

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

FORM 10-Q

(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, 2023**

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
Common Stock, par value \$0.01 per share	VTOL	NYSE

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 (in thousands), par value \$0.01 per share, outstanding as of October 30, 2023 was 28,246. The Registrant has no other class of common stock outstanding.

BRISTOW GROUP INC. AND SUBSIDIARIES
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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,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues:				
Operating revenues	\$ 330,252	\$ 299,391	\$ 934,705	\$ 869,121
Reimbursable revenues	7,838	7,879	24,790	27,285
Total revenues	338,090	307,270	959,495	896,406
Costs and expenses:				
Operating expenses	240,682	231,423	708,065	673,635
Reimbursable expenses	7,836	7,673	24,507	26,654
General and administrative expenses	46,256	41,146	137,602	122,949
Merger and integration costs	738	291	1,854	1,483
Restructuring costs	—	—	—	2,113
Depreciation and amortization expense	17,862	16,051	53,599	49,506
Total costs and expenses	313,374	296,584	925,627	876,340
Loss on impairment	—	—	—	(5,187)
Gains on disposal of assets	1,179	3,368	1,271	1,226
Earnings from unconsolidated affiliates	3,722	630	6,038	420
Operating income	29,617	14,684	41,177	16,525
Interest income	2,532	627	5,188	718
Interest expense, net	(10,008)	(10,008)	(30,143)	(30,491)
Reorganization items, net	(3)	(29)	(86)	(121)
Other, net	4,844	11,343	(11,619)	41,116
Total other income (expense), net	(2,635)	1,933	(36,660)	11,222
Income before income taxes	26,982	16,617	4,517	27,747
Income tax expense	(22,637)	(116)	(3,334)	(11,607)
Net income	4,345	16,501	1,183	16,140
Net loss (income) attributable to noncontrolling interests	(28)	17	(25)	52
Net income attributable to Bristow Group Inc.	\$ 4,317	\$ 16,518	\$ 1,158	\$ 16,192
Earnings per common share:				
Basic	\$ 0.15	\$ 0.59	\$ 0.04	\$ 0.58
Diluted	\$ 0.15	\$ 0.58	\$ 0.04	\$ 0.56
Weighted average shares of common stock outstanding:				
Basic	28,217	27,958	28,088	28,148
Diluted	28,959	28,405	28,742	28,712

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 4,345	\$ 16,501	\$ 1,183	\$ 16,140
Other comprehensive income (loss):				
Currency translation adjustments	(23,784)	(41,747)	2,598	(103,025)
Pension liability adjustment	1,697	2,261	(572)	9,867
Unrealized gain (loss) on cash flow hedges, net	(3,864)	901	(4,984)	2,853
Total other comprehensive loss	<u>(25,951)</u>	<u>(38,585)</u>	<u>(2,958)</u>	<u>(90,305)</u>
Total comprehensive loss	(21,606)	(22,084)	(1,775)	(74,165)
Net comprehensive loss (income) attributable to noncontrolling interests	(28)	17	(25)	52
Total comprehensive loss attributable to Bristow Group Inc.	<u>\$ (21,634)</u>	<u>\$ (22,067)</u>	<u>\$ (1,800)</u>	<u>\$ (74,113)</u>

See accompanying notes to condensed consolidated financial statements.

BRISTOW GROUP INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Unaudited, in thousands)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 207,530	\$ 160,029
Restricted cash	2,206	3,654
Accounts receivable, net of allowance for doubtful accounts of \$76 and \$1,847 as of September 30, 2023 and December 31, 2022, respectively	219,114	215,131
Inventories	94,987	81,886
Prepaid expenses and other current assets	33,986	32,425
Total current assets	557,823	493,125
Property and equipment, net of accumulated depreciation of \$217,010 and \$180,060 as of September 30, 2023 and December 31, 2022, respectively	882,270	915,251
Investment in unconsolidated affiliates	19,627	17,000
Right-of-use assets	282,194	240,977
Other assets	147,779	145,648
Total assets	<u>\$ 1,889,693</u>	<u>\$ 1,812,001</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 73,267	\$ 89,610
Accrued wages, benefits and related taxes	47,174	45,206
Income taxes payable and other accrued taxes	41,154	6,651
Deferred revenue	22,838	14,300
Accrued maintenance and repairs	34,002	19,654
Current portion of operating lease liabilities	75,199	76,261
Accrued interest and other accrued liabilities	19,387	22,252
Short-term borrowings and current maturities of long-term debt	12,683	11,656
Total current liabilities	325,704	285,590
Long-term debt, less current maturities	531,319	499,765
Accrued pension liabilities	8,978	20,089
Other liabilities and deferred credits	5,432	5,030
Deferred taxes	11,557	48,633
Long-term operating lease liabilities	211,505	165,955
Total liabilities	<u>\$ 1,094,495</u>	<u>\$ 1,025,062</u>
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock, \$0.01 par value, 110,000 authorized; 28,246 and 28,009 outstanding as of September 30, 2023 and December 31, 2022, respectively	306	306
Additional paid-in capital	722,066	709,319
Retained earnings	225,906	224,748
Treasury stock, at cost; 2,566 and 2,456 shares as of September 30, 2023 and December 31, 2022, respectively	(65,722)	(63,009)
Accumulated other comprehensive loss	(87,015)	(84,057)
Total Bristow Group Inc. stockholders' equity	795,541	787,307
Noncontrolling interests	(343)	(368)
Total stockholders' equity	795,198	786,939
Total liabilities and stockholders' equity	<u>\$ 1,889,693</u>	<u>\$ 1,812,001</u>

See accompanying notes to condensed consolidated financial statements.

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

Total Bristow Group Inc. Stockholders' Equity									
	Common Stock	Common Stock (Shares)	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Stockholders' Equity	
December 31, 2022	\$	306	28,009	\$ 709,319	\$ 224,748	\$ (63,009)	\$ (84,057)	\$ (368)	\$ 786,939
Share award amortization ...	—	—	3,311	—	—	—	—	—	3,311
Share repurchases	—	(1)	—	—	(385)	—	—	—	(385)
Net loss	—	—	—	(1,522)	—	—	—	(3)	(1,525)
Other comprehensive income	—	—	—	—	—	10,127	—	—	10,127
March 31, 2023	\$	306	28,008	\$ 712,630	\$ 223,226	\$ (63,394)	\$ (73,930)	\$ (371)	\$ 798,467
Share award amortization ...	—	239	5,232	—	—	—	—	—	5,232
Share repurchases	—	(71)	—	—	(1,974)	—	—	—	(1,974)
Net loss	—	—	—	(1,637)	—	—	—	—	(1,637)
Other comprehensive income	—	—	—	—	—	12,866	—	—	12,866
June 30, 2023	\$	306	28,176	\$ 717,862	\$ 221,589	\$ (65,368)	\$ (61,064)	\$ (371)	\$ 812,954
Share award amortization ...	—	83	4,204	—	—	—	—	—	4,204
Share repurchases	—	(13)	—	—	(354)	—	—	—	(354)
Net income	—	—	—	4,317	—	—	—	28	4,345
Other comprehensive loss ...	—	—	—	—	—	(25,951)	—	—	(25,951)
September 30, 2023	\$	306	28,246	\$ 722,066	\$ 225,906	\$ (65,722)	\$ (87,015)	\$ (343)	\$ 795,198

See accompanying notes to condensed consolidated financial statements.

BRISTOW GROUP INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Stockholders' Equity (Continued)
(Unaudited, in thousands)

	Total Bristow Group Inc. Stockholders' Equity							Total Stockholders' Equity
	Common Stock	Common Stock (Shares)	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interests	
December 31, 2021	\$ 303	28,302	\$ 696,092	\$ 215,533	\$ (51,083)	\$ (16,142)	\$ (391)	\$ 844,312
Share award amortization ...	—	—	3,309	—	—	—	—	3,309
Share repurchases	—	(15)	—	—	(576)	—	—	(576)
Currency translation adjustments	—	—	—	—	—	—	7	7
Net loss	—	—	—	(4,313)	—	—	(63)	(4,376)
Other comprehensive loss ...	—	—	—	—	—	(7,308)	—	(7,308)
March 31, 2022	\$ 303	28,287	\$ 699,401	\$ 211,220	\$ (51,659)	\$ (23,450)	\$ (447)	\$ 835,368
Share award amortization ...	\$ 3	109	\$ 3,095	\$ —	\$ —	\$ —	\$ —	\$ 3,098
Share repurchases	—	(192)	—	—	(4,702)	—	—	(4,702)
Currency translation adjustments	—	—	—	—	—	—	20	20
Net income	—	—	—	3,987	—	—	28	4,015
Other comprehensive loss ...	—	—	—	—	—	(44,412)	—	(44,412)
June 30, 2022	\$ 306	28,204	\$ 702,496	\$ 215,207	\$ (56,361)	\$ (67,862)	\$ (399)	\$ 793,387
Share award amortization ...	\$ —	93	\$ 4,161	\$ —	\$ —	\$ —	\$ —	\$ 4,161
Share repurchases	—	(281)	—	—	(6,648)	—	—	(6,648)
Currency translation adjustments	—	—	—	—	—	—	18	18
Net income (loss)	—	—	—	16,518	—	—	(17)	16,501
Other comprehensive loss ...	—	—	—	—	—	(38,585)	—	(38,585)
September 30, 2022	\$ 306	28,016	\$ 706,657	\$ 231,725	\$ (63,009)	\$ (106,447)	\$ (398)	\$ 768,834

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 1,183	\$ 16,140
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization expense	64,850	59,106
Loss on impairment	—	5,187
Gains on disposal of assets	(1,271)	(1,226)
Equity earnings from unconsolidated affiliates, net of dividends received	(5,701)	(420)
Deferred income taxes	(36,398)	(2,002)
Stock-based compensation expense	12,747	10,568
Amortization of deferred financing fees	2,111	1,114
Discount amortization on long-term debt	473	5,195
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	(14,435)	(44,144)
Inventory, prepaid expenses and other assets	(34,063)	(29,298)
Accounts payable, accrued expenses and other liabilities	52,040	(9,463)
Net cash provided by operating activities	41,536	10,757
Cash flows from investing activities:		
Capital expenditures	(62,137)	(25,906)
Proceeds from asset dispositions	34,094	16,688
Acquisition, net of cash received	—	(12,600)
Net cash used in investing activities	(28,043)	(21,818)
Cash flows from financing activities:		
Proceeds from borrowings	169,508	—
Debt issuance costs	(2,714)	(651)
Repayments of debt	(138,735)	(8,837)
Purchase of treasury stock	(2,713)	(11,926)
Net cash provided by (used in) financing activities	25,346	(21,414)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	7,214	(43,684)
Net increase (decrease) in cash, cash equivalents and restricted cash	46,053	(76,159)
Cash, cash equivalents and restricted cash at beginning of period	163,683	277,462
Cash, cash equivalents and restricted cash at end of period	\$ 209,736	\$ 201,303
Cash paid during the period for:		
Interest	\$ 36,185	\$ 30,766
Income taxes	\$ 9,551	\$ 16,921

See accompanying notes to 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. Unless the context otherwise indicates, any references to the “Company”, “Bristow”, “we”, “us” and “our” refer to Bristow Group Inc. and its consolidated entities.

The condensed consolidated financial information for the three and nine months ended September 30, 2023 and 2022, has been prepared by the Company in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (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.

In connection with its fiscal year-end change from March 31st to December 31st, the Company filed audited financial statements for the transition period from April 1, 2022 to December 31, 2022, on a Transition Report on Form 10-KT. As such, certain comparative period information has been reclassified to conform to the current period presentation. The condensed consolidated financial statements on this Quarterly Report on Form 10-Q should be read in conjunction with the financial statements and related notes thereto included in the Company’s Transition Report on Form 10-KT for the transition period ended December 31, 2022, filed with the SEC on March 9, 2023.

Summary of Significant Accounting Policies and Other Accounting Considerations

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 of which the Company is the primary beneficiary. All significant inter-company accounts and transactions are eliminated in consolidation.

Accounting Estimates — The preparation of these condensed consolidated 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 statements of operations and comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statements of changes in stockholders equity and the condensed consolidated statements of cash flows. Operating results for the interim period presented are not necessarily indicative of the results that may be expected for the entire year.

Recent Accounting Standards — The Company considers the applicability and impact of all Accounting Standard Updates (“ASUs”) issued by the Financial Accounting Standards Board (“FASB”). ASUs not listed within this Quarterly Report on Form 10-Q were assessed and determined as either not applicable or not material to the Company’s consolidated financial position or result of operations.

Note 2 — REVENUES

The Company derives its revenues primarily from aviation services. A majority of the Company’s revenues are generated through two types of contracts: helicopter services contracts and fixed wing services contracts.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues from contracts with customers	\$ 325,993	\$ 298,375	\$ 931,899	\$ 869,569
Other revenues	12,097	8,895	27,596	26,837
Total revenues	\$ 338,090	\$ 307,270	\$ 959,495	\$ 896,406

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

(Unaudited)

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,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Offshore energy services	\$ 212,990	\$ 197,076	\$ 589,813	\$ 581,476
Government services	85,549	69,908	255,203	206,254
Fixed wing services	29,168	28,945	81,535	71,693
Other services	2,545	3,462	8,154	9,698
Total operating revenues	\$ 330,252	\$ 299,391	\$ 934,705	\$ 869,121

Contract Assets, Liabilities and Receivables

The Company generally satisfies performance of contract obligations by providing aviation 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 revenues have 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.

	Nine Months Ended September 30,	
	2023	2022
Revenues from outstanding contract liabilities	\$ 9,349	\$ 6,975

	September 30,	December 31,
	2023	2022
Receivables under contracts with customers	\$ 190,271	\$ 182,742
Contract liabilities under contracts with customers	21,438	12,931

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 and from mobilization fees received from customers in connection with new contract commencements. There were no contract assets as of September 30, 2023 and December 31, 2022.

Remaining Performance Obligations

Remaining performance obligations represent firm contracts for which work has not been performed and future revenue recognition is expected. The Company has elected the practical expedient permitting the exclusion of disclosing remaining performance obligations for contracts that have an original expected duration of one year or less. The Company's contracts have fixed terms ranging from one month to 10 years and generally may, depending on the contract, be cancelled without penalty and with a notice period of less than a year. Customarily, these contracts do not commit customers to purchase specific amounts of services or minimum flight hours and permit customers to decrease the number of helicopters under contract with a corresponding decrease in the fixed monthly payments without penalty.

Excluding any applicable cancellation penalties, revenues from performance obligations that are unsatisfied (or partially unsatisfied) on contracts with fixed consideration that have an expected duration of one year or more and therefore not subject to the practical expedient as of September 30, 2023 were \$19.2 million, of which \$5.2 million and \$14.0 million of revenues are expected to be recognized in 2023 and 2024, respectively. These amounts exclude expected consideration related to performance obligations of a variable nature (i.e., flight services) as they cannot be reasonably and reliably estimated.

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

(Unaudited)

Note 3 — RELATED PARTY TRANSACTIONS

The Company owns a 25% voting interest and a 40% economic interest in Cougar Helicopters Inc. (“Cougar”), an aviation services provider in Canada. Due to common ownership of Cougar, the Company considers VIH Aviation Group Ltd. (“VIH”) a related party.

The Company leases certain aircraft and facilities and from time to time purchases inventory from VIH. During the three months ended September 30, 2023 and 2022, the Company made payments of \$1.1 million and \$1.6 million to its related parties, respectively, and also generated total revenues of \$11.5 million and \$8.8 million from its related parties, respectively. During the nine months ended September 30, 2023 and 2022, the Company made payments of \$4.1 million and \$5.0 million to its related parties, respectively, and also generated total revenues of \$25.3 million and \$22.5 million from its related parties, respectively. Additionally, during the nine months ended September 30, 2023, the Company and VIH entered into resale agreements under which one S92 aircraft was sold in exchange for the purchase of another S92 aircraft in a non-monetary transaction. The exchange did not result in a gain or loss being recognized on the Company’s condensed consolidated statement of operations.

As of September 30, 2023 and December 31, 2022, accounts receivables from related parties included in accounts receivables on the condensed consolidated balance sheets were \$1.2 million and \$0.8 million, respectively.

Note 4 — DEBT

Debt as of September 30, 2023 and December 31, 2022, consisted of the following (in thousands):

	September 30, 2023	December 31, 2022
6.875% Senior Notes	\$ 393,826	\$ 392,763
Lombard Debt	—	118,658
NatWest Debt	150,176	—
Total debt	544,002	511,421
Less short-term borrowings and current maturities of long-term debt	(12,683)	(11,656)
Total long-term debt	<u>\$ 531,319</u>	<u>\$ 499,765</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. 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, the Company must make an offer to repurchase each noteholder’s notes at an offer price of 101% of the aggregate principal amount, plus accrued and unpaid interest. As of September 30, 2023 and December 31, 2022, the Company had \$6.2 million and \$7.2 million, respectively, of unamortized deferred financing fees associated with the 6.875% Senior Notes.

Lombard Debt — In January 2023, in connection with its maturity, the Company made a \$129.1 million payment to extinguish the Lombard Debt.

NatWest Debt — In January 2023, the Company entered into two thirteen-year secured equipment financings with National Westminster Bank Plc (“NatWest”) for aggregate proceeds of \$169.5 million. The net proceeds from the financings were used to refinance the indebtedness of the Lombard Debt and will be used to provide additional financing to support the

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

Company's obligations under its search and rescue ("SAR") contracts in the UK. The credit facilities bear interest at a rate equal to the Sterling Overnight Index Average ("SONIA") plus 2.75% per annum and have approximately thirteen-year terms with repayment due in quarterly installments which commenced on March 31, 2023. Bristow's obligations under the NatWest Debt are secured by ten SAR helicopters. During the three and nine months ended September 30, 2023, the Company made principal payments of \$3.2 million and \$9.7 million, respectively. As of September 30, 2023, the Company had \$8.4 million of unamortized deferred financing fees associated with the NatWest debt.

ABL Facility — The Company's asset-backed revolving credit facility (the "ABL Facility") matures in May 2027, 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 (i) are secured by certain accounts receivable owing to the borrower subsidiaries and the deposit accounts into which payments on such accounts receivable are deposited, and (ii) are fully and unconditionally guaranteed as to payment by the Company, as a parent guarantor, and each of Bristow Norway AS, Bristow Helicopters Limited, Bristow U.S. LLC and Era Helicopters, LLC. As of September 30, 2023, the ABL Facility provided for commitments in an aggregate amount of \$85.0 million with the ability to increase the total commitments up to a maximum aggregate amount of \$120.0 million, subject to the terms and conditions therein.

As of September 30, 2023, there were no outstanding borrowings under the ABL Facility nor had the Company made any draws during the nine months ended September 30, 2023. Letters of credit issued under the ABL Facility in the aggregate face amount of \$3.0 million were outstanding on September 30, 2023.

Note 5 — 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 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.

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

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

	Carrying Amount	Level 1	Level 2	Level 3
September 30, 2023				
LIABILITIES				
6.875% Senior Notes ⁽¹⁾	\$ 393,826	\$ —	\$ 374,747	\$ —
NatWest ⁽²⁾	150,176	—	150,492	—
	<u>\$ 544,002</u>	<u>\$ —</u>	<u>\$ 525,239</u>	<u>\$ —</u>
December 31, 2022				
LIABILITIES				
6.875% Senior Notes ⁽¹⁾	\$ 392,763	\$ —	\$ 366,629	\$ —
Lombard Debt ⁽³⁾	118,658	—	120,358	—
	<u>\$ 511,421</u>	<u>\$ —</u>	<u>\$ 486,987</u>	<u>\$ —</u>

(1) As of September 30, 2023 and December 31, 2022, the carrying values were net of unamortized deferred financing fees of \$6.2 million and \$7.2 million respectively.

(2) As of September 30, 2023, the carrying values of unamortized deferred financing fees related to the NatWest Debt were \$8.4 million.

(3) As of December 31, 2022, the carrying values of unamortized discounts related to the Lombard Debt were \$7.0 million.

Note 6 — DERIVATIVE FINANCIAL INSTRUMENTS

From time to time, the Company may use derivatives to partially offset its business exposure to foreign currency risks on expected future cash flows. The Company enters into master netting arrangements to mitigate credit risk in derivative transactions by permitting net settlement of transactions with the same counterparty. The Company does not offset fair value amounts recognized for derivative instruments under master netting arrangements. The derivative agreements do not contain credit-risk-related contingent features. There are no amounts of related financial collateral received or pledged. The Company does not use any of its derivative instruments for speculative or trading purposes.

Cash Flow Hedges

The Company may use foreign exchange options or forward contracts to hedge a portion of its forecasted foreign currency denominated transactions. These foreign exchange hedge contracts, carried at fair value, have maturities of up to 18 months. As of September 30, 2023 and December 31, 2022, total notional amounts of outstanding cash flow hedges were \$278.7 million and \$134.7 million, respectively. As of September 30, 2023, \$3.3 million of net losses will be reclassified from accumulated other comprehensive income into earnings within the next 12 months.

To receive hedge accounting treatment, all hedging relationships are formally documented at the inception of the hedge, and the hedges must be highly effective in offsetting changes to future cash flows on hedged transactions. The Company records changes in fair value of these cash flow hedges in accumulated other comprehensive income (loss) in its consolidated balance sheets, until the forecasted transaction occurs. When the forecasted transaction affects earnings, the Company reclassifies it to earnings in the same line item as the hedged items. The Company evaluates hedge effectiveness at the inception of the hedge prospectively, and on an ongoing basis both retrospectively and prospectively. In the event the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, it will reclassify the gain or loss on the related cash flow hedge from accumulated other comprehensive income (loss) to earnings. During the nine months ended September 30, 2023, there were no net gains or losses recognized in earnings relating to hedges of forecasted transactions that did not occur.

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

(Unaudited)

The fair value of derivative instruments on the Company's Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022 were as follows, presented on a gross basis (in thousands):

	September 30, 2023		December 31, 2022	
	Fair Value Asset Derivatives	Fair Value Liability Derivatives	Fair Value Asset Derivatives	Fair Value Liability Derivatives
Derivatives designated as hedging instruments:				
Foreign exchange forward contracts	\$ 1,192	\$ 5,265	\$ 1,590	\$ 144

Note 7 — COMMITMENTS AND CONTINGENCIES

Fleet — The Company's unfunded capital commitments as of September 30, 2023 consisted primarily of agreements to purchase helicopters and totaled \$201.3 million, payable beginning in the fourth quarter of 2023. The Company also had \$1.3 million of deposits paid on options not yet exercised as of September 30, 2023.

Included in these commitments are orders to purchase two AW189 heavy helicopters, six AW139 medium helicopters, five AW169 light twin helicopters and five H135 light twin helicopters. The AW189 helicopters and AW139 helicopters are scheduled to be delivered in 2024, and the H135 helicopters are scheduled to be delivered between 2024 and 2025. Delivery dates for the AW169 helicopters have yet to be determined. In addition, the Company has outstanding options to purchase up to ten additional AW189 helicopters and ten additional H135 helicopters. If these options are exercised, the AW189 helicopters would be scheduled for delivery between 2024 and 2025, and the H135 helicopters would be scheduled for delivery between 2027 and 2028. The Company may, from time to time, purchase aircraft for which it has no orders.

The Company may terminate \$64.2 million of its unfunded capital commitments (inclusive of deposits paid on options not yet exercised) without further liability other than aggregate liquidated damages of approximately \$1.1 million.

General Litigation and Disputes

The Company operates in jurisdictions internationally where it is subject to risks that include government action to obtain additional tax revenues. 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. 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.

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

Note 8 — INCOME TAXES

During the three months ended September 30, 2023 and 2022, the Company recorded an income tax expense of \$22.6 million, resulting in an effective tax rate of 83.9%, and income tax expense of \$0.1 million, resulting in an effective tax rate of 0.7%, respectively. During the nine months ended September 30, 2023 and 2022, the Company recorded an income tax expense of \$3.3 million, resulting in an effective tax rate of 73.8%, and income tax expense of \$11.6 million, resulting in an effective tax rate of 41.8%, respectively.

The effective tax rate in 2023 is impacted by the Company's global mix of earnings, adjustments to valuation allowances against future realization of deductible business interest expense, partially offset by the recognition of certain deferred tax assets. The effective tax rate in 2022 is impacted by the global mix of earnings, the tax impact of non-deductible expenses and adjustments to valuation allowances against net operating losses.

Note 9 — STOCKHOLDERS' EQUITY

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	Unrealized gain (loss) on cash flow hedges	Total
Balance as of December 31, 2022	\$ (45,350)	\$ (40,090)	\$ 1,383	\$ (84,057)
Other comprehensive income (loss)	10,634	—	(1,097)	9,537
Reclassified from accumulated other comprehensive loss	—	—	590	590
Net current period other comprehensive income (loss)	10,634	—	(507)	10,127
Foreign exchange rate impact	1,111	(1,111)	—	—
Balance as of March 31, 2023	\$ (33,605)	\$ (41,201)	\$ 876	\$ (73,930)
Other comprehensive income (loss)	13,479	—	(1,064)	12,415
Reclassified from accumulated other comprehensive loss	—	—	451	451
Net current period other comprehensive income (loss)	13,479	—	(613)	12,866
Foreign exchange rate impact	1,158	(1,158)	—	—
Balance as of June 30, 2023	\$ (18,968)	\$ (42,359)	\$ 263	\$ (61,064)
Other comprehensive income (loss)	(22,087)	—	(3,297)	(25,384)
Reclassified from accumulated other comprehensive loss	—	—	(567)	(567)
Net current period other comprehensive loss	(22,087)	—	(3,864)	(25,951)
Foreign exchange rate impact	(1,697)	1,697	—	—
Balance as of September 30, 2023	\$ (42,752)	\$ (40,662)	\$ (3,601)	\$ (87,015)

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

Note 10 — 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 stock 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 per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income:				
Net income attributable to Bristow Group Inc.	\$ 4,317	\$ 16,518	\$ 1,158	\$ 16,192
Shares of common stock:				
Weighted average shares of common stock outstanding – basic	28,217	27,958	28,088	28,148
Net effect of dilutive stock	742	447	654	564
Weighted average shares of common stock outstanding – diluted ⁽¹⁾	28,959	28,405	28,742	28,712
Earnings per common share - basic	\$ 0.15	\$ 0.59	\$ 0.04	\$ 0.58
Earnings per common share - diluted	\$ 0.15	\$ 0.58	\$ 0.04	\$ 0.56

(1) Excludes weighted average shares of common stock of 1,181,738 and 1,431,071 for the three months ended September 30, 2023 and 2022, respectively, and 1,293,579 and 999,773 for the nine months ended September 30, 2023 and 2022, respectively, for certain share awards as the effect of their inclusion would have been antidilutive.

Note 11 — SEGMENT INFORMATION

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Region revenues:				
Europe	\$ 184,524	\$ 161,129	\$ 536,048	\$ 486,067
Americas	99,688	97,317	268,847	287,077
Africa	29,933	23,008	88,439	63,075
Asia Pacific	23,945	25,567	66,161	59,829
Other	—	249	—	358
Total region revenues	\$ 338,090	\$ 307,270	\$ 959,495	\$ 896,406

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Consolidated operating income:				
Europe	\$ 16,324	\$ 14,393	\$ 41,181	\$ 49,986
Americas	21,702	17,284	45,222	44,000
Africa	6,780	1,273	17,085	(8,089)
Asia Pacific	4,854	(710)	10,704	(8,827)
Other	(21,222)	(20,924)	(74,286)	(61,771)
Gains on disposal of assets	1,179	3,368	1,271	1,226
Total consolidated operating income	<u>\$ 29,617</u>	<u>\$ 14,684</u>	<u>\$ 41,177</u>	<u>\$ 16,525</u>

	September 30, 2023	December 31, 2022
Identifiable assets:		
Europe	\$ 1,166,676	\$ 1,012,291
Americas	515,367	484,410
Africa	80,940	84,528
Asia Pacific	54,414	37,459
Other	72,296	193,313
Total identifiable assets	<u>\$ 1,889,693</u>	<u>\$ 1,812,001</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 related notes, included elsewhere herein, as well as our Transition Report on Form 10-KT for the period ended December 31, 2022, filed with the SEC on March 9, 2023. Unless the context otherwise indicates, in this MD&A, any references to the “Company”, “Bristow”, “we”, “us” and “our” refer to Bristow Group Inc. and its consolidated entities.

In the discussions that follow, the terms “Current Quarter”, “Preceding Quarter” and “Prior Year Quarter” refer to three months ended September 30, 2023, June 30, 2023 and September 30, 2022, respectively, and “Current Period” and “Prior Year Period” refer to the nine months ended September 30, 2023 and 2022, respectively.

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 on Form 10-Q, 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 on Form 10-Q regarding future events and operating performance. We believe that they are reasonable, but they involve significant known and unknown risks, uncertainties, assumptions 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. Such risks, uncertainties and factors that could cause or contribute to such differences, include, but are not limited to, those discussed in this Quarterly Report on Form 10-Q, and in particular, the risks discussed in Part II, Item 1A, “Risk Factors” of this report and those discussed in other documents we file with the SEC. 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:

- 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 of significant changes in foreign exchange rates and controls;
- public health crises, such as pandemics (including COVID-19) and epidemics, and any related government policies and actions;
- any failure to effectively manage, and receive anticipated returns from, acquisitions, divestitures, investments, joint ventures and other portfolio actions;
- our inability to execute our business strategy for diversification efforts related to government services, offshore wind, and advanced air mobility;
- our reliance on a limited number of customers and the reduction of our customer base as a result of consolidation and/or the energy transition;
- the potential for cyberattacks or security breaches that could disrupt operations, compromise confidential or sensitive information, damage reputation, expose to legal liability, or cause financial losses;
- the possibility that we may be unable to maintain compliance with covenants in our financing agreements;

- the possibility that we may impair our long-lived assets and other assets, including inventory, property and equipment and investments in unconsolidated affiliates;
- potential effects of increased competition and the introduction of alternative modes of transportation and solutions;
- 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 governments that impact oil and gas operations or favor renewable energy projects;
- 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 portions of our fleet may be grounded for extended periods of time or indefinitely (including due to severe weather events);
- 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 where we are seeking contracts could adversely affect or lead to modifications of the procurement process or that such reductions in spending could adversely affect search and rescue (“SAR”) contract terms or otherwise delay service or the receipt of payments under such contracts;
- the effectiveness of our environmental, social and governance initiatives;
- the impact of supply chain disruptions and inflation and our ability to recoup rising costs in the rates we charge to our customers;
- our reliance on a limited number of helicopter manufacturers and suppliers and the impact of a shortfall in availability of aircraft components and parts required for maintenance and repairs of our helicopters, including significant delays in the delivery of parts for our S92 fleet.

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 on Form 10-Q. The forward-looking statements in this Quarterly Report on Form 10-Q 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 Transition Report on Form 10-KT and under the heading “Risk Factors” and Part II Item 1A “Risk Factors” on the Company’s subsequent Quarterly Reports 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.

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 offshore energy companies and government entities. Our aviation services include personnel transportation, search and rescue (“SAR”), medevac, fixed wing transportation, unmanned systems and ad-hoc helicopter services. Our energy 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 government entities provides us with geographic and customer diversity that helps mitigate risks associated with a single market or customer. We currently have customers in Australia, Brazil, Canada, Chile, the Dutch Caribbean, the Falkland Islands, India, Ireland, Mexico, the Netherlands, Nigeria, Norway, Spain, Suriname, Trinidad, the United Kingdom (“UK”) 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. Our North Sea operations also are subject to seasonality as drilling activity is lower during the winter months due to harsh weather and shorter days. See “Segment Markets and Seasonality” in Item 1 of our Transition Report on Form 10-KT for further discussion on seasonality.

Recent Developments

Agreement to Purchase H135 Light-Twin Helicopters for Offshore Energy Services

In September 2023, Bristow entered into an agreement to purchase five new H135 light-twin helicopters for approximately \$33 million and options to purchase an additional ten H135 helicopters. The new aircraft are expected to be delivered in 2024 and 2025, and will be used to support the increasing demand in Bristow’s offshore energy services business.

Bristow and Volocopter to Bring Urban Air Mobility (UAM) Services to U.S. and UK

In September 2023, Bristow signed an agreement with Volocopter to explore and develop passenger and cargo services for electric vertical take-off and landing (“eVTOL”) aircraft in the U.S. and UK. The agreement covers the exploration of commercial, operational, and eVTOL aircraft maintenance services, including adaptation of the VoloIQ, Volocopter’s proprietary digital platform, to ensure Bristow’s efficient future operations. As part of this collaboration, Bristow has placed a firm order for two VoloCity aircraft to be delivered after certification with an option to purchase a further 78 vehicles in the future.

Volocopter expects to receive final certification from the European Union Aviation Safety Agency (EASA) in 2024, while concurrent certification from the Federal Aviation Administration (FAA) could enable the start of commercial services in the U.S. shortly thereafter.

Bristow Secures Early Delivery Positions for Five Elroy Air Chaparral Aircraft

In September 2023, Bristow reserved early delivery slots for five of Elroy Air’s vertical take-off and landing (“VTOL”) cargo systems, the Chaparral. Bristow signed a Letter of Intent with Elroy Air to pre-order 100 Chaparral hybrid-electric cargo VTOL aircraft last year. The Chaparral will be the first of its kind VTOL aircraft dedicated to cargo movement to be introduced into Bristow’s aircraft fleet. Bristow plans to use the Chaparral internationally to move time-sensitive cargo for logistics, healthcare, and energy applications.

Bristow Finalizes the €670 million Irish Coast Guard Aviation Service Contract

In August 2023, Bristow Ireland Ltd., a subsidiary of Bristow Group Inc., signed a contract with the Irish Department of Transport to provide SAR services to the Irish Coast Guard (“IRCG”), finalizing the procurement process. The contract is set to commence in October 2024 and will provide for the day and night-time operations of four helicopter bases in Sligo, Shannon, Waterford and Dublin, using a total of six AW189 heavy helicopters.

Fleet Information

As of September 30, 2023, the aircraft in our fleet were as follows:

Type	Number of Aircraft			Maximum Passenger Capacity	Average Age (years) ⁽¹⁾
	Operating Aircraft		Total Aircraft		
	Owned Aircraft	Leased Aircraft			
Heavy Helicopters:					
S92	38	29	67	19	14
AW189	17	4	21	16	7
S61	2	1	3	19	52
	57	34	91		
Medium Helicopters:					
AW139	49	4	53	12	13
S76 D/C++	15	—	15	12	12
AS365	1	—	1	12	34
	65	4	69		
Light—Twin Engine Helicopters:					
AW109	4	—	4	7	16
EC135	9	1	10	6	14
	13	1	14		
Light—Single Engine Helicopters:					
AS350	15	—	15	4	25
AW119	13	—	13	7	17
	28	—	28		
Total Helicopters	163	39	202		15
Fixed Wing	8	5	13		
Unmanned Aerial Systems (“UAS”)	4	—	4		
Total Fleet	175	44	219		

⁽¹⁾ Reflects the average age of helicopters that are owned by the Company.

The chart below presents the number of aircraft in our fleet and their distribution among the regions in which we operate, the number of helicopters we had on order and the percentage of operating revenues each of our regions provided as of September 30, 2023:

	Percentage of Current Quarter Operating Revenue	Helicopters				Fixed Wing	UAS	Total
		Heavy	Medium	Light Twin	Light Single			
Europe	55 %	63	7	—	3	—	4	77
Americas	29 %	24	50	11	25	—	—	110
Africa	9 %	4	10	3	—	2	—	19
Asia Pacific	7 %	—	2	—	—	11	—	13
Total	100 %	91	69	14	28	13	4	219
Aircraft not currently in fleet:								
On order		2	—	5	—	—	—	7
Under construction		—	6	5	—	—	—	11

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 following table presents our operating results and other statement of operations information for the Current Quarter and the Preceding Quarter (in thousands, except percentages):

	Three Months Ended		Favorable (Unfavorable)	
	September 30, 2023	June 30, 2023		
Revenues:				
Operating revenues	\$ 330,252	\$ 311,522	\$ 18,730	6.0 %
Reimbursable revenues	7,838	7,861	(23)	(0.3)%
Total revenues	338,090	319,383	18,707	5.9 %
Costs and expenses:				
Operating expenses				
Personnel	82,879	78,156	(4,723)	(6.0)%
Repairs and maintenance	64,050	64,890	840	1.3 %
Insurance	4,693	9,093	4,400	48.4 %
Fuel	22,510	20,961	(1,549)	(7.4)%
Leased-in equipment	24,136	24,424	288	1.2 %
Other	42,414	43,135	721	1.7 %
Total operating expenses	240,682	240,659	(23)	— %
Reimbursable expenses	7,836	7,680	(156)	(2.0)%
General and administrative expenses	46,256	44,616	(1,640)	(3.7)%
Merger and integration costs	738	677	(61)	(9.0)%
Depreciation and amortization expense	17,862	18,292	430	2.4 %
Total costs and expenses	313,374	311,924	(1,450)	(0.5)%
Gains (losses) on disposal of assets	1,179	(3,164)	4,343	nm
Earnings from unconsolidated affiliates	3,722	1,279	2,443	nm
Operating income	29,617	5,574	24,043	nm
Interest income	2,532	1,527	1,005	65.8 %
Interest expense, net	(10,008)	(9,871)	(137)	(1.4)%
Reorganization items, net	(3)	(39)	36	92.3 %
Other, net	4,844	(13,037)	17,881	nm
Total other income (expense), net	(2,635)	(21,420)	18,785	87.7 %
Income (loss) before income taxes	26,982	(15,846)	42,828	nm
Income tax benefit (expense)	(22,637)	14,209	(36,846)	nm
Net income (loss)	4,345	(1,637)	5,982	nm
Net income attributable to noncontrolling interests	(28)	—	(28)	nm
Net income (loss) attributable to Bristow Group Inc.	\$ 4,317	\$ (1,637)	\$ 5,954	nm

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

	Three Months Ended		Favorable (Unfavorable)	
	September 30, 2023	June 30, 2023		
Offshore energy services:				
Europe	\$ 94,346	\$ 87,331	\$ 7,015	8.0 %
Americas	91,099	80,884	10,215	12.6 %
Africa	27,545	26,979	566	2.1 %
Total offshore energy services	\$ 212,990	\$ 195,194	\$ 17,796	9.1 %
Government services	85,549	87,320	(1,771)	(2.0)%
Fixed wing services	29,168	26,448	2,720	10.3 %
Other services	2,545	2,560	(15)	(0.6)%
	\$ 330,252	\$ 311,522	\$ 18,730	6.0 %

Current Quarter compared to Preceding Quarter

Operating revenues. Operating revenues were \$18.7 million higher in the quarter ended September 30, 2023 (the “Current Quarter”) compared to the quarter ended June 30, 2023 (the “Preceding Quarter”).

Operating revenues from offshore energy services were \$17.8 million higher in the Current Quarter.

Operating revenues from offshore energy services in the Americas region were \$10.2 million higher in the Current Quarter primarily due to higher utilization in each geographic region and higher lease payments of \$2.4 million received from Cougar Helicopters Inc. (“Cougar”), which are recognized on a cash basis.

Operating revenues from offshore energy services in the Europe region were \$7.0 million higher in the Current Quarter. Revenues in the UK were \$4.6 million higher primarily due to higher utilization. Revenues in Norway were \$2.4 million higher primarily due to higher utilization and the strengthening of the Norwegian krone (“NOK”) relative to the U.S. dollar.

Operating revenues from offshore energy services in the Africa region were \$0.6 million higher in the Current Quarter primarily due to increased rates and higher utilization..

Operating revenues from government services were \$1.8 million lower in the Current Quarter primarily due to a change in the monthly standing charge (“MSC”) rates following the commencement of the standard contract with the Dutch Caribbean Coast Guard (“DCCG”), partially offset by higher revenues in UK SAR due to higher utilization and the strengthening of the British Pound Sterling (“GBP”) relative to the U.S. dollar.

Operating revenues from fixed wing services were \$2.7 million higher in the Current Quarter primarily due to higher utilization.

Operating expenses. Operating expenses were consistent with the Preceding Quarter. Personnel costs were \$4.7 million higher primarily due to seasonal personnel cost variations in Norway, namely a credit recognized in the Preceding Quarter. Fuel costs were \$1.5 million higher primarily due to increased flight hours and higher fuel prices. These increases were partially offset by lower insurance costs of \$4.4 million due to a noncash, nonrecurring write-off related to amounts from legacy insurance policies recognized in the Preceding Quarter. Repairs and maintenance costs were \$0.8 million lower primarily due to the timing of repairs and lower inventory write-offs, partially offset by higher power-by-the-hour (“PBH”) expense related to increased activity. Other operating costs were \$0.7 million lower primarily due to lower training and travel costs of \$2.4 million, partially offset by higher costs associated with the commencement of new contracts of \$1.1 million and higher freight costs of \$0.6 million. Leased-in equipment costs were \$0.3 million lower in the Current Quarter.

General and administrative expenses. General and administrative expenses were \$1.6 million higher primarily due to higher professional services fees.

Gains (losses) on disposal of assets. During the Current Quarter, the Company sold or otherwise disposed of two helicopters and other assets, resulting in a net gain of \$1.2 million. During the Preceding Quarter, the Company sold or otherwise disposed of three helicopters and other assets, resulting in a net loss of \$3.2 million.

Earnings from unconsolidated affiliates. Earnings from unconsolidated affiliates were \$2.4 million higher in the Current Quarter primarily due to higher earnings at Cougar.

Other, net. Other income, net of \$4.8 million in the Current Quarter primarily resulted from foreign exchange gains of \$4.5 million. Other expense, net of \$13.0 million in the Preceding Quarter resulted from foreign exchange losses of \$13.0 million, of which \$7.6 million was due to the significant devaluation in the Nigerian Naira (“NGN”).

	Three Months Ended		Favorable (Unfavorable)
	September 30, 2023	June 30, 2023	
Foreign exchange gains (losses)	\$ 4,541	\$ (13,021)	\$ 17,562
Pension-related income (costs)	147	(345)	492
Other	156	329	(173)
Other, net	<u>\$ 4,844</u>	<u>\$ (13,037)</u>	<u>\$ 17,881</u>

Income tax benefit (expense). Income tax expense was \$22.6 million in the Current Quarter compared to an income tax benefit of \$14.2 million in the Preceding Quarter primarily due to the earnings mix of the Company’s global operations and changes to deferred tax valuation allowances and assets.

Current Year Nine Months Ended compared to Prior Year Nine Months Ended

The following table presents our operating results and other statement of operations information for the nine months ended September 30, 2023 and 2022 (in thousands, except percentages):

	Nine Months Ended September 30,		Favorable (Unfavorable)	
	2023	2022		
Revenues:				
Operating revenues	\$ 934,705	\$ 869,121	\$ 65,584	7.5 %
Reimbursable revenues	24,790	27,285	(2,495)	(9.1)%
Total revenues	<u>959,495</u>	<u>896,406</u>	<u>63,089</u>	7.0 %
Costs and expenses:				
Operating expenses				
Personnel	239,225	218,908	(20,317)	(9.3)%
Repairs and maintenance	187,550	194,636	7,086	3.6 %
Insurance	18,702	14,124	(4,578)	(32.4)%
Fuel	66,021	80,250	14,229	17.7 %
Leased-in equipment	72,615	71,703	(912)	(1.3)%
Other	123,952	94,014	(29,938)	(31.8)%
Total operating expenses	<u>708,065</u>	<u>673,635</u>	<u>(34,430)</u>	(5.1)%
Reimbursable expenses	24,507	26,654	2,147	8.1 %
General and administrative expenses	137,602	122,949	(14,653)	(11.9)%
Merger and integration costs	1,854	1,483	(371)	(25.0)%
Restructuring costs	—	2,113	2,113	nm
Depreciation and amortization expense	53,599	49,506	(4,093)	(8.3)%
Total costs and expenses	<u>925,627</u>	<u>876,340</u>	<u>(49,287)</u>	(5.6)%
Loss on impairment	—	(5,187)	5,187	nm
Gains on disposal of assets	1,271	1,226	45	3.7 %
Earnings from unconsolidated affiliates	6,038	420	5,618	nm
Operating income	<u>41,177</u>	<u>16,525</u>	<u>24,652</u>	nm
Interest income	5,188	718	4,470	nm
Interest expense, net	(30,143)	(30,491)	348	1.1 %
Reorganization items, net	(86)	(121)	35	28.9 %
Other, net	(11,619)	41,116	(52,735)	nm
Total other income (expense), net	<u>(36,660)</u>	<u>11,222</u>	<u>(47,882)</u>	nm
Income before income taxes	4,517	27,747	(23,230)	(83.7)%
Income tax expense	(3,334)	(11,607)	8,273	71.3 %
Net income	<u>1,183</u>	<u>16,140</u>	<u>(14,957)</u>	(92.7)%
Net loss (income) attributable to noncontrolling interests	(25)	52	(77)	nm
Net income attributable to Bristow Group Inc.	<u>\$ 1,158</u>	<u>\$ 16,192</u>	<u>\$ (15,034)</u>	(92.8)%

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

	Nine Months Ended September 30,		Favorable (Unfavorable)	
	2023	2022		
Offshore energy services:				
Europe	\$ 266,968	\$ 267,154	\$ (186)	(0.1)%
Americas	242,965	258,929	(15,964)	(6.2)%
Africa	79,880	55,393	24,487	44.2 %
Total offshore energy services	589,813	581,476	8,337	1.4 %
Government services	255,203	206,254	48,949	23.7 %
Fixed wing services	81,535	71,693	9,842	13.7 %
Other services	8,154	9,698	(1,544)	(15.9)%
	<u>\$ 934,705</u>	<u>\$ 869,121</u>	<u>\$ 65,584</u>	<u>7.5 %</u>

Operating revenues. Operating revenues were \$65.6 million higher in the nine months ended September 30, 2023 (the "Current Period") compared to the nine months ended September 30, 2022 (the "Prior Year Period").

Operating revenues from offshore energy services were \$8.3 million higher in the Current Period.

Operating revenues from offshore energy services in the Africa region were \$24.5 million higher primarily due to higher utilization and increased rates.

Operating revenues from offshore energy services in the Americas region were \$16.0 million lower in the Current Period primarily due to the end of a contract in Guyana.

Operating revenues from offshore energy services in the Europe region were \$0.2 million lower in the Current Period. Revenues in Norway were \$9.4 million lower primarily due to the weakening of the NOK relative to the U.S. dollar. Revenues in the UK were \$9.2 million higher primarily due to higher utilization and increased rates, partially offset by the weakening of the GBP relative to the U.S. dollar.

Operating revenues from government services were \$48.9 million higher in the Current Period primarily due to the commencement of new contracts in the Falkland Islands, DCCG and Netherlands SAR ("NLSAR").

Operating revenues from fixed wing services were \$9.8 million higher in the Current Period primarily due to higher utilization.

Operating revenues from other services were \$1.5 million lower in the Current Period primarily due to lower dry-lease revenues and part sales.

Operating expenses. Operating expenses were \$34.4 million higher in the Current Period. Other operating costs were \$29.9 million higher in the Current Period primarily due to higher subcontractor and other costs related to new contracts of \$17.7 million, higher training and travel costs of \$6.4 million, lower gains from foreign currency hedging contracts of \$3.6 million and higher freight costs of \$2.2 million. Personnel costs were \$20.3 million higher primarily due to an increase in headcount, partially offset by favorable foreign exchange rate impacts in the Europe region. Insurance costs were \$4.6 million higher primarily due to a non-cash, nonrecurring write-off related to amounts from legacy insurance policies recognized in the Current Period. Leased-in equipment costs were \$0.9 million higher than the Prior Year Period. These increases were partially offset by lower fuel costs of \$14.2 million primarily due to decreased flight hours and lower global fuel prices. Repairs and maintenance costs were \$7.1 million lower due to lower inventory write-offs and the timing of repairs, primarily related to the buy-in agreements entered in the Prior Year Period, partially offset by higher PBH expense related to the impacts of new government services contracts.

General and administrative expenses. General and administrative expenses were \$14.7 million higher primarily due to higher compensation and severance costs and expenses related to new government contracts.

Restructuring costs. During the Prior Year Period, restructuring costs were \$2.1 million primarily due to severance costs in the Africa region.

Depreciation and amortization expense. Depreciation and amortization expenses were \$4.1 million higher in the Current Period primarily due to the addition of assets related to new government services contracts.

Loss on impairment. During the Prior Year Period, the Company recognized a loss on impairment of \$5.2 million related to a PBH intangible asset write-off.

Gains on disposal of assets. During the Current Period, the Company sold or otherwise disposed of eight aircraft and other assets, resulting in a net gain of \$1.3 million. During the Prior Year Period, the Company sold or otherwise disposed of eight aircraft and other assets, resulting in a net gain of \$1.2 million.

Earnings from unconsolidated affiliates. Earnings from unconsolidated affiliates were \$5.6 million higher in the Current Period primarily due to higher earnings at Cougar.

Interest income. During the Current Period, the Company recognized interest income of \$5.2 million compared to \$0.7 million in the Prior Year Period due to higher investment balances and higher interest rates.

Other, net. Other expense, net of \$11.6 million in the Current Period primarily resulted from foreign exchange losses. Other income of \$41.1 million in the Prior Year Period resulted from foreign exchange gains of \$30.1 million, government grants to fixed wing services of \$6.2 million, a gain on the sale of inventory of \$1.9 million, insurance gains of \$0.7 million and a favorable interest adjustment to the Company's pension liability of \$1.9 million.

	Nine Months Ended September 30,		Favorable (Unfavorable)
	2023	2022	
Foreign exchange gains (losses)	\$ (12,583)	\$ 30,133	\$ (42,716)
Pension-related income	663	1,851	(1,188)
Other	301	9,132	(8,831)
Other, net	<u>\$ (11,619)</u>	<u>\$ 41,116</u>	<u>\$ (52,735)</u>

Income tax expense. Income tax expense was \$3.3 million in the Current Period compared to an income tax expense of \$11.6 million in the Prior Year Period primarily due to the earnings mix of the Company's global operations and changes to deferred tax valuation allowances and assets.

Liquidity and Capital Resources

General

Our ongoing liquidity requirements arise primarily from working capital needs, meeting our capital commitments (including the purchase of aircraft and other equipment) and the repayment of debt obligations. In addition, we may use our liquidity to fund acquisitions, repay debt, repurchase stock or debt securities or make other investments. Our primary sources of liquidity are cash balances and cash flows from operations 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

	Nine Months Ended September 30,	
	2023	2022
	(in thousands)	
Cash flows provided by or (used in):		
Operating activities	\$ 41,536	\$ 10,757
Investing activities	(28,043)	(21,818)
Financing activities	25,346	(21,414)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	7,214	(43,684)
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ 46,053</u>	<u>\$ (76,159)</u>

Operating Activities

Cash flows provided by operating activities were \$41.5 million in the Current Period compared to \$10.8 million in the Prior Year Period. Operating income before depreciation, impairment charges, equity earnings from unconsolidated affiliates and gains on asset dispositions, net was \$19.5 million higher in the Current Period primarily due to an increase in revenues partially offset by higher operating and general and administrative costs.

Working capital changes of \$3.5 million in the Current Period were primarily due to increases in inventories and accounts receivables. Working capital changes of \$82.9 million in the Prior Year Period were primarily due to increased receivables and prepaid expenses.

Investing Activities

During the Current Period, net cash used in investing activities was \$28.0 million primarily consisting of:

- Capital expenditures of \$62.1 million primarily related to payments for aircraft, purchases of equipment and leasehold improvements, partially offset by
- Proceeds of \$34.1 million primarily from the sale or disposal of aircraft and other assets.

During the Prior Year Period, net cash used in investing activities was \$21.8 million primarily as follows:

- Capital expenditures of \$25.9 million primarily related to deposit payments for aircraft, purchases of equipment and leasehold improvements,
- Cash paid for the acquisition of BIH, net of cash received, of \$12.6 million, partially offset by
- Proceeds of \$16.7 million primarily from the sale or disposal of aircraft and other assets.

Financing Activities

During the Current Period, net cash provided by financing activities was \$25.3 million primarily consisting of:

- Proceeds from borrowing of \$169.5 million, partially offset by
- Net repayments of debt of \$138.7 million primarily related to the Lombard debt principal,
- Payments on debt issuance costs of \$2.7 million, and
- Stock repurchases of \$2.7 million.

During the Prior Year Period, net cash used in financing activities was \$21.4 million primarily consisting of:

- Stock repurchases of \$11.9 million,
- Net repayments of debt of \$8.8 million related to the Lombard debt principal, and
- Payments on debt issuance costs of \$0.7 million.

Effect of Exchange Rate Changes

The effect of exchange rate changes on cash and cash equivalents denominated in currencies other than the reporting currency are reflected in a separate line on the condensed consolidated statement of cash flows. Through our foreign operations we are exposed to currency fluctuations, and changes in the value of the GBP and NOK relative to the U.S. dollar have the most significant impacts to the effect of exchange rate changes on our cash, cash equivalents and restricted cash.

Entry into Long-term Equipment Financing

In January 2023, we entered into two thirteen-year secured equipment financings with NatWest for aggregate proceeds of \$169.5 million. The net proceeds from the financings were used to refinance the indebtedness of the Lombard Debt and will be used to provide additional financing to support our obligations under our SAR contracts in the UK. The credit facilities have approximately thirteen-year terms with repayment due in quarterly installments which commenced on March 31, 2023. The credit facilities bear interest at a rate equal to the SONIA plus 2.75% per annum. Bristow's obligations under the NatWest Debt are secured by ten SAR helicopters.

Material Cash Requirements

The factors that materially 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 ability to attract capital on satisfactory terms. We believe that our cash flows from operating activities will be adequate to meet our working capital requirements. To support our capital expenditures program and/or other liquidity requirements, we may use any combination of operating cash flows, cash balances, borrowings under our ABL Facility, proceeds from sales of assets, issue debt or equity, or other financing options.

As of September 30, 2023, approximately 48% 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.

We have no near-term debt maturities and believe that our cash flows from operations and other sources of liquidity will continue to be sufficient in fulfilling our capital requirements and other obligations. Our 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. As of September 30, 2023, we had \$207.5 million of unrestricted cash and \$66.8 million of remaining availability under our ABL Facility for total liquidity of \$274.4 million.

Our total principal debt balance as of September 30, 2023 was \$544.0 million primarily comprised of the 6.875% Senior Notes due in March 2028 and the two tranches of the NatWest Debt maturing in March 2036.

We plan to use a combination of cash on hand, operating cash flows, new debt financing and aircraft leasing to fund our projected future capital expenditures of approximately \$320-\$345 million, which includes our aircraft purchase commitments, infrastructure and other growth expenditure plans in support of new long term contracts such as the Second-Generation UK Search and Rescue ("UKSAR2G") and IRCG.

Contractual Obligations and Commercial Commitments

We have various contractual obligations that are recorded as liabilities on our consolidated balance sheet. Other items, such as certain purchase commitments and other executory contracts, are not recognized as liabilities on our consolidated balance sheets.

As of September 30, 2023, we had unfunded capital commitments of \$201.3 million, consisting primarily of agreements to purchase two AW189 heavy helicopters, six AW139 medium helicopters, five AW169 light twin helicopters and five H135 light twin helicopters. The AW189 helicopters and AW139 helicopters are scheduled to be delivered in 2024, and the H135 helicopters are scheduled to be delivered between 2024 and 2025. Delivery dates for the AW169 helicopters have yet to be determined. In addition, the Company has outstanding options to purchase up to ten additional AW189 helicopters and ten additional H135 helicopters. If these options are exercised, the AW189 helicopters would be scheduled for delivery between 2024 and 2025, and the H135 helicopters would be scheduled for delivery between 2027 and 2028. The Company may, from time to time, purchase aircraft for which it has no orders.

As of September 30, 2023, \$64.2 million of our unfunded capital commitments (inclusive of deposits paid on options not yet exercised) may be terminated without further liability other than aggregate liquidated damages of approximately \$1.1 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.

Lease Obligations

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.

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 also can include renewal options. As of September 30, 2023, aggregate future payments under all non-cancelable operating leases that have initial or remaining terms in excess of one year were as follows (in thousands):

	<u>Aircraft</u>	<u>Other</u>	<u>Total</u>
2023 ⁽¹⁾	\$ 20,885	\$ 3,499	\$ 24,384
2024	75,349	11,034	86,383
2025	66,056	9,116	75,172
2026	53,006	7,306	60,312
2027	31,214	4,783	35,997
Thereafter	40,710	13,343	54,053
	<u>\$ 287,220</u>	<u>\$ 49,081</u>	<u>\$ 336,301</u>

(1) Reflects the amounts for the remaining three months of the year ending December 31, 2023.

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 6.875% Senior 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 6.875% Senior Notes, the holders of the 6.875% Senior 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 6.875% Senior 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 6.875% Senior Notes or the guarantees. The following selected financial information of the Guarantors presents a sufficient financial position of Parent to continue to fulfill its obligations under the requirements of the 6.875% Senior Notes. This selected financial information should be read in conjunction with the accompanying consolidated financial statements and notes (in thousands).

	September 30, 2023	December 31, 2022
Current assets	\$ 1,043,837	\$ 700,931
Non-current assets	2,084,457	2,055,765
Current liabilities	720,984	283,904
Non-current liabilities	622,120	787,024
	Three Months Ended	
	September 30, 2023	
Total revenues	\$ 110,105	
Operating income	11,663	
Net income	22,129	
Net income attributable to Bristow Group Inc.	22,105	

Critical Accounting Estimates

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

For discussion of recent accounting pronouncements and accounting changes, see Part I, Item 1. Financial Statements, Note 1 on 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 Transition Report on Form 10-KT. Our exposure to market risk has not changed materially since December 31, 2022.

See Note 6 in the Notes to the Condensed Consolidated Financial Statements on this Quarterly Report on Form 10-Q for information regarding derivative financial instruments.

Item 4. *Controls and Procedures.*

With the participation of our Chief Executive Officer and Chief Financial Officer, 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, 2023.

During the quarter ended September 30, 2023, 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 are 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 Transition Report on Form 10-KT for the transition year ended December 31, 2022.

Item 2. *Unregistered Sales of Equity Securities, 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, 2023:

	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Stock that May Yet be Purchased Under the Plans or Programs
July 1, 2023 - July 31, 2023	151	\$ 28.58	—	\$ 40,000,000
August 1, 2023 - August 31, 2023	12,230	28.61	—	40,000,000
September 1, 2023 - September 30, 2023	—	—	—	40,000,000

(1) Reflects 12,381 shares purchased in connection with the surrender of stock by employees to satisfy certain tax withholding obligations. These repurchases are not a part of our publicly announced program and do not affect our Board-approved stock repurchase program.

Item 3. *Defaults Upon Senior Securities*

None.

Item 4. *Mine Safety Disclosures*

Not applicable.

Item 5. *Other Information*

During the three and nine months ended September 30, 2023, no director or officer adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

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

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of Era Group Inc. (incorporated herein by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q filed with the SEC on November 6, 2018 (File No. 001-35701)).
3.2	Certificate Of Amendment of Amended and Restated Certificate of Incorporation of Era Group Inc. (incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on June 17, 2020 (File No. 001-35701)).
3.3	Certificate Of Amendment of Amended and Restated Certificate of Incorporation of Era Group Inc. (incorporated herein by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed with the SEC on June 17, 2020 (File No. 001-35701)).
3.4	Amended and Restated Bylaws of Bristow Group Inc. (incorporated herein by reference to Exhibit 3.3 of the Company's Current Report on Form 8-K filed with the SEC on June 17, 2020 (File No. 001-35701)).
31.1*	Rule 13a-14(a) Certification by Chief Executive Officer of Registrant.
31.2*	Rule 13a-14(a) Certification by Chief Financial Officer of Registrant.
32.1**	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.
32.2**	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.
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*

By: /s/ Richard E. Tatum

Richard E. Tatum
*Vice President and Chief
Accounting Officer*

DATE: November 1, 2023