	61,784	72%	\$	190,627	73%
							\$	205,383	69%

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The following table presents general and administrative expenses in our four geographic segments both individually and in total and the related general and administrative expenses as a percentage of the vessel revenues of each segment and in total for the three and nine months ended September 30, 2021 and 2020:

(In thousands, except for percentages)	Three Months Ended				Nine Months Ended			
	September 30, 2021		September 30, 2020		September 30, 2021		September 30, 2020	
Segment general and administrative expenses:								
Americas	\$ 2,301	9%	\$ 2,886	10%	\$ 7,728	10%	\$ 9,220	10%
Middle East/Asia Pacific	1,941	8%	1,914	8%	6,802	9%	6,709	9%
Europe/Mediterranean	1,954	9%	2,217	13%	5,709	10%	6,155	9%
West Africa	2,062	10%	2,773	18%	5,902	11%	9,515	15%
Total segment general and administrative expenses	\$ 8,258	9%	\$ 9,790	11%	\$ 26,141	10%	\$ 31,599	11%

The following table presents segment depreciation and amortization expense by our four geographic segments, the related segment vessel depreciation and amortization expense as a percentage of segment vessel revenues, total segment depreciation and amortization expense and the related total segment depreciation and amortization expense as a percentage of total vessel revenues for the three and nine months ended September 30, 2021 and 2020:

(In thousands, except for percentages)	Three Months Ended				Nine Months Ended			
	September 30, 2021		September 30, 2020		September 30, 2021		September 30, 2020	
Segment depreciation and amortization expense:								
Americas	\$ 7,290	30%	\$ 8,076	28%	\$ 22,679	31%	\$ 23,645	25%
Middle East/Asia Pacific	6,370	25%	6,332	27%	19,771	26%	17,504	24%
Europe/Mediterranean	6,834	32%	8,248	47%	21,543	37%	21,860	32%
West Africa	6,609	33%	7,330	47%	19,759	37%	20,484	32%
Total segment depreciation and amortization expense	\$ 27,103	30%	\$ 29,986	35%	\$ 83,752	32%	\$ 83,493	28%

The following table compares operating loss and other components of loss and its related percentage of total revenue for the three and nine months ended September 30, 2021 and 2020:

(In thousands, except for percentages)	Three Months Ended				Nine Months Ended			
	September 30, 2021		September 30, 2020		September 30, 2021		September 30, 2020	
Vessel operating profit (loss):								
Americas	\$ (1,770)	(2)%	\$ 107	0%	\$ (8,361)	(3)%	\$ 3,448	1%
Middle East/Asia Pacific	(713)	(1)%	(2,222)	(3)%	(2,300)	(1)%	(2,479)	(1)%
Europe/Mediterranean	(2,866)	(3)%	(3,883)	(4)%	(12,873)	(5)%	(4,086)	(1)%
West Africa	(3,724)	(4)%	(10,168)	(12)%	(15,846)	(6)%	(19,015)	(6)%
Other operating profit	412	0%	853	1%	2,714	1%	3,772	1%
	(8,661)	(9)%	(15,313)	(18)%	(36,666)	(14)%	(18,360)	(6)%
Corporate expenses	(10,662)	(12)%	(8,438)	(10)%	(27,237)	(10)%	(27,390)	(9)%
Gain (loss) on asset dispositions, net	(74)	0%	520	1%	(2,954)	(1)%	7,511	2%
Affiliate credit loss impairment (expense) credit	—	0%	—	0%	1,000	0%	(53,581)	(18)%
Affiliate guarantee obligation	—	0%	—	0%	—	0%	(2,000)	(1)%
Long-lived asset impairments	(2,167)	(2)%	(1,945)	(2)%	(2,167)	(1)%	(67,634)	(22)%
Operating loss	\$ (21,564)	(23)%	\$ (25,176)	(29)%	\$ (68,024)	(26)%	\$ (161,454)	(53)%

Results for three months ended September 30, 2021 compared to September 30, 2020

Americas Segment Operations. Vessel revenues in the Americas segment decreased 14.4%, or \$4.1 million, during the quarter ended September 30, 2021, as compared to the quarter ended September 30, 2020. This decrease is primarily the result of less demand due to the pandemic partially offset by a 9% increase in day rates. We had six less average active vessels in the quarter ended September 30, 2021 than the comparable prior year period. Active utilization for the quarter ended September 30, 2021 decreased to 80.4% from 82.0%. Average day rates increased from \$12,581 per day in the third quarter of 2020 to \$13,742 per day during the third quarter of 2021. This increase is a result of the recent demand resulting from the commodity pricing.

Vessel operating loss for the Americas segment for the quarter ended September 30, 2021 was \$1.8 million, compared to \$0.1 million operating profit for the quarter ended September 30, 2020. The increase in operating loss was due to the decrease in revenue partially offset by lower operating expenses, resulting mainly from the decrease in active vessels and the cost saving measures taken in the first quarter of 2020 in response to the effect of the pandemic and a \$0.8 million decrease in depreciation and amortization. The decrease in depreciation and amortization was primarily due to lower amortization of deferred drydock costs and sales of vessels from the active fleet. General and administrative expenses decreased \$0.6 million quarter over quarter, reflecting our immediate cost reduction efforts at the beginning of the COVID-19 pandemic.

Middle East/Asia Pacific Segment Operations. Vessel revenues in the Middle East/Asia Pacific segment increased 10%, or \$2.4 million, during the quarter ended September 30, 2021, as compared to the quarter ended September 30, 2020. Active utilization for the quarter ended September 30, 2021 increased to 87.3% from 76.8% and average day rates increased 7% but were partially offset by the effect of four less average active vessels.

The Middle East/Asia Pacific segment reported an operating loss of \$0.7 million for the quarter ended September 30, 2021, compared to an operating loss of \$2.2 million for the quarter ended September 30, 2020. The reduced operating loss was the result of the revenue increase partially offset by increases in operating expenses of \$0.8 million, resulting largely from increased repair and maintenance cost. General and administrative expenses and depreciation and amortization costs remained relatively flat for the comparable periods. The downturn has not significantly impacted this segment's operations and the revenue increase reflects the recent increases in demand.

Europe/Mediterranean Segment Operations. Vessel revenues in the Europe/Mediterranean segment increased 20%, or \$3.5 million, during the quarter ended September 30, 2021, as compared to the quarter ended September 30, 2020. The increased revenue was primarily attributable to six additional active vessels. Average day rates decreased from \$13,361 in the third quarter of 2020 to \$11,890 in the third quarter of 2021 as many longer term contracts were cancelled in the prior year due to the pandemic. Active utilization decreased in the same periods from 95.1% to 90.5%.

The Europe/Mediterranean segment reported an operating loss of \$2.9 million for the quarter ended September 30, 2021, compared to an operating loss of \$3.9 million for the quarter ended September 30, 2020 as the increased revenue combined with \$0.3 million in lower general and administrative costs and \$1.4 million in lower depreciation and amortization costs were largely offset by \$4.1 million in higher operating costs, related to higher repairs and maintenance and higher crew costs as we activated more vessels.

West Africa Segment Operations. Vessel revenues in the West Africa segment increased 29% or \$4.5 million, during the quarter ended September 30, 2021, as compared to the quarter ended September 30, 2020. The West Africa active vessel fleet increased by nine vessels during the comparative periods. West Africa segment active utilization increased from 66.3% during the quarter ended September 30, 2020 to 71.3% during the quarter ended September 30, 2021. However, average day rates decreased 11% due to the change in the mix of remaining contracts. The increases in revenue are almost entirely the result of recent higher demand.

Vessel operating loss for the West Africa segment decreased from \$10.2 million for the quarter ended September 30, 2020 to \$3.7 million in the quarter ended September 30, 2021 primarily due to the increased revenue combined with decreases in all major expense categories. We experienced \$0.5 million in lower operating costs, \$0.7 million in lower depreciation and amortization costs and \$0.7 million in lower general and administrative costs.

Results for nine months ended September 30, 2021 compared to September 30, 2020

Americas Segment Operations. Vessel revenues in the Americas segment decreased 21%, or \$20.3 million, during the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020. This decrease is primarily the result of less demand due to the pandemic. We had seven less average active vessels in the nine months ended September 30, 2021 than the comparable prior year period. Active utilization for the nine months ended September 30, 2021 decreased to 81.8% from 85.5% for the nine months ended September 30, 2020. Average day rates increased by 3% to \$12,846 during the nine months ended September 30, 2021, as compared to \$12,423 for the nine months ended September 30, 2020.

Vessel operating loss for the Americas segment for the nine months ended September 30, 2021 was \$8.4 million, compared to a \$3.4 million operating profit for the nine months ended September 30, 2020. The increase in operating loss was due to the decrease in revenue partially offset by a \$6.1 million decrease in operating expenses and a \$1.5 million decrease in general and administrative expenses, resulting mainly from the decrease in active vessels and the intensive cost saving measures taken in the first half of 2020 in response to the effect of the COVID-19 pandemic. Segment depreciation and amortization expense also decreased by 4% in the comparable periods due largely to active vessel sales.

Middle East/Asia Pacific Segment Operations. Vessel revenues in the Middle East/Asia Pacific segment increased 5%, or \$3.6 million, during the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020. Active utilization for the nine months ended September 30, 2021 increased to 86.6% from 76.8% and average day rates increased 8% but were somewhat offset by the effect of six less average active vessels.

The Middle East/Asia Pacific segment reported an operating loss of \$2.3 million for the nine months ended September 30, 2021, compared to an operating loss of \$2.5 million for the nine months ended September 30, 2020 as the revenue increase was largely offset by a \$2.3 million increase in depreciation and amortization due to a change in estimated vessel salvage values in the third quarter of 2020 and increased amortization of deferred drydock costs. The current downturn has not significantly impacted this segment's operations and the revenue increase reflects the recent increases in demand.

Europe/Mediterranean Segment Operations. Vessel revenues in the Europe/Mediterranean segment decreased 14%, or \$9.4 million, during the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020. The decreased revenue was primarily attributable to two less active vessels combined with 4% lower average day rates and slightly lower active utilization. The decreases in revenue are almost entirely the result of lower demand caused by the effect of the pandemic, although demand in this segment is beginning to recover as evidenced by the increase in third quarter revenue of 2021.

The Europe/Mediterranean segment reported an operating loss of \$12.9 million for the nine months ended September 30, 2021, compared to an operating loss of \$4.1 million for the nine months ended September 30, 2020 due to decreased revenue, partially offset by slightly lower depreciation and amortization and general and administrative costs, resulting primarily from the decrease in active vessels and the intensive cost saving measures taken in 2020 in response to the effect of the pandemic

West Africa Segment Operations. Vessel revenues in the West Africa segment decreased 17% or \$11.0 million, during the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020. The West Africa active vessel fleet decreased by two vessels during the comparative periods. Average day rates decreased 14% due to the change in the mix of remaining contracts. West Africa segment active utilization increased from 62.7% during the nine months ended September 30, 2020 to 64.4% during the nine months ended September 30, 2021. The decreases in revenue are almost entirely the result of lower demand caused by the pandemic.

Vessel operating loss for the West Africa segment decreased from \$19.0 million for the nine months ended September 30, 2020 to \$15.8 million in the nine months ended September 30, 2021 primarily due to \$3.6 million in lower general and administrative costs resulting from intensive cost saving measures taken in the first half of 2020 in response to the effect of the pandemic. Segment depreciation and amortization also decreased by \$0.7 million.

Vessel Utilization and Average Day Rates by Segment

Vessel utilization is determined primarily by market conditions and to a lesser extent by drydocking requirements. Vessel day rates are determined by the demand created largely through the level of offshore exploration, field development and production spending by energy companies relative to the supply of offshore support vessels. Specifications of available equipment and the scope of service provided may also influence vessel day rates. Vessel utilization rates are calculated by dividing the number of days a vessel works during a reporting period by the number of days the vessel is available to work in the reporting period. As such, stacked vessels depress utilization rates because stacked vessels are considered available to work and are included in the calculation of utilization rates. Average day rates are calculated by dividing the revenue a vessel earns during a reporting period by the number of days the vessel worked in the reporting period.

Total vessel utilization is calculated on all vessels in service (which includes stacked vessels, vessels held for sale and vessels in drydock) but do not include vessels owned by joint ventures (3 vessels at both September 30, 2021 and 2020). Active utilization is calculated on active vessels (which excludes vessels held for sale). Average day rates are calculated based on total vessel days worked.

The following tables compare day-based utilization percentages, average day rates and average total, active and stacked vessels by segment for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
SEGMENT STATISTICS:				
<u>Americas fleet:</u>				
Utilization	54.5%	52.2%	55.6%	55.9%
Active utilization	80.4%	82.0%	81.8%	85.5%
Average vessel day rates	13,742	12,581	12,846	12,423
Average total vessels	36	47	38	50
Average stacked vessels	(11)	(17)	(12)	(17)
Average active vessels	25	30	26	33
<u>Middle East/Asia Pacific fleet:</u>				
Utilization	85.0%	69.9%	82.7%	65.1%
Active utilization	87.3%	76.8%	86.6%	76.8%
Average vessel day rates	8,623	8,040	8,575	7,968
Average total vessels	38	45	39	51
Average stacked vessels	(1)	(4)	(2)	(8)
Average active vessels	37	41	37	43
<u>Europe/Mediterranean fleet:</u>				
Utilization	68.3%	45.1%	59.0%	53.1%
Active utilization	90.5%	95.1%	87.9%	89.5%
Average vessel day rates	11,890	13,361	12,314	12,779
Average total vessels	28	32	29	36
Average stacked vessels	(7)	(17)	(10)	(15)
Average active vessels	21	15	19	21
<u>West Africa fleet:</u>				
Utilization	46.7%	30.6%	39.6%	37.5%
Active utilization	71.3%	66.3%	64.4%	62.7%
Average vessel day rates	8,562	9,643	8,592	9,946
Average total vessels	55	58	57	62
Average stacked vessels	(19)	(31)	(22)	(25)
Average active vessels	36	27	35	37
<u>Worldwide fleet:</u>				
Utilization	61.7%	48.5%	57.1%	52.0%
Active utilization	81.6%	78.2%	79.2%	77.0%
Average vessel day rates	10,288	10,503	10,243	10,510
Average total vessels	157	182	163	199
Average stacked vessels	(38)	(69)	(46)	(65)
Average active vessels	119	113	117	134

Average active vessels exclude stacked vessels. 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 included in the calculation of utilization statistics. We had 32 and 60 stacked vessels at September 30, 2021 and 2020, respectively. The decrease in stacked vessels is primarily attributable to vessel sales, but we have also reactivated several vessels in 2021. Total stacking costs included in vessel operating costs for the three months and nine months ended September 30, 2021 were \$2.7 million and \$11.8 million, respectively. Total

stacking costs for the three months and nine months ended September 30, 2020 were \$9.8 million and \$18.0 million, respectively.

Vessel Dispositions

We seek opportunities to sell and/or responsibly recycle our older vessels when market conditions warrant and opportunities arise. The majority of our vessels are sold to buyers who do not compete with us in the offshore energy industry. Vessels sales during the first nine months of 2021 included nine vessels that were classified as assets held for sale and ten vessels from our active fleet.

Liquidity, Capital Resources and Other Matters

Availability of Cash

As of September 30, 2021, we had \$153.7 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 third-party and intercompany debt 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 operations in the U. S.

Our objective in financing our business is to maintain and preserve adequate financial resources and sufficient levels of liquidity. We do not have a revolving credit facility. Cash and cash equivalents and future net cash provided by operating activities provide us, in our opinion, with sufficient liquidity to meet our liquidity requirements.

Debt

As of September 30, 2021, we had \$155.1 million of debt, net of discount, on our consolidated balance sheet. Of this amount, our Senior Secured Notes total \$135.2 million, which is due in August 2022 with an expected refinance in November 2021. The Senior Secured Notes have a quarterly minimum trailing year interest coverage requirement, however compliance with this covenant has been waived through December 31, 2021. Minimum liquidity requirements and other covenants are set forth in the amended Indenture. In addition, we have \$23.5 million of long-term debt in a subsidiary that is collateralized by certain of the subsidiary's vessels. This debt has similar covenants as the Senior Secured Notes.

During the quarter, we reclassified the Senior Secured Notes to current portion of long-term debt as the notes mature in August 2022. Our current Senior Secured Notes are expected to be redeemed with proceeds of our new Nordic Bond offering. On October 8, 2021, we announced the contemplated private offering of USD \$175.0 million in 5-year senior secured bonds in the Nordic bond market, subject to market and other conditions (the Nordic Bond Offering). On October 15, 2021, we announced the completion of pricing and terms of the Nordic Bond Offering. We anticipate that funding of the Nordic Bond Offering will occur on November 16, 2021, subject to customary closing conditions. The new bonds will mature in November 2026 and have a coupon rate of 8.5% per annum. The net proceeds from the Nordic Bond Offering will be employed to repay the existing Senior Secured Notes and the Troms Offshore borrowings in full, including contractual make-whole premiums, with any remaining part thereof, applied for general corporate purposes.

We believe that the \$153.7 million in cash on hand, plus cash generated from our operations and asset sales in 2021 and in the future will be sufficient to meet our obligations. The contemplated refinancing of debt outstanding at September 30, 2021 as described above will improve our liquidity position and push our major debt maturities out for several years. Refer to Notes (9) and (16) of Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further details on our indebtedness.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, public tenders or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2021 and 2020 was \$8.1 million and \$1.8 million, respectively.

Net cash provided by operations for the nine months ended September 30, 2021 reflects a net loss of \$91.6 million, which includes non-cash depreciation and amortization of \$86.3 million and net losses on asset dispositions of \$3.0 million. Combined changes in operating assets and liabilities provided \$19.6 million in cash, and cash paid for deferred drydock and survey costs was \$17.4 million.

Net cash provided by operations for the nine months ended September 30, 2020 reflects a net loss of \$167.3 million, which includes non-cash depreciation and amortization of \$86.0 million, long-lived asset impairments of \$67.6 million, an affiliate credit loss impairment of \$53.6 million and approximately \$7.5 million of gains on asset sales. Cash paid for deferred drydocking and survey costs was \$29.5 million, and combined changes in operating assets and liabilities used \$9.6 million in cash.

Investing Activities

Net cash provided by investing activities for the nine months ended September 30, 2021 and 2020, was \$31.4 million and \$26.8 million, respectively. Net cash provided by investing activities for the nine months ended September 30, 2021 reflects the receipt of \$34.0 million primarily related to the sale of 17 vessels and recycle of two vessels. Additions to properties and equipment were comprised of approximately \$1.4 million in capitalized upgrades to existing vessels and equipment and \$1.2 million for other property and Information Technology equipment purchases and development work.

Net cash provided by investing activities for the nine months ended September 30, 2020 primarily reflects the receipt of \$31.5 million related to the sale or recycling of 47 vessels. Additions to properties and equipment were comprised of approximately \$2.8 million in capitalized upgrades to existing vessels and equipment and \$1.9 million for other property and equipment purchases.

Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2021 and 2020 was \$41.0 million and \$34.2 million, respectively. Net cash used in financing activities for the nine months ended September 30, 2021 included \$11.8 million of repurchases of the Senior Secured Notes in open market transactions, \$27.5 million of scheduled semiannual principal payments and prepayments on Troms offshore debt and \$0.9 million of debt modification costs.

Net cash used in financing activities for the nine months ended September 30, 2020 included \$26.2 million of repurchases of the Senior Secured Notes in open market transactions, \$7.3 million of scheduled semiannual principal payments on Troms offshore debt and \$0.7 million of taxes paid to related share-based compensation.

Contractual Obligations and Other Contingent Commitments

We did not have any material changes in our contractual obligations and commercial commitments since the end of fiscal year 2020. Refer to Part II, Item 7 in our Annual Report on Form 10-K for the year ended December 31, 2020, for information regarding our contractual obligations and other contingent commitments.

Application of Critical Accounting Policies and Estimates

Our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 4, 2021, describes the accounting policies that are critical to reporting our financial position and operating results and that require management's most difficult, subjective or complex judgments. This Quarterly Report on Form 10-Q should be read in conjunction with the discussion contained in our Annual Report on Form 10-K for the year ended December 31, 2020, regarding these critical accounting policies.

New Accounting Pronouncements

For information regarding the effect of new accounting pronouncements, refer to Note (2) of Notes to Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There were no material changes in the quarter ended September 30, 2021 to the market risk disclosures contained in Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed with the objective of ensuring that all information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act), such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported, within the time periods specified in the SEC rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer and principal financial officer, or persons performing similar functions, 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.

We evaluated, under the supervision and with the participation of our management, including our 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 of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2021.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the quarter ended September 30, 2021, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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 (10) of Notes to the Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

The significant factors known to us that could materially adversely affect our business, financial condition, or operating results are described in Item 2 of Part I of this Quarterly Report on Form 10-Q and in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 4, 2021, as amended on April 30, 2021.

ITEM 6. EXHIBITS

Exhibit Number	Description
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 to the company's application for the qualification of indentures on 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 to the company's application for the qualification of indentures on Form T-3 filed on May 12, 2017, File No. 22-29043).
2.3	Second Amended Joint Prepackaged Chapter 11 Plan 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 filed 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. dated July 31, 2017 (filed with the Commission as Exhibit 3.1 to the company's current report on Form 8-K filed 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 filed on November 15, 2018, File No. 1-6311).
3.3	Certificate of Designation of Series A Junior Participating Preferred Stock of Tidewater Inc. (filed with the Commission as Exhibit 3.1 to the company's current report on Form 8-K filed on April 14, 2020, File No. 1-6311).
4.1	Indenture for 8.00% Senior Secured Notes due 2022 among Tidewater Inc., each of the Guarantors party thereto, and Wilmington Trust, National Association, as Trustee and Collateral Agent dated as of July 31, 2017 (filed with the Commission as Exhibit 4.1 to the company's current report on Form 8-K filed on July 31, 2017, File No. 1-6311).
4.2	Third Supplemental Indenture, dated November 22, 2019, by and among Tidewater Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent (filed with the Commission as Exhibit 4.1 to the company's current report on Form 8-K on November 26, 2019, File No. 1-6311).
4.3	Fourth Supplemental Indenture, dated November 18, 2020, by and among Tidewater Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent (filed with the Commission as Exhibit 4.1 to the company's current report on Form 8-K on November 23, 2020, File No. 1-6311).
4.4	Tax Benefits Preservation Plan by and between the Company and Computershare Trust Company, N.A., a federally chartered trust company, as Rights Agent, dated as of April 13, 2020, which includes the Form of Certificate of Designations as Exhibit A, Form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Shares as Exhibit C. (filed with the Commission as Exhibit 3.1 to the company's current report on Form 8-K filed on April 14, 2020, 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 to the company's application for the qualification of indentures on Form T-3 filed on May 12, 2017, File No. 22-29043).
10.2	Amendment and Restatement Agreement No. 4 to the Troms Facility Agreement, dated May 11, 2017 (filed with the Commission as Exhibit C to Schedule 1 to Exhibit A to Exhibit T3E.1 to the company's application for the qualification of indentures on Form T-3 filed on May 12, 2017, File No. 22-29043).
10.3	Creditor Warrant Agreement between Tidewater Inc., as Issuer and Computershare Inc. and Computershare Trust Company, N.A., collectively as Warrant Agent dated July 31, 2017 (filed with the Commission as Exhibit 10.1 to the company's current report on Form 8-K filed on July 31, 2017, File No. 1-6311).

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Exhibit Number	Description
10.4	<u>Existing Equity Warrant Agreement between Tidewater Inc., as Issuer and Computershare Inc. and Computershare Trust Company, N.A., collectively as Warrant Agent dated July 31, 2017 (filed with the Commission as Exhibit 10.2 to the company's current report on Form 8-K filed on July 31, 2017, File No. 1-6311).</u>
10.5	<u>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 filed on November 15, 2018, File No. 1-6311).</u>
10.6	<u>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 filed on November 15, 2018, File No. 1-6311).</u>
10.7	<u>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 filed on November 16, 2018, File No. 1-6311).</u>
10.8	<u>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 filed on November 16, 2018, File No. 1-6311).</u>
10.9	<u>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>
31.1*	<u>Certification of the 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 the 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 the 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 the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
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 with this quarterly report on Form 10-Q.

** Furnished with this quarterly report on Form 10-Q.

SIGNATURES

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

TIDEWATER INC.

(Registrant)

Date: November 9, 2021

/s/ Samuel R. Rubio

Samuel R. Rubio

Executive Vice President, Chief Financial Officer

(Principal Financial and Accounting Officer and authorized signatory)

**CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 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 quarterly report on Form 10-Q 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. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2021

/s/ Quintin V. Kneen

Quintin V. Kneen
Chief Executive Officer

**CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 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 quarterly report on Form 10-Q 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. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2021

/s/ Samuel R. Rubio

Samuel R. Rubio
Chief Financial Officer

CERTIFICATION PURSUANT TO**18 U.S.C. SECTION 1350,****AS ADOPTED PURSUANT TO****SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Tidewater Inc. (the “company”) for the quarter ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Quintin V. Kneen, 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, as amended; 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: November 9, 2021

/s/ Quintin V. Kneen

Quintin V. Kneen

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.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Tidewater Inc. (the “company”) for the quarter ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Samuel R. Rubio, 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, as amended; 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: November 9, 2021

/s/ Samuel R. Rubio

Samuel R. Rubio

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.