

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended **September 30, 2021**

OR

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

Commission File Number **001-35701**

**Bristow Group Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

**(State or Other Jurisdiction of  
Incorporation or Organization)**

**72-1455213**

**(IRS Employer  
Identification No.)**

**3151 Briarpark Drive, Suite 700**

**Houston, Texas**

**(Address of Principal Executive Offices)**

**77042**

**(Zip Code)**

**Registrant's telephone number, including area code:**

**(713) 267-7600**

**None**

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, par value \$0.01 per share</b>	<b>VTOL</b>	<b>NYSE</b>

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

The total number of shares of common stock, par value \$0.01 per share, outstanding as of October 29, 2021 was 28,264,765. The Registrant has no other class of common stock outstanding.

**BRISTOW GROUP INC.**  
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**PART I — FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**

(Unaudited)  
(In thousands, except per share amounts)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2021	2020	2021	2020
<b>Revenues:</b>				
Operating revenues	\$ 290,120	\$ 295,722	578,471	557,230
Reimbursable revenues	11,464	8,918	23,715	17,603
Total revenues	<u>301,584</u>	<u>304,640</u>	<u>602,186</u>	<u>574,833</u>
<b>Costs and expenses:</b>				
Operating expenses	218,768	218,282	433,271	405,837
Reimbursable expenses	11,188	8,919	23,302	17,567
General and administrative expenses	38,970	39,613	76,453	75,007
Merger-related costs	647	4,497	2,382	21,917
Restructuring costs	117	13,326	968	16,336
Depreciation and amortization	17,644	18,537	40,839	34,893
Total costs and expenses	<u>287,334</u>	<u>303,174</u>	<u>577,215</u>	<u>571,557</u>
Loss on impairment	(2,901)	(17,596)	(24,835)	(36,829)
Gain (loss) on disposal of assets	162	(8,473)	661	(2,951)
Earnings (losses) from unconsolidated affiliates, net	964	1,948	(553)	(30)
Operating income (loss)	<u>12,475</u>	<u>(22,655)</u>	<u>244</u>	<u>(36,534)</u>
Interest income	42	434	108	696
Interest expense	(10,426)	(13,445)	(21,050)	(25,949)
Loss on extinguishment of debt	(124)	—	(124)	(615)
Reorganization items, net	(103)	—	(549)	—
Loss on sale of subsidiaries	—	—	(2,002)	—
Change in fair value of preferred stock derivative liability	—	—	—	15,416
Gain on bargain purchase	—	5,660	—	81,093
Other, net	15,330	10,592	21,514	14,593
Total other income (expense), net	<u>4,719</u>	<u>3,241</u>	<u>(2,103)</u>	<u>85,234</u>
Income (loss) before income taxes	<u>17,194</u>	<u>(19,414)</u>	<u>(1,859)</u>	<u>48,700</u>
Income tax expense	(14,484)	(8,578)	(9,642)	(5,288)
Net income (loss)	<u>2,710</u>	<u>(27,992)</u>	<u>(11,501)</u>	<u>43,412</u>
Net loss attributable to noncontrolling interests	65	131	79	204
Net income (loss) attributable to Bristow Group Inc.	<u>\$ 2,775</u>	<u>\$ (27,861)</u>	<u>\$ (11,422)</u>	<u>\$ 43,616</u>
Income (loss) per common share <sup>(1)</sup> :				
Basic	\$ 0.10	\$ (0.95)	\$ (0.40)	\$ 8.73
Diluted	\$ 0.10	\$ (0.95)	\$ (0.40)	\$ 5.09
Weighted average common shares outstanding <sup>(1)</sup> :				
Basic	28,233,527	29,357,959	28,844,633	20,230,285
Diluted	28,684,660	29,357,959	28,844,633	34,031,657

(1) See Note 9 to the condensed consolidated financial statements for details on prior year income (loss) per share and weighted average common shares outstanding.

The accompanying notes are an integral part of these condensed consolidated financial statements.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**  
(Unaudited, in thousands)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss) .....	\$ 2,710	\$ (27,992)	\$ (11,501)	\$ 43,412
Other comprehensive income (loss):				
Currency translation adjustments .....	(15,683)	15,326	(14,411)	18,485
Pension liability adjustment, net .....	922	—	873	—
Unrealized gain (loss) on cash flow hedges, net .....	1,609	(1,283)	2,552	(2,164)
Total comprehensive income (loss) .....	(10,442)	(13,949)	(22,487)	59,733
Net comprehensive loss attributable to noncontrolling interests .....	65	131	79	204
Total comprehensive income (loss) attributable to Bristow Group Inc. ....	<u>\$ (10,377)</u>	<u>\$ (13,818)</u>	<u>\$ (22,408)</u>	<u>\$ 59,937</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
(Unaudited, in thousands, except share amounts)

	September 30, 2021	March 31, 2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 236,989	\$ 228,010
Restricted cash .....	2,492	3,069
Accounts receivable, net of allowance for doubtful accounts of \$2,506 and \$2,300 as of September 30 and March 31, 2021, respectively .....	196,292	215,620
Inventories .....	87,855	92,180
Assets held for sale .....	5,432	14,750
Prepaid expenses and other current assets .....	30,419	32,119
<b>Total current assets</b> .....	<b>559,479</b>	<b>585,748</b>
Property and equipment .....	1,082,076	1,090,094
Accumulated depreciation and amortization .....	(120,474)	(85,535)
Property and equipment, net .....	961,602	1,004,559
Investment in unconsolidated affiliates .....	20,146	37,530
Right-of-use assets .....	211,878	246,667
Other assets .....	108,131	117,766
<b>Total assets</b> .....	<b>\$ 1,861,236</b>	<b>\$ 1,992,270</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 60,081	\$ 69,542
Accrued wages, benefits and related taxes .....	44,764	58,595
Income taxes payable and other accrued taxes .....	18,722	19,972
Deferred revenue .....	12,988	13,598
Accrued maintenance and repairs .....	32,536	26,907
Current portion of operating lease liabilities .....	72,394	77,909
Accrued interest and other accrued liabilities .....	24,458	22,632
Short-term borrowings and current maturities of long-term debt .....	13,180	15,965
<b>Total current liabilities</b> .....	<b>279,123</b>	<b>305,120</b>
Long-term debt, less current maturities .....	518,635	527,528
Accrued pension liabilities .....	33,654	44,150
Other liabilities and deferred credits .....	6,668	6,681
Deferred taxes .....	44,413	42,430
Long-term operating lease liabilities .....	139,744	167,718
<b>Total liabilities</b> .....	<b>\$ 1,022,237</b>	<b>\$ 1,093,627</b>
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interests .....	—	1,572
Stockholders' equity:		
Common stock, \$0.01 par value, 110,000,000 authorized; 28,302,220 and 29,694,071 outstanding as of September 30 and March 31, 2021, respectively .....	303	303
Additional paid-in capital .....	692,702	687,715
Retained earnings .....	215,589	227,011
Treasury shares, at cost; 1,967,769 and 466,700 shares as of September 30 and March 31, 2021, respectively .....	(51,083)	(10,501)
Accumulated other comprehensive loss .....	(17,901)	(6,915)
<b>Total Bristow Group Inc. stockholders' equity</b> .....	<b>839,610</b>	<b>897,613</b>
Noncontrolling interests .....	(611)	(542)
<b>Total stockholders' equity</b> .....	<b>838,999</b>	<b>897,071</b>
<b>Total liabilities and stockholders' equity</b> .....	<b>\$ 1,861,236</b>	<b>\$ 1,992,270</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited, in thousands)

	<b>Six Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (11,501)	\$ 43,412
<b>Adjustments to reconcile net income (loss) to net cash used in operating activities:</b>		
Depreciation and amortization	46,959	45,675
Deferred income taxes	2,858	(1,345)
Loss from extinguishment of debt	124	615
Bad debt expense	309	—
Amortization of deferred financing fees	636	—
Discount amortization on long-term debt	3,963	7,957
Loss (gain) on disposal of assets	(661)	2,951
Loss on impairment	24,835	36,829
Loss on sale of subsidiaries	2,002	—
Gain on bargain purchase	—	(81,093)
Change in fair value of preferred stock derivative liability	—	(15,416)
Stock-based compensation	4,987	7,192
Equity in earnings from unconsolidated affiliates less than dividends received	553	2,935
<b>Increase (decrease) in cash resulting from changes in:</b>		
Accounts receivable	17,801	21,556
Inventory, prepaid expenses and other assets	1,448	(8,075)
Accounts payable, accrued expenses and other liabilities	(21,119)	(28,202)
<b>Net cash provided by operating activities</b>	<b>73,194</b>	<b>34,991</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(17,306)	(7,372)
Proceeds from asset dispositions	13,809	52,140
Deposits on assets held for sale	—	3,437
Cash transferred in sale of subsidiaries, net of cash received	(851)	—
Increase in cash from Era merger	—	120,236
<b>Net cash provided by (used in) investing activities</b>	<b>(4,348)</b>	<b>168,441</b>
<b>Cash flows from financing activities:</b>		
Debt issuance costs	(2,708)	—
Repayment of debt and debt redemption premiums	(12,479)	(85,369)
Purchase of treasury shares	(40,582)	(6,428)
Old Bristow share repurchases	—	(4,807)
<b>Net cash used in financing activities</b>	<b>(55,769)</b>	<b>(96,604)</b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>(4,676)</b>	<b>(1,756)</b>
<b>Net increase in cash, cash equivalents and restricted cash</b>	<b>8,401</b>	<b>105,072</b>
<b>Cash, cash equivalents and restricted cash at beginning of period</b>	<b>231,079</b>	<b>199,121</b>
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 239,480</b>	<b>\$ 304,193</b>
<b>Cash paid during the period for:</b>		
Interest	\$ 16,369	\$ 14,467
Income taxes	\$ 8,539	\$ 7,726

The accompanying notes are an integral part of these condensed consolidated financial statements.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity**  
**(Unaudited)**  
**(In thousands, except share amounts)**

	Total Bristow Group Inc. Stockholders' Equity								
	Redeemable Noncontrolling Interests	Common Stock	Common Stock (Shares)	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
<b>March 31, 2021</b> .....	\$ 1,572	\$ 303	29,694,071	\$ 687,715	\$ 227,011	\$ (10,501)	\$ (6,915)	\$ (542)	\$ 897,071
Share award amortization .....	—	—	48,851	2,326	—	—	—	—	2,326
Share repurchases .....	—	—	(936,567)	—	—	(25,199)	—	—	(25,199)
Currency translation adjustments .....	—	—	—	—	—	—	—	5	5
Net loss .....	—	—	—	—	(14,197)	—	—	(14)	(14,211)
Sale of noncontrolling interest .....	(1,572)	—	—	—	—	—	—	—	—
Other comprehensive income .....	—	—	—	—	—	—	2,166	—	2,166
<b>June 30, 2021</b> .....	—	303	28,806,355	690,041	212,814	(35,700)	(4,749)	(551)	862,158
Share award amortization .....	—	—	60,367	2,661	—	—	—	—	2,661
Share repurchases .....	—	—	(564,502)	—	—	(15,383)	—	—	(15,383)
Currency translation adjustments .....	—	—	—	—	—	—	—	5	5
Net income (loss) .....	—	—	—	—	2,775	—	—	(65)	2,710
Other comprehensive loss .....	—	—	—	—	—	—	(13,152)	—	(13,152)
<b>September 30, 2021</b> .....	\$ —	\$ 303	28,302,220	\$ 692,702	\$ 215,589	\$ (51,083)	\$ (17,901)	\$ (611)	\$ 838,999

The accompanying notes are an integral part of these condensed consolidated financial statements.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity**  
**(Unaudited)**  
**(In thousands, except share amounts)**

	Total Bristow Group Inc. Stockholders' Investment									
	Redeemable Noncontrolling Interests	Mezzanine Equity Preferred Stock	Common Stock	Common Stock (Shares) <sup>(1)</sup>	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Noncontrolling Interests	Total Stockholders' Investment
<b>March 31, 2020</b> .....	\$ —	\$ 149,785	\$ 1	11,235,566	\$ 295,897	\$139,228	\$ (8,641)	\$ —	\$ (269)	\$ 426,216
Share repurchases .....	—	(2,151)	—	(142,721)	—	1,263	—	—	—	1,263
Preferred stock share conversion .....	—	(146,448)	4	34,836,688	270,678	142,614	—	—	—	413,296
Elimination of Old Bristow stock .....	—	—	(5)	(45,929,533)	5	—	—	—	—	—
Exchange of common stock .....	—	—	231	23,026,894	(231)	—	—	—	—	—
Era purchase price .....	—	—	72	7,175,029	108,268	—	—	—	—	108,340
Preferred stock compensation activity and conversion .....	—	(1,186)	—	—	6,370	—	—	—	—	6,370
Purchase of Company common stock (tax withholding) .....	—	—	—	(42,199)	—	—	—	—	—	—
Currency translation adjustments .....	—	—	—	—	—	—	—	—	13	13
Net income (loss) .....	—	—	—	—	—	71,477	—	—	(73)	71,404
Other comprehensive income .....	—	—	—	—	—	—	2,278	—	—	2,278
<b>June 30, 2020</b> .....	—	—	303	30,159,724	680,987	354,582	(6,363)	—	(329)	1,029,180
Share award amortization .....	—	—	—	—	2,008	—	—	—	—	2,008
Purchase of treasury shares .....	—	—	—	(345,757)	—	—	—	(7,579)	—	(7,579)
Era purchase price adjustment .....	1,501	—	—	(233)	395	—	—	—	—	395
Currency translation adjustments .....	—	—	—	—	—	—	—	—	(14)	(14)
Net loss .....	(18)	—	—	—	—	(27,861)	—	—	(113)	(27,974)
Other comprehensive income .....	—	—	—	—	—	—	14,043	—	—	14,043
<b>September 30, 2020 (Successor)</b> .....	<u>1,483</u>	<u>—</u>	<u>303</u>	<u>29,813,734</u>	<u>683,390</u>	<u>326,721</u>	<u>7,680</u>	<u>(7,579)</u>	<u>(456)</u>	<u>1,010,059</u>

<sup>(1)</sup> Certain shares were reclassified out of common stock issued and into un-issued.

The accompanying notes are an integral part of these condensed consolidated financial statements.



**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1 — BASIS OF PRESENTATION, CONSOLIDATION AND ACCOUNTING POLICIES**

***Basis of Presentation***

The condensed consolidated financial statements include the accounts of Bristow Group Inc. and its consolidated entities. On January 23, 2020, Era Group Inc. (“Era”), Ruby Redux Merger Sub, Inc., a wholly owned subsidiary of Era (“Merger Sub”) and Bristow Group Inc. (“Old Bristow”) entered into an Agreement and Plan of Merger, as amended on April 22, 2020 (the “Merger Agreement”). On June 11, 2020, the merger (the “Merger”) contemplated by the Merger Agreement was consummated and Merger Sub merged with and into Old Bristow, with Old Bristow continuing as the surviving corporation and as a direct wholly owned subsidiary of Era. Following the Merger, Era changed its name to Bristow Group Inc., and Old Bristow changed its name to Bristow Holdings U.S. Inc. Unless the context otherwise indicates, in this Quarterly Report on Form 10-Q, references to:

- the “Company”, “Combined Company,” “Bristow”, “we”, “us” and “our” refer to the entity currently known as Bristow Group Inc. and formerly known as Era Group Inc., together with all of its current subsidiaries;
- “Old Bristow” refers to the entity formerly known as Bristow Group Inc. and now known as Bristow Holdings U.S. Inc., together with its subsidiaries prior to the consummation of the Merger; and
- “Era” refers to Era Group Inc. (currently known as Bristow Group Inc., the parent of the Combined Company) and its subsidiaries prior to consummation of the Merger.

Pursuant to the United States (“U.S.”) generally accepted accounting principles (“GAAP”), the Merger was accounted for as an acquisition by Old Bristow of Era even though Era was the legal acquirer and remained the ultimate parent of the Combined Company. As a result, upon the closing of the Merger, Old Bristow’s historical financial statements replaced Era’s historical financial statements for all periods prior to the completion of the Merger, and the financial condition, results of operations, comprehensive income and cash flows of Era have been included in those financial statements since June 12, 2020. Any reference to comparative period disclosures in the Quarterly Report on Form 10-Q refers to Old Bristow.

The Company’s fiscal year ends March 31, and fiscal years are referenced based on the end of such period. Therefore, the fiscal year ending March 31, 2022 is referred to as “fiscal year 2022”.

The condensed consolidated financial information for the three and six months ended September 30, 2021 and September 30, 2020 has been prepared by the Company in accordance with GAAP and pursuant to the rules and regulations of the SEC for interim financial information reporting on Quarterly Form 10-Q and Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted from that which would appear in the annual consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the financial statements and related notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2021, filed with the Securities and Exchange Commission (the “SEC”) on May 27, 2021.

The preparation of these financial statements and accompanying footnotes requires the Company to make estimates and assumptions; however, they include all adjustments of a normal recurring nature which, in the opinion of management, are necessary for a fair presentation of the condensed consolidated balance sheet, the condensed consolidated statements of operations and comprehensive loss, the condensed consolidated statements of cash flows and the condensed consolidated statements of changes in stockholders equity. Operating results for the interim period presented are not necessarily indicative of the results that may be expected for the entire fiscal year.

The condensed consolidated financial information found on this Quarterly Form 10-Q has not been audited by the Company’s independent registered public accounting firm.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

***Basis of Consolidation***

The consolidated financial statements include the accounts of Bristow Group Inc., its wholly and majority-owned subsidiaries and entities that meet the criteria of variable interest entities (“VIEs”) of which the Company is the primary beneficiary. All significant inter-company accounts and transactions are eliminated in consolidation.

***Summary of Significant Accounting Policies and Other Accounting Considerations***

*Reclassifications* — Certain amounts reported for prior periods in the consolidated financial statements have been reclassified to conform with the current period’s presentation.

*Sale of Subsidiary* — During the six months ended September 30, 2021, the Company sold its 75% interest in Hauser Investments Limited (“Hauser”), which owns 100% of Sicher Helicopters SAS (“Sicher”), a provider of helicopter services to Colombia’s oil and gas market. The sale resulted in a \$2.0 million loss included in loss on sale of subsidiaries on the condensed consolidated statement of operations.

*Investment in Unconsolidated Affiliates* — The Company has a 25% economic interest in Petroleum Air Services (“PAS”), an Egyptian corporation that provides helicopter and fixed wing transportation to the offshore energy industry and other general aviation services in Egypt. During the six months ended September 30, 2021, upon evaluating its investment in PAS, the Company identified an indicator for impairment due to a decline in PAS’s performance. As a result, the Company performed a fair valuation of its investment in PAS using a market approach that relied on significant Level III inputs due to the nature of unobservable inputs that required significant judgment and assumptions. The market approach utilized two methods, each yielding similar valuation outcomes through the use of a multiple relevant to each method, derived from select guideline public companies, and an expected dividend rate or earnings of PAS. This resulted in a \$16.0 million loss on impairment recorded during the six months ended September 30, 2021. As of September 30, 2021, the investment in PAS was \$17.0 million and is included on the condensed consolidated balance sheets in investment in unconsolidated affiliates. PAS is a cost method investment.

***Recent Accounting Pronouncements***

The Company considers the applicability and impact of all accounting standard updates (“ASUs”). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Company’s consolidated financial position or results of operations.

***Adopted***

In March 2020, the FASB issued ASU No. 2020-04, “Reference Rate Reform” (Topic 848). The guidance is intended to provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (“LIBOR”) and other interbank offered rates to alternative reference rates. The standard was effective beginning in fiscal year 2022 for the Company. Adoption of this accounting standard had no material impact to the Company’s financial statements.

In December 2019, the FASB issued ASU No. 2019-12, “Income Taxes” (Topic 740), new guidance to simplify the accounting for income taxes, which eliminates certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods. This standard also included guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. The standard was effective beginning in fiscal year 2022 for the Company. Adoption of this accounting standard had no material impact to the Company’s financial statements.

***Not Yet Adopted***

In May 2021, the FASB issued ASU Update No. 2021-04, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40). The purpose of this update is to clarify and reduce diversity in practice for the accounting of certain modifications or exchanges of equity written call options. Under the guidance, an issuer determines

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the accounting for the modification or exchange based on whether the transaction was done to issue equity, to issue or modify debt, or for other reasons. The standard will be effective for the Company beginning in fiscal year 2023 and early adoption is permitted. The Company is currently evaluating the effect this accounting guidance will have on its consolidated financial statements.

**Note 2 — BUSINESS COMBINATIONS**

***Era Group Inc.***

On June 11, 2020, the combination of Old Bristow with Era was successfully completed in an all-stock transaction with Era having issued shares of common stock (“Combined Company Common Stock”) to Old Bristow’s stockholders in exchange for such holders shares of common stock in Old Bristow. The transaction was accounted for using the acquisition method of accounting in accordance with Accounting Standards Codification (“ASC”) 805, Business Combinations (“ASC 805”). In the Merger, Old Bristow merged with and into Merger Sub, a subsidiary of Era, with Old Bristow remaining as the surviving company and as a subsidiary of Era, the ultimate parent of the Combined Company. Era is one of the largest helicopter operators in the world and the longest serving helicopter transport operator in the U.S., primarily servicing offshore energy installations. The transaction was structured as an all-stock, reverse-triangular merger, whereby Era issued shares of Combined Company Common Stock to Old Bristow stockholders, allowing it to qualify as a tax free reorganization for U.S. federal income tax purposes. Following the Merger, Era changed its name to Bristow Group Inc., and the Combined Company Common Stock continued to trade on the NYSE under the new ticker symbol VTOL.

While Era was the legal acquirer in the Merger, Old Bristow was determined to be the accounting acquirer, based upon the terms of the Merger and other considerations including that: (i) immediately following completion of the Merger, Old Bristow stockholders owned approximately 77% of the outstanding shares of Combined Company Common Stock and pre-Merger holders of Era common stock (“Era Common Stockholders”) owned approximately 23% of the outstanding shares of Combined Company Common Stock and (ii) the board of directors of the Company consisted of eight directors, including six Old Bristow designees. The Merger was accounted for under the acquisition method of accounting under ASC 805, Business Combinations. The acquisition method of accounting requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The Company completed its assessment of the fair value of assets acquired and liabilities assumed within the required one-year period from the date of acquisition. Management recorded the acquired aircraft at an aggregate fair value of \$179.9 million. Based upon the illiquid state of the secondary market, relevant and reliable market data for the Era fleet was not readily available. As a result, the Company derived the fair value of the Era fleet of aircraft from the estimated enterprise value of Era, using the discounted cash flow method of the income approach. The estimated enterprise value of Era was made using principal assumptions such as forecasted revenues and discount rate. All non-aircraft acquired assets and assumed liabilities were valued at fair value, which based upon their nature were more readily determinable. After allocating fair values to all the non-aircraft acquired assets and assumed liabilities, the remaining value was attributed to the aircraft.

The acquisition date fair value of the consideration transferred consisted of the following (in thousands):

Fair value of Combined Company Common Stock issued <sup>(1)</sup>	\$ 106,440
Fair value of accelerated stock awards <sup>(2)</sup>	2,067
Fair value of exchanged stock awards <sup>(3)</sup>	228
Total consideration transferred	<u>\$ 108,735</u>
Fair value of redeemable noncontrolling interest	<u>1,501</u>
Total fair value of Era	<u><u>\$ 110,236</u></u>

<sup>(1)</sup> Represents the fair value of Combined Company Common Stock retained by Era Common Stockholders based on the closing market price of Era shares on June 11, 2020, the acquisition date.

<sup>(2)</sup> Represents the fair value of restricted share awards of Combined Company Common Stock held by Era employees that were accelerated upon consummation of the Merger.

<sup>(3)</sup> Represents the fair value of restricted share awards of Combined Company Common Stock held by Era employees relating to the pre-Merger vesting period.

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The following table summarizes the fair values of assets acquired and liabilities assumed as of the date of acquisition, June 11, 2020 (in thousands):

<b>Assets acquired:</b>	
Cash and cash equivalents	\$ 120,236
Accounts receivable from non-affiliates	35,079
Prepaid expenses and other current assets	17,598
Inventories	8,826
Property and equipment	223,256
Right-of-use assets	8,395
Other assets	14,792
<b>Total assets acquired</b>	<b>\$ 428,182</b>
<b>Liabilities assumed:</b>	
Accounts payable	\$ 9,686
Accrued wages, benefits and related taxes	8,319
Income taxes payable	1,791
Deferred revenue	236
Current portion of operating lease liabilities	1,711
Other accrued liabilities	18,474
Short-term borrowings and current maturities of long-term debt	17,485
Long-term debt, less current maturities	136,704
Other liabilities and deferred credits	1,404
Deferred taxes	34,198
Long-term operating lease liabilities	6,845
<b>Total liabilities and redeemable noncontrolling interest assumed</b>	<b>\$ 236,853</b>
<b>Net assets acquired</b>	<b>\$ 191,329</b>

The Merger initially resulted in a gain on bargain purchase due to the estimated fair value of the identifiable net assets acquired exceeding the purchase consideration transferred by \$75.4 million; after further analysis, during the second quarter of fiscal year 2021, the Company recorded measurement period adjustments to its preliminary estimates due to additional information received primarily related to aircraft, redeemable noncontrolling interest and income taxes, resulting in an increase in bargain purchase gain of \$5.7 million, for a total of \$81.1 million shown as a gain on bargain purchase on the consolidated statements of operations, for the fiscal year ended March 31, 2021. The bargain purchase was a result of a combination of factors including depressed oil and gas prices and market volatility linked to the COVID-19 pandemic between the initial announcement and consummation of the Merger.

Specifically, the Era share price declined from \$8.59 to \$5.16 between the last trading day prior to the announcement of the Merger and the date the Merger closed. The aggregate Merger consideration was based on an exchange ratio that was fixed and did not fluctuate in the event that the value of Old Bristow's common stock increased or Era's common stock decreased, between the date of entry into the Merger agreement and consummation of the Merger.

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The following unaudited supplemental pro forma combined financial information presents the Company's results of operations for the three months ended September 30, 2020, as though the Merger had occurred on November 1, 2019, the effective date of Old Bristow's emergence from the Chapter 11 Cases. The unaudited pro forma financial information is as follows (in thousands)<sup>(1)</sup>:

	<b>Three Months Ended September 30,</b>		<b>Six Months Ended September 30,</b>	
	<b>2020</b>		<b>2020</b>	
Total revenues	\$	304,640	\$	609,963
Net loss	\$	(34,333)	\$	(10,015)
Net loss attributable to Bristow Group Inc.	\$	(34,200)	\$	(9,828)

<sup>(1)</sup> As a result of the Merger, the Company was required to dispose of its investment in Líder which occurred in August 2020. The Company recorded an impairment in June 2020 of \$18.7 million related to the future disposition of the investment. This impairment has been excluded from the pro forma combined Net income and Net income attributable to Bristow Group Inc. for the six months ended September 30, 2020, due to its nonrecurring nature.

**Note 3 — PROPERTY AND EQUIPMENT**

***Property and Equipment Acquisitions***

The Company made capital expenditures as follows (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Six Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Number of aircraft delivered <sup>(1)</sup>	1	—	1	—
Capital expenditures:				
Aircraft and equipment .....	\$ 13,710	\$ 4,291	\$ 15,960	\$ 7,048
Land and buildings .....	628	232	1,346	324
Total capital expenditures .....	<u>\$ 14,338</u>	<u>\$ 4,523</u>	<u>\$ 17,306</u>	<u>\$ 7,372</u>

<sup>(1)</sup> Previously leased S92 heavy helicopter acquired during the three months ended September 30, 2021 pursuant to a contractual obligation in the lease.

***Property and Equipment Dispositions***

The following table presents details on the aircraft sold or disposed of (in thousands, except for number of aircraft):

	<b>Three Months Ended September 30,</b>		<b>Six Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Number of aircraft sold or disposed of .....	6	31	9	32
Proceeds from sale or disposal of assets .....	\$ 3,188	\$ 40,475	\$ 13,809	\$ 52,140
Deposits on assets held for sale .....	\$ —	\$ 3,437	\$ —	\$ 3,437
Gain (loss) on disposal of assets .....	\$ 162	\$ (8,473)	\$ 661	\$ (2,951)

***Property, Equipment and Inventory Considerations***

During the three and six months ended September 30, 2021, the Company recognized a \$2.9 million and \$8.8 million loss on impairment, respectively, in connection with H225 helicopter parts inventory and aircraft held for sale to reflect the aircraft at expected sales values. During the three and six months ended September 30, 2020, the Company recognized a \$12.4 million loss on impairment related to certain equipment and inventory items in connection to the sale of aircraft.

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**Note 4 — REVENUES**

***Revenue Recognition***

The Company derives its revenues primarily from oil and gas flight services, government services and fixed wing services. A majority of the Company’s revenue is generated through two types of contracts: helicopter services, which includes oil and gas, government and other services, and fixed wing services. Revenue is recognized when control of the identified distinct goods or services has been transferred to the customer, the transaction price is determined and allocated to the satisfied performance obligations and the Company has determined that collection has occurred or is probable of occurring.

The Company determines revenue recognition by applying the following steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue as the performance obligations are satisfied.

Operating revenue from the Company’s oil and gas line of service is derived mainly from fixed-term contracts with its customers. Fixed-term contracts typically have original terms of one to five years, subject to provisions permitting early termination by customers. Customers are typically invoiced on a monthly basis with payment terms of 30-60 days.

The following table shows the total revenues (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Six Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenues from contracts with customers .....	\$ 295,968	\$ 294,245	588,566	553,653
Total other revenues .....	5,616	10,395	13,620	21,180
<b>Total revenues .....</b>	<b>301,584</b>	<b>304,640</b>	<b>602,186</b>	<b>574,833</b>

Beginning in fiscal year 2022, the revenues by line of service tables have been modified to more accurately reflect how management views the Company’s lines of service. These changes include the addition of a Government services line of service which includes revenues from U.K. SAR, the U.S. Bureau of Safety and Environmental Enforcement (“BSEE”), and other government contracts. In addition, our Other activities and services (“other” services) will now reflect revenues derived from leasing aircraft to non-governmental third party operators, oil and gas contracts that do not materially fit into one of the three major oil and gas operating regions and other services as they arise. As such, operating revenues from Asia Pacific oil and gas services are now shown under other services following the exit of that line of service in the Asia Pacific region. Prior period amounts will not match the previously reported amounts by individual lines of service. Management believes this change provides more relevant information needed to understand and analyze the Company’s current lines of service.

**BRISTOW GROUP INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
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**Revenues by Service Line.** The following table sets forth the operating revenues earned by service line for the applicable periods (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2021	2020	2021	2020
Oil and gas services	\$ 193,681	\$ 204,790	383,465	396,385
Government services <sup>(1)</sup>	69,742	65,610	140,184	120,233
Fixed wing services	23,501	20,310	48,057	31,781
Other services <sup>(2)</sup>	3,196	5,012	6,765	8,831
<b>Total operating revenues</b>	<b>\$ 290,120</b>	<b>\$ 295,722</b>	<b>\$ 578,471</b>	<b>\$ 557,230</b>

<sup>(1)</sup> Includes revenues of approximately \$8.6 million and \$10.6 million related to government services that were previously included in the oil and gas and other service lines for the three and six months ended September 30, 2020, respectively.

<sup>(2)</sup> Includes Asia Pacific and certain Europe revenues of approximately \$3.1 million and \$6.6 million that were previously included in the oil and gas service line for the three and six months ended September 30, 2020, respectively.

**Contract Assets, Liabilities and Receivables**

The Company generally satisfies performance of contract obligations by providing helicopter and fixed wing services to its customers in exchange for consideration. The timing of performance may differ from the timing of the customer's payment, which results in the recognition of a contract asset or a contract liability. A contract asset exists when the Company has a contract with a customer for which revenue has been recognized (i.e., services have been performed), but customer payment is contingent on a future event (i.e., satisfaction of additional performance obligations). These contract assets are transferred to receivables when the right to consideration becomes unconditional. Contract liabilities relate to deferred revenues in which advance consideration is received from customers for contracts where revenues are recognized based on future performance of services.

As of September 30 and March 31, 2021, receivables related to services performed under contracts with customers were \$171.8 million and \$167.3 million, respectively. During the six months ended September 30, 2021, the Company recognized \$8.9 million of revenues from outstanding contract liabilities. Contract liabilities related to services performed under contracts with customers were \$12.6 million and \$13.3 million as of September 30, 2021 and March 31, 2021, respectively. Contract liabilities are primarily generated by fixed wing services where customers pay for tickets in advance of receiving the Company's services and advanced payments from helicopter services customers. There were no contract assets as of September 30 and March 31, 2021.

**Remaining Performance Obligations**

Remaining performance obligations represent firm contracts for which work has not been performed and future revenue recognition is expected. The table below discloses (1) the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and (2) the expected timing to recognize this revenue (in thousands):

	Remaining Performance Obligations					Total
	Six Months Ending March 31, 2022	Fiscal Year Ending March 31,				
		2023	2024	2025	2026 and thereafter	
<b>Outstanding Service Revenue:</b>						
Helicopter contracts	\$ 215,454	\$ 233,576	\$ 187,586	\$ 155,471	127,335	\$ 919,422
Fixed wing contracts	589	—	—	—	—	589
Total remaining performance obligation revenue	<u>\$ 216,043</u>	<u>\$ 233,576</u>	<u>\$ 187,586</u>	<u>\$ 155,471</u>	<u>\$ 127,335</u>	<u>\$ 920,011</u>

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Although substantially all of the Company's revenue is derived under contract, due to the nature of the business, the Company does not have significant remaining performance obligations as its contracts typically include unilateral termination clauses that allow its customers to terminate existing contracts with a notice period of 30 to 365 days. The table above includes performance obligations up to the point where the parties can cancel existing contracts. Any applicable cancellation penalties have been excluded. As such, the Company's actual remaining performance obligation revenue is expected to be greater than what is reflected in the table above. In addition, the remaining performance obligation disclosure does not include expected consideration related to performance obligations of a variable nature (i.e., flight services) as they cannot be reasonably and reliably estimated.

**Note 5 — DEBT**

Debt as of September 30 and March 31, 2021, consisted of the following (in thousands):

	September 30, 2021	March 31, 2021
6.875% Senior Notes .....	\$ 391,613	\$ 391,550
Lombard Debt .....	139,968	146,006
Airnorth Debt .....	—	5,631
Humberside Debt .....	234	306
Total debt .....	531,815	543,493
Less short-term borrowings and current maturities of long-term debt .....	(13,180)	(15,965)
Total long-term debt .....	<u>\$ 518,635</u>	<u>\$ 527,528</u>

**6.875% Senior Notes** — In February 2021, the Company issued \$400.0 million aggregate principal amount of its 6.875% senior secured notes due March 2028 (the "6.875% Senior Notes") and received net proceeds of \$395.0 million. The 6.875% Senior Notes are fully and unconditionally guaranteed as to payment by a number of subsidiaries. Interest on the 6.875% Senior Notes is payable semi-annually in arrears on March 1st and September 1st of each year, with the first payment on September 1, 2021. The 6.875% Senior Notes may be redeemed at any time and from time to time, with sufficient notice and at the applicable redemption prices set forth in the indenture governing the 6.875% Senior Notes, inclusive of any accrued and unpaid interest leading up to the redemption date. The indenture governing the 6.875% Senior Notes contains covenants that restrict the Company's ability to, among other things, incur additional indebtedness, pay dividends or make other distributions or repurchase or redeem the Company's capital stock, prepay, redeem or repurchase certain debt, make loans and investments, sell assets, incur liens, enter into transactions with affiliates, enter into agreements restricting its subsidiaries' ability to pay dividends, and consolidate, merge or sell all or substantially all of its assets. In addition, upon a specified change of control trigger event or specified asset sale, the Company may be required to repurchase the outstanding balance of the 6.875% Senior Notes. As of September 30, 2021, the Company had \$8.4 million of unamortized debt issuance costs associated with the 6.875% Senior Notes.

**Lombard Debt** — During the three and six months ended September 30, 2021, the Company made \$3.3 million and \$6.6 million, respectively, in principal payments on the Lombard debt.

**Airnorth Debt** — During the three and six months ended September 30, 2021, the Company made \$0.5 million and \$1.1 million, respectively, in principal payments on the Airnorth debt. In August 2021, the Company made a \$4.6 million payment to extinguish the debt, resulting in a loss of \$0.1 million.



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**ABL Facility** — The Company’s asset-backed revolving credit facility (as amended or modified, the “ABL Facility”) matures in April 2023, subject to certain early maturity triggers related to maturity of other material debt or a change of control of the Company. Amounts borrowed under the ABL Facility are (i) secured by certain accounts receivable owing to the borrower subsidiaries, Bristow Helicopters Limited, Bristow Norway AS, Bristow U.S. LLC and Era Helicopters, LLC (collectively, the “ABL Borrowers”), and the deposit accounts into which payments on such accounts receivable are deposited, and (ii) fully and unconditionally guaranteed as to payment by the Company, as parent guarantor, and each of the ABL Borrowers. The ABL Facility currently provides for commitments in an aggregate amount of \$85.0 million. The Company retains the ability under the ABL Facility to increase the total commitments up to a maximum aggregate amount of \$115.0 million, subject to the terms and conditions therein.

As of September 30, 2021, there were no outstanding borrowings under the ABL Facility nor had the Company made any draws during the three months ended September 30, 2021. Letters of credit issued under the ABL Facility in the aggregate face amount of \$21.6 million were outstanding on September 30, 2021.

**LIBOR Transition** — In 2020, a number of regulators in conjunction with the FASB and the U.S. Federal Reserve announced their intention to begin the suspension and replacement of the use of LIBOR starting towards the end of calendar year 2021 with a complete phase-out to be undertaken by June 2023. The effects of this transition from LIBOR to an alternative reference rate may impact the Company’s current indebtedness that is tied to LIBOR, in addition to the potential overall financial market disruption as a result of this phase-out. The Company is currently evaluating the potential effects of this announcement on its underlying debt, but it does not expect the impact to be material.

**Note 6 — FAIR VALUE DISCLOSURES**

The fair value of an asset or liability is the price that would be received to sell an asset or transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company utilizes a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value and defines three levels of inputs that may be used to measure fair value. The fair values of the Company’s cash and cash equivalents, accounts receivable and accounts payable approximate their carrying values due to the short-term nature of these items.

Assets and liabilities subject to fair value measurement are categorized into one of three different levels depending on the observability of the inputs employed in the measurement, as follows:

- Level 1 – observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs that reflect quoted prices for identical assets or liabilities in markets which are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – unobservable inputs reflecting the Company’s own assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

***Fair Value of Debt***

The fair value of the Company’s debt has been estimated in accordance with the accounting standard regarding fair value. The fair value of the Company’s long-term debt was estimated using discounted cash flow analysis based on market prices for those loans and estimated current rates for similar types of arrangements. Considerable judgment was required in developing certain of the estimates of fair value, and, accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

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The carrying and fair values of the Company's debt are as follows (in thousands):

September 30, 2021	Carrying Amount	Level 1	Level 2	Level 3
<b>LIABILITIES</b>				
6.875% Senior Notes <sup>(1)</sup>	\$ 391,613	\$ —	\$ 422,648	\$ —
Lombard Debt	139,968	—	148,226	—
Humberside Debt	234	—	234	—
	<u>\$ 531,815</u>	<u>\$ —</u>	<u>\$ 571,108</u>	<u>\$ —</u>
<b>March 31, 2021</b>				
<b>LIABILITIES</b>				
6.875% Senior Notes <sup>(1)</sup>	\$ 391,550	\$ —	\$ 398,870	\$ —
Lombard Debt	146,006	—	155,270	—
Airnorth Debt	5,631	—	5,656	—
Humberside Debt	306	—	306	—
	<u>\$ 543,493</u>	<u>\$ —</u>	<u>\$ 560,102</u>	<u>\$ —</u>

<sup>(1)</sup> The carrying value of the 6.875% Senior Notes is net of unamortized debt issuance costs of \$8.4 million.

The carrying values are net of unamortized discounts as follows (in thousands):

	September 30, 2021	March 31, 2021
Lombard Debt	\$ 17,195	\$ 21,495
Airnorth Debt	—	154
Total unamortized debt discount	<u>\$ 17,195</u>	<u>\$ 21,649</u>

*Old Bristow Preferred Stock Embedded Derivative*

The fair value of Old Bristow's preferred stock embedded derivative was estimated on the pre-merger basis, using the income approach, namely a "with" and "without" analysis. The difference between the value of Old Bristow's preferred stock in the "with" and "without" analyses represented the value of the embedded derivative. Old Bristow was private on the pre-merger basis and hence, the Old Bristow preferred stock value was estimated based on the expected exchange ratio upon the merger. As there was no trading price or any directly observable market information for the embedded derivative itself or Old Bristow's preferred stock price the fair value of the embedded derivative represents a model value. Due to these facts and circumstances, the fair value of Old Bristow's Preferred Stock embedded derivative was derived from Level 3 inputs, due to the nature of unobservable inputs that required significant estimates, judgments and assumptions.

Changes in the fair value of the New Preferred Stock derivative liability, carried at fair value, were reported as change in fair value of the preferred stock derivative liability in the condensed consolidated statements of operations. During the six months ended September 30, 2020, the Company recognized non-cash gain of approximately \$15.4 million due to an increase in the preferred stock derivative liability related to the embedded derivative in the New Preferred Stock.

The following table provides a rollforward of the preferred stock embedded derivative Level 3 fair value measurements for the six months ended September 30, 2020:

	Significant Unobservable Inputs (Level 3) (in thousands)
Derivative financial instruments:	
March 31, 2020	\$ 286,182
Change in fair value	(15,416)
Preferred stock shares conversion	(266,846)
Share repurchases	(3,920)
September 30, 2020	<u>\$ —</u>

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On June 11, 2020, immediately before the Merger was executed, Old Bristow exercised its call right on the preferred stock, allowing Old Bristow to repurchase the shares upon a Fundamental Transaction (which included a merger or consolidation). Upon exercise of the call right, Old Bristow issued 5.17962 shares of Old Bristow's common stock to the remaining holders of the Preferred Stock for each share of Preferred Stock held. The Old Bristow preferred stock was converted into Old Bristow common stock immediately prior to consummation of the Merger. For further discussion, see Note 7 in the Annual Report on Form 10-K for the fiscal year ended March 31, 2021.

**Note 7 — COMMITMENTS AND CONTINGENCIES**

*Fleet* — The Company's unfunded capital commitments as of September 30, 2021 consisted primarily of agreements to purchase helicopters and totaled \$85.4 million, payable beginning in fiscal year 2022. The Company also had \$1.3 million of deposits paid on options not yet exercised. All of the Company's capital commitments (inclusive of deposits paid on options not yet exercised) may be terminated without further liability other than aggregate liquidated damages of approximately \$2.1 million.

Included in these commitments are orders to purchase three AW189 heavy helicopters and five AW169 light twin helicopters. The AW189 helicopters are scheduled to be delivered in fiscal year 2023 through 2025. Delivery dates for the AW169 helicopters have yet to be determined. In addition, the Company had outstanding options to purchase up to ten additional AW189 helicopters. If these options are exercised, the helicopters would be scheduled for delivery in fiscal years 2024 through 2026. The Company may, from time to time, purchase aircraft for which it has no orders.

*General Litigation and Disputes*

In July 2021, the Company settled a bankruptcy preference claim related to amounts paid under a termination agreement between Old Bristow and Columbia Helicopters, Inc. The settlement was considered a gain contingency and resulted in a \$9.0 million cash receipt.

The Company operates in jurisdictions internationally where it is subject to risks that include government action to obtain additional tax revenue. In a number of these jurisdictions, political unrest, the lack of well-developed legal systems and legislation that is not clear enough in its wording to determine the ultimate application, can make it difficult to determine whether legislation may impact the Company's earnings until such time as a clear court or other ruling exists. The Company operates in jurisdictions currently where amounts may be due to governmental bodies that the Company is not currently recording liabilities for as it is unclear how broad or narrow legislation may ultimately be interpreted. The Company believes that payment of amounts in these instances is not probable at this time, but is reasonably possible.

In the normal course of business, the Company is involved in various litigation matters including, among other things, claims by third parties for alleged property damages and personal injuries. In addition, from time to time, the Company is involved in tax and other disputes with various government agencies. Management has used estimates in determining the Company's potential exposure to these matters and has recorded reserves in its condensed consolidated financial statements related thereto as appropriate. It is possible that a change in its estimates related to these exposures could occur, but the Company does not expect such changes in estimated costs or uninsured losses, if any, would have a material effect on its business, consolidated financial position or results of operations.

**Note 8 — TAXES**

The Company's effective tax rate was 84.2% and (44.2)% during the three months ended September 30, 2021 and September 30, 2020, respectively, and (518.7)% and 10.9% during the six months ended September 30, 2021 and September 30, 2020, respectively. The effective tax rate in the six months ended September 30, 2021 includes the impact of impairment losses, utilization of net operating losses in certain foreign jurisdictions and adjustment to the Company's valuation allowances against future realization of deductible business interest expense. The Company's provision for income taxes for the interim period ended September 30, 2021 was prepared by applying the estimated annual income tax rate for the full fiscal year to income from continuing operations, excluding discrete items, for the reporting period. For the three months ended September 30, 2020, the Company utilized the discrete effective tax rate method to report its provision for income taxes.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

The relationship between the Company's provision for or benefit from income taxes and the Company's pre-tax book income can vary significantly from period to period considering, among other factors, (a) the overall level of pre-tax book income, including asset sales, (b) changes in the blend of income that is taxed based on gross revenues or at high effective tax rates versus pre-tax book income or at low effective tax rates and (c) the Company's geographical blend of pre-tax book income. Consequently, the Company's income tax expense or benefit does not change proportionally with the Company's pre-tax book income or loss. Significant decreases in the Company's pre-tax book income typically result in higher effective tax rates, while significant increases in pre-tax book income can lead to lower effective tax rates, subject to the other factors impacting income tax expense noted above. The change in the Company's effective tax rate excluding discrete items for the three and six months ended September 30, 2021 compared to the three and six months ended September 30, 2020 primarily related to changes in the blend of earnings taxed in relatively high taxed jurisdictions versus low taxed jurisdictions. Additionally, the Company increased its valuation allowances by \$2.9 million and \$2.3 million for the six months ended September 30, 2021 and 2020, respectively.

Valuation allowances are presented as reductions to the Company's deferred tax assets. The Company evaluates its deferred tax assets quarterly, which requires significant management judgment to determine the recoverability of these deferred tax assets by assessing whether it is more likely than not that some or all of the deferred tax asset will be realized before expiration. After considering all available positive and negative evidence using a "more likely than not" standard, the Company believes it is appropriate to value against deferred tax assets related to foreign tax credits and certain foreign net operating losses.

The benefit of an uncertain tax position taken or expected to be taken on an income tax return is recognized in the condensed consolidated financial statements at the largest amount that is more likely than not to be sustained upon examination by the relevant taxing authority. Interest and penalties, if any, related to uncertain tax positions would be recorded in interest expense and other expense, respectively.

**Note 9 — STOCKHOLDERS' INVESTMENT, EARNINGS PER SHARE AND ACCUMULATED OTHER COMPREHENSIVE INCOME**

***Share Repurchases.***

On September 16, 2020, the Board authorized a stock repurchase plan providing for the repurchase of up to \$75.0 million of the Company's common stock. Repurchases under the program may be made in the open market, including pursuant to a Rule 10b5-1 plan, by block repurchases, in private transactions (including with related parties) or otherwise, from time to time, depending on market conditions. The share repurchase program has no expiration date and may be suspended or discontinued at any time without notice.

During the three months ended September 30, 2021, the Company repurchased 547,596 shares of common stock in open market transactions for gross consideration of \$14.9 million, at an average cost per share of \$27.24. During the six months ended September 30, 2021, the Company repurchased 1,480,804 shares of common stock for gross consideration of \$40.0 million, which is an average cost per share of \$27.02. After these repurchases, \$25.0 million remained available of the authorized \$75.0 million share repurchase program.

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

***Earnings per Share***

Basic earnings per common share is computed by dividing income available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per common share excludes options to purchase common shares and restricted stock units and awards which were outstanding during the period but were anti-dilutive. The following table shows the computation of basic and diluted earnings per share (in thousands, except share and per share amounts):

	<b>Three Months Ended September 30,</b>		<b>Six Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Income (loss):</b>				
Net income (loss) attributable to Bristow Group Inc. ....	\$ 2,775	\$ (27,861)	\$ (11,422)	\$ 43,616
Less: PIK dividends <sup>(1)</sup> .....	—	—	—	(12,039)
Plus: Deemed contribution from conversion of preferred stock .....	—	—	—	144,986
Income (loss) available to common stockholders – basic .....	\$ 2,775	\$ (27,861)	\$ (11,422)	\$ 176,563
Add: PIK dividends .....	—	—	—	12,039
Less: Changes in fair value of preferred stock derivative liability .....	—	—	—	(15,416)
Income (loss) available to common stockholders – diluted .....	\$ 2,775	\$ (27,861)	\$ (11,422)	\$ 173,186
<b>Shares:</b>				
Weighted average number of common shares outstanding – basic .....	28,233,527	29,357,959	28,844,633	20,230,285
Net effect of dilutive preferred stock .....	—	—	—	13,801,372
Effect of dilutive stock options and restricted stock .....	451,133	—	—	—
Weighted average number of common shares outstanding – diluted <sup>(2)</sup> .....	28,684,660	29,357,959	28,844,633	34,031,657
<b>Earnings (losses) per common share - basic .....</b>				
	\$ 0.10	\$ (0.95)	\$ (0.40)	\$ 8.73
<b>Earnings (losses) per common share - diluted .....</b>				
	\$ 0.10	\$ (0.95)	\$ (0.40)	\$ 5.09

<sup>(1)</sup> See Note 6 and discussion below for further details on PIK dividends and changes in fair value of preferred stock derivative liability.

<sup>(2)</sup> Excludes weighted average common shares of 1,143,686 and 1,280,592 for the three months ended September 30, 2021 and 2020, respectively, and 1,656,651 and 1,267,315 for the six months ended September 30, 2021 and 2020, for certain share awards as the effect of their inclusion would have been antidilutive.

***Stockholders' Investment, Old Bristow Common Stock and Old Bristow Preferred Stock***

In connection with the Merger, the Old Bristow preferred stock was converted into Old Bristow common stock, and then all Old Bristow common stock was subsequently converted into the Company's common stock.

As Old Bristow's preferred stock could be redeemed in certain circumstances outside of the sole control of Old Bristow (including at the option of the holder), but was not mandatorily redeemable, the Old Bristow preferred stock was classified as mezzanine equity and initially recognized at fair value of \$618.9 million as of its Emergence from Voluntary Reorganization under Chapter 11, the "Effective Date". This amount was reduced by the fair value of the bifurcated derivative liability of \$470.3 million as of the Effective Date, resulting in an initial value of \$148.6 million. The difference between (a) the carrying value of the embedded derivative of \$270.8 million plus the carrying value of the Preferred Stock Host of \$148.6 million and (b) the fair value of the Old Bristow Common Stock of \$270.7 million paid as consideration for the Old Bristow Preferred Stock was recognized in retained earnings, because the fair value of the Old Bristow Common Stock was less than the combined carrying values of the Old Bristow Preferred Stock host and embedded derivative.

Prior to the Merger, there were 11,092,845 shares of Old Bristow Common Stock and 6,725,798 shares of Old Bristow Preferred Stock issued and outstanding. Old Bristow repurchased certain shares of Old Bristow Common Stock and shares of Old Bristow Preferred Stock immediately prior to the conversion of the Old Bristow Preferred Stock into Old Bristow Common Stock. The repurchase was accounted for in the same manner as the share conversion and included in the calculation described

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
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above. The Old Bristow Preferred Stock was converted into Old Bristow Common Stock at a rate of 5.179562 shares of Old Bristow Common Stock for each share of Old Bristow Preferred Stock.

The Old Bristow Common Stock was then subsequently exchanged for the Combined Company Common Stock, resulting in a total of 24,195,693 shares of Combined Company Common Stock issued to Old Bristow stockholders. This resulted in a total of 30,882,471 shares of Combined Company Common Stock issued and outstanding immediately after consummation of the Merger.

***Accumulated Other Comprehensive Income (Loss)***

The following table shows the changes in balances for accumulated other comprehensive income (loss) (in thousands):

	Currency Translation Adjustments	Pension Liability Adjustments <sup>(1)</sup>	Unrealized gain (loss) on cash flow hedges <sup>(2)</sup>	Total
Balance as of March 31, 2021 .....	\$ 32,646	\$ (37,965)	\$ (1,596)	\$ (6,915)
Other comprehensive income (loss) before reclassification ...	(13,537)	—	2,551	(10,986)
Net current period other comprehensive income (loss) .....	(13,537)	—	2,551	(10,986)
Foreign exchange rate impact .....	(873)	873	—	—
Balance as of September 30, 2021 .....	\$ 18,236	\$ (37,092)	\$ 955	\$ (17,901)

<sup>(1)</sup> Reclassification of amounts related to pension liability adjustments are included as a component of net periodic pension cost.

<sup>(2)</sup> Reclassification of amounts related to cash flow hedges were included as direct costs.

**Note 10 — SEGMENT INFORMATION**

The Company conducts business in one segment: aviation services. The aviation services operations include four regions as follows: Europe, Africa, the Americas and Asia Pacific. The Europe region comprises all of the Company's operations and affiliates in Europe, including Norway and the U.K. The Africa region comprises all of the Company's operations and affiliates on the African continent, including Nigeria. The Americas region comprises all of the Company's operations and affiliates in North America and South America, including Brazil, Canada, Guyana, Suriname, Trinidad and the U.S. Gulf of Mexico. The Asia Pacific region comprises all of the Company's operations and affiliates in Australia and Southeast Asia.

The following tables show region information reconciled to consolidated totals, and prepared on the same basis as the Company's condensed consolidated financial statements (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2021	2020	2021	2020
Region revenue from external customers:				
Europe .....	\$ 167,099	\$ 164,920	\$ 341,413	\$ 331,913
Africa .....	18,601	23,056	35,874	54,778
Americas .....	95,427	95,361	181,765	154,475
Asia Pacific .....	20,100	21,112	42,181	33,370
Corporate and other .....	357	191	953	297
Total region revenue <sup>(1)</sup> .....	\$ 301,584	\$ 304,640	\$ 602,186	\$ 574,833

<sup>(1)</sup> The above table represents disaggregated revenue from contracts with customers except for the following (in thousands):

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

	<b>Three Months Ended September 30,</b>		<b>Six Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenues not from contracts with customers:				
Europe .....	\$ 1,162	\$ 348	\$ 1,539	\$ 690
Americas <sup>(1)</sup> .....	4,368	9,964	11,907	20,333
Asia Pacific .....	86	83	174	157
Total region revenue .....	<u>\$ 5,616</u>	<u>\$ 10,395</u>	<u>\$ 13,620</u>	<u>\$ 21,180</u>

<sup>(1)</sup> Includes revenues of approximately \$0.9 million and \$2.3 million from our unconsolidated affiliate in Canada, Cougar Helicopters Inc. (“Cougar”), previously included in Corporate and other for the three and six months ended September 30, 2020, respectively.

	<b>Three Months Ended September 30,</b>		<b>Six Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Earnings (losses) from unconsolidated affiliates, net – equity method investments:				
Americas .....	964	1,948	(553)	(30)
Total losses from unconsolidated affiliates, net – equity method investments .....	<u>\$ 964</u>	<u>\$ 1,948</u>	<u>\$ (553)</u>	<u>\$ (30)</u>

Consolidated operating income (loss):				
Europe .....	\$ 13,484	\$ 19,614	\$ 36,516	\$ 46,926
Africa .....	(3,493)	(13,790)	(14,972)	(8,941)
Americas .....	21,723	16,188	33,955	3,186
Asia Pacific .....	(1,539)	4,535	(1,757)	3,007
Corporate and other .....	(17,862)	(40,729)	(54,159)	(77,761)
Gain on disposal of assets .....	162	(8,473)	661	(2,951)
Total consolidated operating loss .....	<u>\$ 12,475</u>	<u>\$ (22,655)</u>	<u>\$ 244</u>	<u>\$ (36,534)</u>

Depreciation and amortization:				
Europe .....	\$ 8,225	\$ 8,080	\$ 18,169	\$ 16,292
Africa .....	1,300	1,284	3,976	2,601
Americas .....	3,748	5,098	9,500	8,053
Asia Pacific .....	1,881	2,048	3,829	4,054
Corporate and other .....	2,490	2,027	5,365	3,893
Total depreciation and amortization .....	<u>\$ 17,644</u>	<u>\$ 18,537</u>	<u>\$ 40,839</u>	<u>\$ 34,893</u>

**BRISTOW GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

	September 30, 2021	March 31, 2021
<b>Identifiable assets:</b>		
Europe .....	\$ 966,733	\$ 1,026,042
Africa .....	136,674	179,445
Americas .....	544,706	579,169
Asia Pacific .....	55,387	102,169
Corporate and other .....	157,737	105,445
Total identifiable assets .....	<u>\$ 1,861,236</u>	<u>\$ 1,992,270</u>
<b>Investments in unconsolidated affiliates – equity method:</b>		
Europe .....	\$ 26	\$ 679
Americas .....	3,120	3,851
Total investments in unconsolidated affiliates – equity method .....	<u>\$ 3,146</u>	<u>\$ 4,530</u>



## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

Management’s Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and the notes thereto as well as our Annual Report on Form 10-K for the fiscal year ended March 31, 2021, filed with the Securities and Exchange Commission (the “SEC”) on May 27, 2021. In the discussion that follows, the terms “Current Quarter” and “Prior Year Quarter” refer to the three months ended September 30, 2021 and 2020, respectively. Our fiscal year ends March 31, and we refer to fiscal years based on the end of such period. Therefore, the fiscal year ending March 31, 2022, is referred to as “fiscal year 2022.”

Unless the context otherwise indicates, in this MD&A: (i) the “Company”, “Combined Company,” “Bristow”, “we”, “us” and “our” refer to the entity currently known as Bristow Group Inc. and formerly known as Era Group Inc., together with its subsidiaries; (ii) “Old Bristow” refers to the entity formerly known as Bristow Group Inc. and now known as Bristow Holdings U.S. Inc., together with its subsidiaries; and (iii) “Era” refers to Era Group Inc. (currently known as Bristow Group Inc.), the parent of the Combined Company and its subsidiaries prior to consummation of the Merger.

### **Forward-Looking Statements**

This Quarterly Report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements about our future business, strategy, operations, capabilities and results: financial projections: plans and objectives of our management: expected actions by us and by third parties, including our customers, competitors, vendors and regulators: and other matters. Some of the forward-looking statements can be identified by the use of words such as “believes”, “belief”, “forecasts”, “expects”, “plans”, “anticipates”, “intends”, “projects”, “estimates”, “may”, “might”, “will”, “would”, “could”, “should” or other similar words; however, all statements in this Quarterly Report, other than statements of historical fact or historical financial results, are forward-looking statements.

Our forward-looking statements reflect our views and assumptions on the date we are filing this Quarterly Report regarding future events and operating performance. We believe that they are reasonable, but they involve significant known and unknown risks, uncertainties and other factors, many of which may be beyond our control, that may cause actual results to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Accordingly, you should not put undue reliance on any forward-looking statements.

You should consider the following key factors when evaluating these forward-looking statements:

- public health crises, such as pandemics (COVID-19) and epidemics, and any related government policies and actions;
- expected cost synergies and other financial or other benefits of the Merger might not be realized within the expected time frames, might be less than projected or may not be realized at all;
- the ability to successfully integrate the operations, accounting and administrative functions of Era and Old Bristow;
- managing a significantly larger company than before the completion of the Merger;
- diversion of management time on issues related to integration of the Company;
- the increase in indebtedness as a result of the Merger;
- operating costs, customer loss and business disruption following the Merger, including, without limitation, difficulties in maintaining relationships with employees and customers, may be greater than expected;
- our reliance on a limited number of customers and the reduction of our customer base as a result of bankruptcies or consolidation;
- the possibility that we may be unable to maintain compliance with covenants in our financing agreements;
- global and regional changes in the demand, supply, prices or other market conditions affecting oil and gas, including changes resulting from a public health crisis or from the imposition or lifting of crude oil production quotas or other actions that might be imposed by the Organization of Petroleum Exporting Countries (OPEC) and other producing countries;
- fluctuations in the demand for our services;

- the possibility that we may impair our long-lived assets and other assets, including inventory, property and equipment and investments in unconsolidated affiliates;
- our ability to implement operational improvement efficiencies with the objective of rightsizing our global footprint and further reducing our cost structure;
- the possibility of significant changes in foreign exchange rates and controls, including as a result of the U.K. having exited from the European Union (“E.U.”) (“Brexit”);
- the impact of continued uncertainty surrounding the affects Brexit will have on the British, EU and global economies and demand for oil and natural gas;
- potential effects of increased competition and the introduction of energy efficient alternative modes of transportation and solutions;
- the risk of future material weaknesses we may identify while we work to align policies, principles, and practices of the combined company following the Merger or any other failure by us to maintain effective internal controls;
- the possibility that we may be unable to re-deploy our aircraft to regions with greater demand;
- the possibility of changes in tax and other laws and regulations and policies, including, without limitation, actions of the Biden Administration that impact oil and gas operations or favor renewable energy projects in the U.S.;
- the possibility that we may be unable to dispose of older aircraft through sales into the aftermarket;
- general economic conditions, including the capital and credit markets;
- the possibility that segments of our fleet may be grounded for extended periods of time or indefinitely;
- the existence of operating risks inherent in our business, including the possibility of declining safety performance;
- the possibility of political instability, war or acts of terrorism in any of the countries where we operate;
- the possibility that reductions in spending on aviation services by governmental agencies could lead to modifications of our search and rescue (“SAR”) contract terms with the UK government, our contracts with the Bureau of Safety and Environmental Enforcement (“BSEE”) or delays in receiving payments under such contracts; and
- our reliance on a limited number of helicopter manufacturers and suppliers capabilities.

The above description of risks and uncertainties is by no means all-inclusive, but is designed to highlight what we believe are important factors to consider. All forward-looking statements in this Quarterly Report on Form 10-Q are qualified by these cautionary statements and are only made as of the date of this Quarterly Report. The forward-looking statements in this Quarterly Report should be evaluated together with the many uncertainties that affect our businesses, particularly those discussed in greater detail in Part I, Item 1A, “Risk Factors” and Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of the Annual Report on Form 10-K and under the heading “Risk Factors” and Part II Item 1A “Risk Factors” of this Quarterly Report on Form 10-Q.

We disclaim any obligation or undertaking, other than as required by law, to provide any updates or revisions to any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances on which the forward-looking statement is based, whether as a result of new information, future events or otherwise.

## **Executive Overview**

Bristow Group Inc. is the leading global provider of innovative and sustainable vertical flight solutions. We primarily provide aviation services to a broad base of major integrated, national and independent energy companies. We also provide commercial search and rescue (“SAR”) services in multiple countries and public sector SAR services in the United Kingdom (“U.K.”) on behalf of the Maritime & Coastguard Agency (“MCA”). Additionally, we offer fixed wing transportation and other aviation related solutions. Our oil and gas customers charter our helicopters primarily to transport personnel to, from and between onshore bases and offshore production platforms, drilling rigs and other installations.

Our core business of providing aviation services to leading global energy companies and public and private sector SAR services provides us with geographic and customer diversity which helps mitigate risks associated with a single market or customer. We currently have customers in Australia, Brazil, Canada, Chile, Colombia, Guyana, India, Mexico, Nigeria, Norway, Spain, Suriname, Trinidad, the U.K and the United States (“U.S.”).

Certain of our operations are subject to seasonal factors. For example, operations in the U.S. Gulf of Mexico are often at their highest levels from April to September, as daylight hours increase, and are at their lowest levels from December to February, as daylight hours decrease. See “Markets, Segment and Seasonality” in Item 1 of our Annual Report on Form 10-K for further discussion on seasonality.

## **COVID-19**

The COVID-19 pandemic has resulted in a global crisis beginning in 2020, with many countries placing restrictions on national and international travel and instituting other measures, including, among other things, reducing or eliminating public gatherings by placing limits on such events, shuttering non-essential stores and services, encouraging voluntary quarantines and imposing involuntary quarantines, in an effort to reduce and slow the spread of COVID-19. The COVID-19 pandemic has had a significant influence on economic activity and global supply chains and likely will continue to have a significant impact on the global economy in the near-to-medium-term, which in turn can cause volatility in global markets, generally, and in oil and natural gas prices, more specifically. While demand and oil and natural gas prices have largely recovered, demand is still not back to pre-pandemic levels. There continues to be uncertainty and unpredictability around the extent to which COVID-19 may adversely affect demand for our services. The speed and extent of this recovery will be influenced by whether and at what pace the COVID-19 restrictions that have reduced economic activity and depressed demand globally are eased.

During the first quarter of fiscal year 2021, the availability of vaccines around the world improved and business activity increased. Nevertheless, some countries face a resurgence of the virus and its variants that could impact logistics and materials movement and pose a risk to our business. We continue to take precautionary measures to reduce the risk of exposure to and spread of the COVID-19 virus in our operations through screening, testing and, when appropriate, quarantining personnel upon arrival to our facilities.

## **Lines of Service**

Beginning in fiscal year 2022, the revenues by line of service tables have been modified to more accurately reflect how management views the Company’s lines of service. These changes include the addition of a government services line of service which includes revenues from U.K. SAR, BSEE, and other government contracts. In addition, our other activities and services (“other” services) will now reflect revenues derived from leasing aircraft to non-governmental third party operators, oil and gas contracts that do not materially fit into one of the three major oil and gas operating regions and other services as they arise. As such, operating revenues from Asia Pacific oil and gas services are now shown under other services following the exit of that line of service in the Asia Pacific region. Prior period amounts will not match the previously reported amounts by individual lines of service. Management believes this change provides more relevant information needed to understand and analyze the Company’s current lines of service.

***Oil and Gas.*** The offshore oil and gas market is highly cyclical with demand highly correlated to the price of oil and gas, which tends to fluctuate depending on many factors, including global economic activity, levels of inventory and overall demand. In addition to the price of oil and gas, the availability of acreage and local tax incentives or disincentives and requirements for maintaining interests in leases affect activity levels in the oil and gas industry. Price levels for oil and gas by themselves can cause additional fluctuations by inducing changes in consumer behavior. The three main regions where we offer oil and gas transportation services are Europe, the Americas and Africa.

***Government Services.*** Since 2015, we have been providing SAR services in the U.K. on behalf of the MCA. Additionally, we provide aviation services to various government agencies, globally.

***Fixed Wing Services.*** Our fixed wing services are currently operating in Australia and Nigeria, providing regular passenger transport (scheduled airline service with individual ticket sales) and charter services.

***Other Activities and Services.*** In order to diversify sources of our earnings and cash flow, we deploy a number of helicopters in support of other industries and activities, one of which includes entering into lease arrangements for our helicopters with operators primarily located in international markets such as Chile, Colombia, India, Mexico and Spain. The helicopters are contracted to non-governmental local helicopter operators, which often prefer to lease helicopters rather than purchase them. Leasing affords us the opportunity to access new markets without significant infrastructure investment and generally without ongoing operating risk, as well as countries where we are not eligible to own and control our own operating certificate. Revenues derived from oil and gas services outside of our three major operating regions and other aviation services not included in the three lines of service noted above are also reflected here.

## Fleet Information

As of September 30, 2021, the aircraft in our fleet were as follows:

Type	Number of Aircraft			Total Aircraft	Maximum Passenger Capacity	Average Age (years) <sup>(1)</sup>
	Owned Aircraft	Leased Aircraft	Aircraft Held For Sale			
<b>Heavy Helicopters:</b>						
S-92 .....	36	23	—	59	19	12
S-92 U.K. SAR .....	3	7	—	10	19	7
H225 .....	—	—	2	2	19	11
AW189 .....	6	1	—	7	16	6
AW189 U.K. SAR .....	11	—	—	11	16	5
	<u>56</u>	<u>31</u>	<u>2</u>	<u>89</u>		
<b>Medium Helicopters:</b>						
AW139 .....	52	6	—	58	12	10
S-76 C+/C++ .....	17	—	—	17	12	14
S-76D .....	8	—	—	8	12	7
B212 .....	2	—	—	2	12	40
	<u>79</u>	<u>6</u>	<u>—</u>	<u>85</u>		
<b>Light—Twin Engine Helicopters:</b>						
AW109 .....	4	—	—	4	7	14
EC135 .....	10	—	—	10	6	13
	<u>14</u>	<u>—</u>	<u>—</u>	<u>14</u>		
<b>Light—Single Engine Helicopters:</b>						
AS350 .....	17	—	—	17	4	24
AW119 .....	13	—	—	13	7	15
	<u>30</u>	<u>—</u>	<u>—</u>	<u>30</u>		
<b>Total Helicopters</b>	<u>179</u>	<u>37</u>	<u>2</u>	<u>218</u>		<u>13</u>
Fixed wing .....	7	7	—	14		
UAV .....	—	2	—	2		
<b>Total Fleet</b>	<u>186</u>	<u>46</u>	<u>2</u>	<u>234</u>		

<sup>(1)</sup> Reflects the average age of helicopters that are owned.

The chart below presents the number of aircraft in our fleet and their distribution among the regions as of September 30, 2021, the number of helicopters we had on order as of September 30, 2021, and the percentage of operating revenue each of our regions provided during the Current Quarter.

	Percentage of Current Quarter Operating Revenue	Helicopters					UAV	Fixed Wing	Total <sup>(1)</sup>
		Heavy	Medium	Light Twin	Light Single				
Europe .....	55 %	61	12	—	4	2	—	79	
Americas .....	32 %	22	57	14	26	—	—	119	
Asia Pacific .....	7 %	—	2	—	—	—	11	13	
Africa .....	6 %	6	14	—	—	—	3	23	
<b>Total .....</b>	<b>100 %</b>	<b>89</b>	<b>85</b>	<b>14</b>	<b>30</b>	<b>2</b>	<b>14</b>	<b>234</b>	
Aircraft not currently in fleet:									
On order .....		3	—	5	—	—	—	8	

<sup>(1)</sup> Includes 46 leased aircraft as follows:

	Helicopters					UAV	Fixed Wing	Total
	Heavy	Medium	Light Twin	Light Single				
Europe .....	25	1	—	—	2	—	28	
Americas .....	4	2	—	—	—	—	6	
Asia Pacific .....	—	2	—	—	—	5	7	
Africa .....	2	1	—	—	—	2	5	
<b>Total .....</b>	<b>31</b>	<b>6</b>	<b>—</b>	<b>—</b>	<b>2</b>	<b>7</b>	<b>46</b>	

## Results of Operations

Management believes the comparison of the most recently completed quarter to the immediately preceding quarter provides more relevant information needed to understand and analyze the business. As such, pursuant to Item 303(c)(2)(ii) of Regulation S-K, we have elected to discuss any material changes in our results of operations by including a comparison of our most recently completed fiscal quarter to the immediately preceding fiscal quarter (the “Preceding Quarter”).

The following table presents our operating results and other statement of operations information for the three months ended September 30, 2021 and the three months ended June 30, 2021 (in thousands, except percentages):

	<b>Three Months Ended</b>		<b>Favorable (Unfavorable)</b>	
	<b>September 30, 2021</b>	<b>June 30, 2021</b>		
<b>Revenues:</b>				
Operating revenues .....	\$ 290,120	\$ 288,351	\$ 1,769	0.6 %
Reimbursable revenues .....	11,464	12,251	(787)	(6.4)%
Total revenues .....	<u>301,584</u>	<u>300,602</u>	<u>982</u>	<u>0.3 %</u>
<b>Costs and expenses:</b>				
<b>Operating expenses</b>				
Personnel .....	77,310	74,969	(2,341)	(3.1)%
Repairs and maintenance .....	62,659	60,465	(2,194)	(3.6)%
Insurance .....	7,501	5,367	(2,134)	(39.8)%
Fuel .....	17,082	16,665	(417)	(2.5)%
Leased-in equipment .....	26,198	26,852	654	2.4 %
Other .....	28,018	30,185	2,167	7.2 %
Total operating expenses .....	<u>218,768</u>	<u>214,503</u>	<u>(4,265)</u>	<u>(2.0)%</u>
Reimbursable expenses .....	11,188	12,114	926	7.6 %
General and administrative .....	38,970	37,483	(1,487)	(4.0)%
Merger-related costs .....	647	1,735	1,088	62.7 %
Restructuring costs .....	117	851	734	86.3 %
Depreciation and amortization .....	17,644	23,195	5,551	23.9 %
Total costs and expenses .....	<u>287,334</u>	<u>289,881</u>	<u>2,547</u>	<u>0.9 %</u>
Loss on impairment .....	(2,901)	(21,934)	19,033	nm
Gain on disposal of assets .....	162	499	(337)	(67.5)%
Earnings (losses) from unconsolidated affiliates, net .....	964	(1,517)	2,481	nm
Operating income (loss) .....	<u>12,475</u>	<u>(12,231)</u>	<u>24,706</u>	<u>nm</u>
Interest income .....	42	66	(24)	(36.4)%
Interest expense .....	(10,426)	(10,624)	198	1.9 %
Loss on extinguishment of debt .....	(124)	—	(124)	nm
Reorganization items, net .....	(103)	(446)	343	76.9 %
Loss on sale of subsidiaries .....	—	(2,002)	2,002	nm
Other, net .....	15,330	6,184	9,146	nm
Total other income (expense), net .....	<u>4,719</u>	<u>(6,822)</u>	<u>11,541</u>	<u>nm</u>
Income (loss) before benefit for income taxes .....	17,194	(19,053)	36,247	nm
Income tax benefit (expense) .....	(14,484)	4,842	(19,326)	nm
Net income (loss) .....	<u>2,710</u>	<u>(14,211)</u>	<u>16,921</u>	<u>nm</u>
Net loss attributable to noncontrolling interests .....	65	14	51	nm
Net income (loss) attributable to Bristow Group Inc. ....	<u>\$ 2,775</u>	<u>\$ (14,197)</u>	<u>\$ 16,972</u>	<u>nm</u>

**Revenues by Service Line.** The table below sets forth the operating revenues earned by service line for the applicable periods (in thousands):

	<b>Three Months Ended</b>		<b>Favorable (Unfavorable)</b>	
	<b>September 30, 2021</b>	<b>June 30, 2021</b>		
Oil and gas services:				
Europe .....	\$ 93,420	\$ 99,901	\$ (6,481)	(6.5)%
Americas .....	84,207	75,192	9,015	12.0 %
Africa .....	16,054	14,692	1,362	9.3 %
Total oil and gas services .....	193,681	189,785	3,896	2.1 %
Government services .....	69,742	70,443	(701)	(1.0)%
Fixed wing services .....	23,501	24,556	(1,055)	(4.3)%
Other services .....	3,196	3,567	(371)	(10.4)%
	<u>\$ 290,120</u>	<u>\$ 288,351</u>	<u>\$ 1,769</u>	<u>0.6 %</u>

**Operating Revenues.** Operating revenues were \$1.8 million higher in the three months ended September 30, 2021 (the “Current Quarter”) compared to the three months ended June 30, 2021 (the “Preceding Quarter”).

Operating revenues from oil and gas services were \$3.9 million higher in the Current Quarter.

Operating revenues from oil and gas services in the Americas were \$9.0 million higher in the Current Quarter primarily due to higher utilization, partially offset by lower cash receipts from Cougar Helicopters Inc. (“Cougar”).

Operating revenues from oil and gas services in Africa were \$1.4 million higher primarily due to increased utilization.

Operating revenues from oil and gas services in the Europe region were \$6.5 million lower in the Current Quarter primarily due to the end of customer contracts and the weakening of the Norwegian krone relative to the U.S. dollar.

Operating revenues from government services were \$0.7 million lower in the Current Quarter primarily due to the weakening of the British pound sterling relative to the U.S. dollar.

Operating revenues from fixed wing services were \$1.1 million lower in the Current Quarter primarily due to the weakening of the Australian dollar relative to the U.S. dollar.

Operating revenues from other services were \$0.4 million lower in the Current Quarter.

**Operating Expenses.** Operating expenses were \$4.3 million higher in the Current Quarter. Personnel costs were \$2.3 million higher primarily due to increased costs related to the timing of vacation accruals and labor union-related payments in Norway. Repairs and maintenance costs were \$2.2 million higher primarily due to the timing of repairs. Insurance costs were \$2.1 million higher primarily due to insurance deductibles related to Hurricane Ida. Fuel costs were \$0.4 million higher due to increased flight hours and fuel prices. These increases were partially offset by lower other operating costs of \$2.8 million in the Current Quarter primarily due to lower costs in fixed wing services and lower freight costs.

**General and Administrative.** General and administrative expenses were \$1.5 million higher in the Current Quarter primarily due to insurance costs and increased professional services fees.

**Merger-related costs.** Merger-related costs, which primarily consist of professional services fees and severance costs, were \$0.6 million in the Current Quarter compared to \$1.7 million in the Preceding Quarter.

**Restructuring costs.** Restructuring costs, which primarily consist of severance costs, were \$0.1 million in the Current Quarter compared to \$0.9 million in the Preceding Quarter.



**Depreciation and Amortization expenses.** Depreciation and amortization expenses were \$5.6 million lower in the Current Quarter primarily due to the addition of existing assets to the depreciation and amortization calculation in the Preceding Quarter.

**Loss on Impairment.** During the Current Quarter, the Company recognized a \$2.9 million loss on the impairment of H225 helicopter parts inventory. In the Preceding Quarter, the Company recognized a loss on impairment of \$21.9 million, consisting of \$16.0 million related to Petroleum Air Services (“PAS”), an unconsolidated affiliate in Egypt, and \$5.9 million in connection with certain helicopters held for sale to reflect the helicopters at expected sales values.

**Gain (Loss) on Disposal of Assets.** During the Current Quarter, the Company sold four S-76C++ medium helicopters and two AW109 light-twin helicopters, resulting in a net gain of \$0.2 million. In the Preceding Quarter, the Company sold two S-76D medium helicopters, one B212 medium helicopter and other equipment, resulting in gains of \$0.5 million.

**Earnings (losses) from Unconsolidated Affiliates.** During the Current Quarter, the Company recognized earnings of \$1.0 million from unconsolidated affiliates compared to losses of \$1.5 million in the Preceding Quarter.

**Operating Income (Loss).** Operating income as a percentage of operating revenues was 4.3% in the Current Quarter compared to operating loss as a percentage of operating revenues of (4.2)% in the Preceding Quarter. Operating loss in the Preceding Quarter was primarily due to losses on impairment and higher depreciation expense.

**Loss on Sale of Subsidiary.** During the Preceding Quarter, the Company recognized a \$2.0 million loss on the sale of its subsidiary in Colombia.

**Other Income (Expense), net.** Other income, net of \$15.3 million in the Current Quarter primarily related to a bankruptcy-related legal settlement of \$9.0 million, government grants to fixed wing services of \$2.7 million, net foreign exchange gains of \$2.2 million, insurance proceeds of \$0.6 million, and a favorable interest adjustment to the Company’s pension liability of \$0.6 million. Other income, net of \$6.2 million in the Preceding Quarter primarily related to insurance proceeds of \$3.7 million, government grants to fixed wing services of \$2.7 million and a favorable interest adjustment to the Company’s pension liability of \$0.7 million, partially offset by a contingency reserve of \$0.6 million and net foreign exchange losses of \$0.4 million.

	Current Quarter	Preceding Quarter	Favorable (Unfavorable)
Foreign currency gains (losses) .....	\$ 2,243	\$ (386)	\$ 2,629
Pension-related costs .....	634	665	(31)
Other .....	12,453	5,905	6,548
Other income (expense), net .....	<u>\$ 15,330</u>	<u>\$ 6,184</u>	<u>\$ 9,146</u>

**Income Tax Benefit (Expense).** Income tax expense was \$14.5 million in the Current Quarter compared to a benefit of \$4.8 million in the Preceding Quarter. The income tax expense in the Current Quarter was primarily due to changes in the blend of earnings, the tax impact of valuation allowances on the Company’s net operating losses, deductible business interest expense and the tax impact of the bankruptcy-related legal settlement.

The following table presents our operating results and other statement of operations information for the six months ended September 30, 2021 and 2020 (in thousands, except percentages):

	<b>Six Months Ended September 30,</b>		<b>Favorable (Unfavorable)</b>	
	<b>2021</b>	<b>2020</b>		
<b>Revenues:</b>				
Operating revenues .....	\$ 578,471	\$ 557,230	\$ 21,241	3.8 %
Reimbursable revenues .....	23,715	17,603	6,112	34.7 %
Total revenues .....	<u>602,186</u>	<u>574,833</u>	<u>27,353</u>	<u>4.8 %</u>
<b>Costs and expenses:</b>				
<b>Operating expenses</b> .....				
Personnel .....	152,279	151,096	(1,183)	(0.8)%
Repairs and maintenance .....	123,124	108,237	(14,887)	(13.8)%
Insurance .....	12,868	11,064	(1,804)	(16.3)%
Fuel .....	33,747	19,720	(14,027)	(71.1)%
Leased-in equipment .....	53,050	60,580	7,530	12.4 %
Other .....	58,203	55,140	(3,063)	(5.6)%
Total operating expenses .....	<u>433,271</u>	<u>405,837</u>	<u>(27,434)</u>	<u>(6.8)%</u>
Reimbursable expenses .....	23,302	17,567	(5,735)	(32.6)%
General and administrative .....	76,453	75,007	(1,446)	(1.9)%
Merger-related costs .....	2,382	21,917	19,535	89.1 %
Restructuring costs .....	968	16,336	15,368	94.1 %
Depreciation and amortization .....	40,839	34,893	(5,946)	(17.0)%
Total costs and expenses .....	<u>577,215</u>	<u>571,557</u>	<u>(5,658)</u>	<u>(1.0)%</u>
Loss on impairment .....	(24,835)	(36,829)	11,994	32.6 %
Gain (loss) on disposal of assets .....	661	(2,951)	3,612	nm
Losses from unconsolidated affiliates, net .....	(553)	(30)	(523)	nm
Operating income (loss) .....	<u>244</u>	<u>(36,534)</u>	<u>36,778</u>	<u>nm</u>
Interest income .....	108	696	(588)	nm
Interest expense .....	(21,050)	(25,949)	4,899	18.9 %
Loss on extinguishment of debt .....	(124)	(615)	491	nm
Reorganization items, net .....	(549)	—	(549)	nm
Loss on sale of subsidiaries .....	(2,002)	—	(2,002)	nm
Change in fair value of preferred stock derivative liability .....	—	15,416	(15,416)	nm
Bargain purchase gain .....	—	81,093	(81,093)	nm
Other, net .....	21,514	14,593	6,921	47.4 %
Total other income (expense), net .....	<u>(2,103)</u>	<u>85,234</u>	<u>(87,337)</u>	<u>nm</u>
Income before benefit (provision) for income taxes .....	(1,859)	48,700	(50,559)	nm
Income tax expense .....	(9,642)	(5,288)	(4,354)	(82.3)%
Net income (loss) .....	<u>(11,501)</u>	<u>43,412</u>	<u>(54,913)</u>	<u>nm</u>
Net loss attributable to noncontrolling interests .....	79	204	(125)	(61.3)%
Net income (loss) attributable to Bristow Group Inc. ....	<u>\$ (11,422)</u>	<u>\$ 43,616</u>	<u>\$ (55,038)</u>	<u>nm</u>

**Revenues by Service Line.** The table below sets forth the operating revenues earned by service line for the applicable periods (in thousands):

	Six Months Ended September 30,		Favorable (Unfavorable)	
	2021	2020		
Oil and gas services:				
Europe .....	\$ 193,320	\$ 203,383	\$ (10,063)	(4.9)%
Americas .....	159,399	141,749	17,650	12.5 %
Africa .....	30,746	51,253	(20,507)	(40.0)%
Total oil and gas services .....	383,465	396,385	(12,920)	(3.3)%
Government services <sup>(1)</sup> .....	140,184	120,233	19,951	16.6 %
Fixed wing services .....	48,057	31,781	16,276	51.2 %
Other services <sup>(2)</sup> .....	6,765	8,831	(2,066)	(23.4)%
	\$ 578,471	\$ 557,230	\$ 21,241	3.8 %

(1) Includes revenues of approximately \$10.6 million related to government services that were previously included in the oil and gas and other service lines for the six months ended September 30, 2020.

(2) Includes Asia Pacific and certain Europe revenues of approximately \$6.6 million that were previously included in the oil and gas service line for the six months ended September 30, 2020.

### **Current Six Months compared to Prior Year Six Months**

**Operating Revenues.** Operating revenues were \$21.2 million higher in the six months ended September 30, 2021 (the “Current Period”) compared to the six months ended September 30, 2020 (the “Prior Year Period”).

Operating revenues from oil and gas services were \$12.9 million lower in the Current Period.

Operating revenues from oil and gas services in Africa were \$20.5 million lower primarily due to the end of customer contracts and lower utilization.

Operating revenues from oil and gas services in the Europe region were \$10.1 million lower in the Current Period. Revenues in the U.K. decreased \$16.5 million primarily due to the end of customer contracts, partially offset by the strengthening of the British pound sterling relative to the U.S. dollar. Revenues in Norway increased \$6.4 million primarily due to the strengthening of the Norwegian krone relative to the U.S. dollar.

Operating revenues from oil and gas services in the Americas were \$17.7 million higher in the Current Period primarily due to the benefit of the Merger and higher utilization, partially offset by lower revenues from Cougar.

Operating revenues from government services were \$20.0 million higher in the Current Period primarily due to the benefit of the Merger, the strengthening of the British pound sterling relative to the U.S. dollar and an increase in flight hours.

Operating revenues from fixed wing services were \$16.3 million higher in the Current Period primarily due to higher utilization.

Operating revenues from other services were \$2.1 million lower primarily due to the end of oil and gas services in Australia, partially offset by the benefit of the Merger.

**Operating Expenses.** Operating expenses were \$27.4 million higher in the Current Period. Repairs and maintenance costs were \$14.9 million higher primarily due to the impact of the Merger, higher flight hours and the timing of repairs. Fuel expense was \$14.0 million higher primarily due to increased flight hours and a higher average fuel price. Other operating costs were \$3.1 million higher primarily due to increased activity and the impact of Merger. Insurance costs were \$1.8 million higher primarily due to insurance deductibles related to Hurricane Ida. Personnel costs were \$1.2 million higher primarily due to the

absence of certain government grants to fixed wing services, partially offset by a reduction in headcount. These increases were partially offset by lower lease costs of \$7.5 million primarily due to aircraft lease returns since the Prior Year Period.

**General and Administrative.** General and administrative expenses were \$1.4 million higher in the Current Period primarily due to the absence of certain government grants to fixed wing services and higher insurance costs.

**Merger-related costs.** Merger-related costs, which primarily consist of professional services fees and severance costs, were \$2.4 million in the Current Period compared to \$21.9 million in the Prior Year Period.

**Restructuring costs.** Restructuring costs were \$1.0 million in the Current Period compared to \$16.3 million in the Prior Year Period.

**Depreciation and Amortization.** Depreciation and amortization expenses were \$5.9 million higher primarily due to the addition of existing assets to the depreciation and amortization calculation in the Current Period.

**Loss on Impairment.** During the Current Period, the Company recognized losses on impairment of \$24.8 million, consisting of \$16.0 million related to PAS, \$5.9 million in connection with certain helicopters held for sale to reflect the helicopters at expected sales values, and a \$2.9 million loss on the impairment of H225 helicopter parts inventory. During the Prior Year Period, the Company recognized a loss on the impairment of its investment in Líder of \$18.7 million, a loss on impairment of \$12.4 million related to the write down of inventory that was sold with helicopters, a loss on impairment of \$5.2 million related to helicopters that were transferred to held for sale assets and a separate inventory impairment of \$0.5 million.

**Gain (loss) on Disposal of Assets.** During the Current Period, the Company sold two S-76D medium helicopters, four S-76C++ medium helicopters, one B212 medium helicopter, two AW109 light-twin helicopters and other equipment, resulting in a net gain of \$0.7 million. During the Prior Year Period, the Company sold eleven H225 heavy helicopters, nine S-76C++ medium helicopters and twelve B407 single engine helicopters and other equipment, resulting in losses of \$3.0 million.

**Losses from Unconsolidated Affiliates, net.** During the Current Period, the Company recognized losses of \$0.6 million from its equity method investments compared to losses of less than \$0.1 million in the Prior Year Period.

**Operating Income (Loss).** Operating income as a percentage of operating revenues was less than 0.1% in the Current Period compared to operating loss as a percentage of operating revenues of (6.6)% in the Prior Year Period. Operating loss in the Prior Year Period was primarily due to losses on impairment, merger-related costs, restructuring costs, and the loss on disposal of assets.

**Interest Expense.** Interest expense was \$4.9 million lower in the Current Period primarily due to lower debt balances.

**Loss on sale of Subsidiaries.** During the Current Period, the Company recognized a loss of \$2.0 million on the sale of its subsidiary in Colombia.

**Change in Fair Value of Preferred Stock Derivative.** During the Prior Year Period, Old Bristow recognized a \$15.4 million gain on the change in fair value of preferred stock derivative liability.

**Gain on Bargain Purchase.** During the Prior Year Period, the Company recognized a bargain purchase gain of \$81.1 million related to the Merger.

**Other Income (Expense), net.** Other income, net was \$21.5 million in the Current Period compared to \$14.6 million in the Prior Year Period. Other income in the Current Period primarily related to a bankruptcy-related legal settlement of \$9.0 million, government grants to fixed wing services of \$5.4 million, insurance proceeds of \$4.4 million, net foreign exchange gains of \$1.9 million, and a favorable interest adjustment to the Company’s pension liability of \$1.3 million, partially offset by an additional reserve of \$0.6 million related to a legal case that was settled in the Current Period. Other income, net in the Prior Year Period was primarily due to net foreign exchange gains of \$8.3 million, government grants to fixed wing services of \$4.2 million, and a favorable interest adjustment to the Company’s pension liability of \$1.8 million.

	Six Months Ended September 30,		Favorable (Unfavorable)
	2021	2020	
Foreign currency gains.....	\$ 1,859	\$ 8,309	\$ (6,450)
Pension-related costs.....	1,298	1,799	(501)
Other.....	18,357	4,486	13,871
Other income (expense), net.....	<u>\$ 21,514</u>	<u>\$ 14,594</u>	<u>\$ 6,920</u>

**Income Tax Benefit (Expense).** Income tax expense was \$9.6 million in the Current Period compared to \$5.3 million in the Prior Year Period. The income tax expense in the Current Quarter was primarily due to changes in the blend of earnings, the tax impact of valuation allowances on the Company’s net operating losses, deductible business interest expense and the tax impact of the bankruptcy-related legal settlement.

## Liquidity and Capital Resources

### General

Our ongoing liquidity requirements arise primarily from working capital needs, meeting our capital commitments (including the purchase of helicopters and other equipment) and the repayment of debt obligations. In addition, we may use our liquidity to fund acquisitions, repay debt, repurchase shares or debt securities or make other investments. Our primary sources of liquidity are cash balances and cash flows from operations, borrowings under our ABL and, from time to time, we may obtain additional liquidity through the issuance of equity, or debt or other financing options or through asset sales.

### Summary of Cash Flows

	Six Months Ended September 30,	
	2021	2020
(in thousands)		
Cash flows provided by or (used in):		
Operating activities	\$ 73,194	\$ 34,991
Investing activities	(4,348)	168,441
Financing activities	(55,769)	(96,604)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(4,676)	(1,756)
Net increase in cash, cash equivalents and restricted cash	<u>\$ 8,401</u>	<u>\$ 105,072</u>

### Operating Activities

Cash flows provided by operating activities were \$73.2 million during the six months ended September 30, 2021 (“Current Year”) compared to \$35.0 million during the six months ended September 30, 2020 (“Prior Year”). Operating income before depreciation, impairment charges and losses on asset dispositions, net was \$27.6 million higher in the Current Year compared to the Prior Year primarily due to lower Merger-related and restructuring costs.

During the Current Year, changes in working capital used cash flows of \$1.9 million primarily due to a decrease in payables and other accrued liabilities. During the Prior Year, changes in working capital used cash flows of \$14.7 million primarily due to an increase in inventory and other assets.

Cash paid for interest expense and income taxes was \$16.4 million and \$8.5 million, respectively, in the Current Year compared to \$14.5 million and \$7.7 million, respectively, in the Prior Year.

### *Investing Activities*

During the Current Year, net cash used in investing activities was \$4.3 million primarily as follows:

- Capital expenditures of \$17.3 million, and
- Cash transferred in the sale of a subsidiary of \$0.9 million, partially offset by
- Proceeds of \$13.8 million from the sale or disposal of aircraft and other equipment.

During the Prior Year, net cash provided by investing activities was \$168.4 million primarily as follows:

- Increase in cash from the Merger of \$120.2 million,
- Proceeds of \$52.1 million from the sale or disposal of aircraft and other equipment, and
- Non-refundable deposits on assets held for sale of \$3.4 million, partially offset by
- Capital expenditures of \$7.4 million.

### *Financing Activities*

During the Current Year, net cash used in financing activities was \$55.8 million primarily as follows:

- Share repurchases of \$40.6 million,
- Net repayments of debt and redemption premiums of \$12.5 million, and
- Payment on debt issuance costs of \$2.7 million.

During the Prior Year, net cash used in financing activities was \$96.6 million primarily as follows:

- Net repayments of debt and redemption premiums of \$85.4 million, and
- Share repurchases of \$11.2 million.

### ***Short and Long-Term Liquidity Requirements***

We anticipate that we will generate positive cash flows from operating activities and that these cash flows will be adequate to meet our working capital requirements. To support our capital expenditure program and/or other liquidity requirements, we may use any combination of operating cash flow, cash balances, borrowings under our ABL, proceeds from sales of assets, issue debt or equity, or other financing options.

Our availability of long-term liquidity is dependent upon our ability to generate operating profits sufficient to meet our requirements for working capital, debt service, capital expenditures and a reasonable return on investment. While demand and oil and natural gas prices have largely recovered, demand is still not back to pre-pandemic levels. There continues to be uncertainty and unpredictability around the extent to which COVID-19 may impact adversely affect demand for our services, which in turn could affect our business and liquidity. As of September 30, 2021, we had \$237.0 million of unrestricted cash and \$50.6 million of remaining availability under our amended asset-backed revolving credit facility (the “ABL Facility”) for total liquidity of \$287.6 million. Borrowings under the amended ABL Facility are subject to certain conditions and requirements.

As of September 30, 2021, approximately 78% of our total cash balance was held outside the U.S. and is generally used to meet the liquidity needs of our non-U.S. operations. Most of our cash held outside the U.S. could be repatriated to the U.S., and any such repatriation could be subject to additional taxes. If cash held by non-U.S. operations is required for funding operations in the U.S., we may make a provision for additional taxes in connection with repatriating this cash, which is not expected to have a significant impact on our results of operations.

The significant factors that affect our overall liquidity include cash from or used to fund operations, capital expenditure commitments, debt service, pension funding, adequacy of bank lines of credit and the Company’s ability to attract capital on satisfactory terms.

### Debt Obligations

Our principal debt balance as of September 30, 2021 was \$531.8 million primarily comprised of the 6.875% Senior Notes due in March 2028 and two tranches of the Lombard Debt due December 29, 2023 and January 30, 2024, respectively.

Currently, we believe we are able to meet the maintenance and other covenants in our debt instruments.

### Lease Obligations

We have non-cancelable operating leases in connection with the lease of certain equipment, including leases for aircraft, and land and facilities used in our operations. The related lease agreements, which range from non-cancelable and month-to-month terms, generally provide for fixed monthly rentals and can also include renewal options. As of September 30, 2021, aggregate future payments under all non-cancelable operating leases that have initial terms in excess of one year were as follows (in thousands):

	Aircraft	Other	Total
Fiscal year ending March 31,			
2022 <sup>(1)</sup>	37,966	7,129	\$ 45,095
2023	60,589	11,821	72,410
2024	46,357	9,612	55,969
2025	28,370	7,580	35,950
2026	2,170	6,588	8,758
Thereafter	—	20,791	20,791
	<u>\$ 175,452</u>	<u>\$ 63,521</u>	<u>\$ 238,973</u>

(1) Reflects the amounts for the remaining six months of the fiscal year ending March 31, 2022.

During the three and six months ended September 30, 2021, we recognized \$27.2 million and \$54.7 million of operating lease expense, respectively. During the three and six months ended September 30, 2020, we recognized \$31.2 million and \$62.1 million of operating lease expense, respectively.

Cash paid for amounts included in the measurement of lease liabilities during the six months ended September 30, 2021 and 2020 was \$47.4 million and \$61.8 million, respectively.

From time to time we may, under favorable market conditions and when necessary, enter into opportunistic aircraft lease agreements in support of our global operations. The following table reflects the timing of our current contractual lease expirations by fiscal year and aircraft type. The timing and number of aircraft shown below do not factor in any potential renewals that management may consider to ensure sufficient availability to meet future demand and activity levels.

	2022	2023	2024	2025 and Beyond
Aircraft type:				
S-92	7	2	11	10
AW189	—	1	—	—
AW139	3	1	2	—
Fixed wing / UAV	2	6	1	—
	<u>12</u>	<u>10</u>	<u>14</u>	<u>10</u>

### Contractual Obligations and Commercial Commitments

We have various contractual obligations that are recorded as liabilities on our condensed consolidated balance sheet. Other items, such as certain purchase commitments and other executory contracts, are not recognized as liabilities on our condensed consolidated balance sheet such as certain minimum lease payments for the use of property and equipment under operating lease agreements we are contractually committed to make.

As of September 30, 2021, we had unfunded capital commitments of \$85.4 million, consisting primarily of agreements to purchase helicopters, including three AW189 heavy helicopters and five AW169 light twin helicopters. The AW189 helicopters are scheduled to be delivered in fiscal year 2023 through 2025. Delivery dates for the AW169 helicopters have yet to be determined. These commitments are payable beginning in fiscal year 2022, and all of the commitments (inclusive of deposits paid on options not yet exercised) may be terminated without further liability to us other than aggregate liquidated damages of \$2.1 million. If we do not exercise our rights to cancel these capital commitments, we expect to finance the remaining acquisition costs for these helicopters through a combination of cash on hand, cash provided by operating activities, asset sales and financing options.

In addition, we had outstanding options to purchase up to ten additional AW189 helicopters. If these options are exercised, the helicopters would be scheduled for delivery in fiscal years 2024 through 2026.

### ***Selected Financial Information on Guarantors of Securities***

On February 25, 2021, Bristow Group Inc. (“the Parent”) issued its 6.875% Senior Notes due 2028 (the “Registered Notes”). The Registered Notes, issued under an indenture, are fully and unconditionally guaranteed as to payment by a number of subsidiaries of the Parent (collectively, the “Guarantors”). The Parent is a holding company with no significant assets other than the stock of its subsidiaries. In order to meet its financial needs and obligations, the Parent relies exclusively on income from dividends and other cash flow from such subsidiaries. The subsidiary guarantees provide that, in the event of a default on the Registered Notes, the holders of the Registered Notes may institute legal proceedings directly against the Guarantors to enforce the guarantees without first proceeding against the Parent.

None of the non-Guarantor subsidiaries of the Parent are under any direct obligation to pay or otherwise fund amounts due on the Registered Notes or the guarantees, whether in the form of dividends, distributions, loans or other payments. If such subsidiaries are unable to transfer funds to the Parent or Guarantors and sufficient cash or liquidity is not otherwise available, the Parent or Guarantors may not be able to make principal and interest payments on their outstanding debt, including the Registered Notes or the guarantees. We believe the following selected financial information of the Guarantors presents a sufficient financial position of Bristow Group Inc. to continue to fulfill its obligations under the requirements of the Registered Notes. This selected financial information should be read in conjunction with the accompanying consolidated financial statements and notes (amounts shown in thousands).

	<b>September 30, 2021</b>	<b>March 31, 2021</b>
Current assets .....	\$ 753,772	\$ 798,189
Non-current assets .....	\$ 1,801,774	\$ 1,686,646
Current liabilities .....	\$ 498,701	\$ 224,078
Non-current liabilities .....	\$ 895,040	\$ 1,112,490
	<b>Three Months Ended September 30, 2021</b>	<b>Six Months Ended September 30, 2021</b>
Total revenues .....	\$ 111,038	\$ 211,811
Operating income (expense) .....	\$ 16,857	\$ 11,918
Net income (loss) .....	\$ 16,063	\$ 9,857
Net income (loss) attributable to Bristow Group .....	\$ 16,053	\$ 9,813

### **Critical Accounting Policies and Estimates**

See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates” of the the Annual Report on Form 10-K for a discussion of our critical accounting estimates. There have been no material changes to our critical accounting policies and estimates provided since the Annual Report on Form 10-K.

For discussion of recent accounting pronouncements and accounting changes, see Part I, Item 1. Financial Statements, Note 1 of this Quarterly Report on Form 10-Q.



### Item 3. *Quantitative and Qualitative Disclosures about Market Risk.*

We are subject to certain market risks arising from the use of financial instruments in the ordinary course of business. These risks arise primarily as a result of potential changes in the fair market value of financial instruments that would result from adverse fluctuations in foreign currency exchange rates, credit risk, and interest rates.

For additional information about our exposure to market risk, refer to “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” of the Annual Report on Form 10-K. Our exposure to market risk has not changed materially since March 31, 2021.

### Item 4. *Controls and Procedures.*

With the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), management evaluated, with reasonable assurance, the effectiveness of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer concluded that the Company’s disclosure controls and procedures were effective as of September 30, 2021.

## CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the quarter ended September 30, 2021, there were no changes in our internal control over financial reporting 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*

In the normal course of our business, we become involved in various litigation matters including, among other things, claims by third parties for alleged property damages and personal injuries. Management has used estimates in determining our potential exposure to these matters and has recorded reserves in our financial statements related thereto as appropriate. It is possible that a change in our estimates related to these exposures could occur, but we do not expect any such changes in estimated costs would have a material effect on our consolidated financial position or results of operations.

### Item 1A. *Risk Factors*

For a detailed discussion of our risk factors, see “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2021.

### Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds and Issuer Repurchases of Equity Securities*

The following table presents information regarding our repurchases of shares of our Common Stock on a monthly basis during the three months ended September 30, 2021:

	Total Number of Shares Repurchased <sup>(1)</sup>	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Value of Shares that May Yet be Purchased Under the Plans or Programs
July 1, 2021 - July 31, 2021	547,596	\$ 27.24	547,596	\$ 24,999,300
August 1, 2021 - August 31, 2021	16,899	\$ 26.54	—	\$ 24,999,300
September 1, 2021 - September 30, 2021	7	\$ 34.24	—	\$ 24,999,300

(1) Includes 16,906 shares purchased in connection with the surrender of shares by employees to satisfy certain tax withholding obligations. These repurchases are not a part of our publicly announced plan and do not affect our Board-approved share repurchase program.

### Item 3. *Defaults Upon Senior Securities*

None.

### Item 4. *Mine Safety Disclosures*

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

The following exhibits are filed as part of this Quarterly Report:

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
10.1*	<a href="#">Deed of Amendment and Confirmation dated as of September 26, 2021, among Bristow Group Inc., the guarantors and borrowers named therein and Barclays Bank PLC.</a>
10.2†**	<a href="#">Form of Non-Employee Director Restricted Stock Unit Grant Agreement Pursuant to the Bristow Group Inc. 2021 Equity Incentive Plan.</a>
10.3†**	<a href="#">Form of Restricted Stock Unit Grant Agreement Pursuant to the Bristow Group Inc. 2021 Equity Incentive Plan.</a>
10.4†**	<a href="#">Form of Performance Stock Unit Grant Agreement (Relative TSR) Pursuant to the Bristow Group Inc. 2021 Equity Incentive Plan.</a>
10.5†**	<a href="#">Form of Performance Stock Unit Grant Agreement (Cash ROIC) Pursuant to the Bristow Group Inc. 2021 Equity Incentive Plan.</a>
10.6†	<a href="#">Bristow Group Inc. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 6, 2021).</a>
31.1**	<a href="#">Rule 13a-14(a) Certification by Chief Executive Officer of Registrant.</a>
31.2**	<a href="#">Rule 13a-14(a) Certification by Chief Financial Officer of Registrant.</a>
32.1**	<a href="#">Certification of Chief Executive Officer of Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2**	<a href="#">Certification of Chief Financial Officer of Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document.
†	Compensatory Plan or Arrangement.
*	Filed herewith.
**	Furnished herewith.

**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.

**BRISTOW GROUP INC.**

By: /s/ Jennifer D. Whalen

Jennifer D. Whalen  
*Senior Vice President and  
Chief Financial Officer*

DATE: November 3, 2021