

REFINITIV

DELTA REPORT

10-Q

OII - OCEANEERING INTERNATIONAL

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	939
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 CHANGES	127
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 DELETIONS	422
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 ADDITIONS	390
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended **September 30, 2023** **March 31, 2024**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 1-10945

OCEANEERING INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)



Delaware

(State or other jurisdiction of incorporation or organization)

5875 North Sam Houston Parkway West, Suite 400

Houston, Texas

(Address of principal executive offices)

95-2628227

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

77086

(Zip Code)

(713) 329-4500

(Registrant's telephone number, including area code)

N/A Not Applicable

(Former name, former address and former fiscal year, if changed from 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 \$0.25 per share	OII	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

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

Number of shares of Common Stock outstanding as of **October 20, 2023** **April 19, 2024**: **100,725,457** **101,389,229**

Oceaneering International, Inc.

Form 10-Q
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

OCEANEERING INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

		Sep 30, 2023	Dec 31, 2022		
(in thousands, except share data)	(in thousands, except share data)	Mar 31, 2024	Sep 30, 2023	Dec 31, 2022	Mar 31, 2024
					Dec 31, 2023
			(unaudited)		
			(unaudited)		
			(unaudited)		
ASSETS					
ASSETS					
ASSETS	ASSETS				
Current Assets:	Current Assets:				
Current Assets:					
Current Assets:					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	\$ 556,427	\$ 568,745		

Assets	Assets		
Accounts receivable, net	Accounts receivable, net	391,745	296,554
Contract assets, net	Contract assets, net	224,894	184,847
Inventory, net	Inventory, net	208,200	184,375
Other current assets	Other current assets	77,324	62,539
Total Current Assets	Total Current Assets	1,458,590	1,297,060
Property and equipment, at cost	Property and equipment, at cost	2,409,723	2,435,840
Less accumulated depreciation	Less accumulated depreciation	1,987,903	1,997,391
Net property and equipment	Net property and equipment	421,820	438,449
Other Assets:	Other Assets:		
Goodwill	Goodwill	34,020	34,339
Goodwill			
Other noncurrent assets	Other noncurrent assets	100,991	122,224
Right-of-use operating lease assets	Right-of-use operating lease assets	297,028	139,611
Total other assets	Total other assets	432,039	296,174
Total Assets	Total Assets	\$ 2,312,449	\$2,031,683
LIABILITIES AND EQUITY	LIABILITIES AND EQUITY		
Current Liabilities:	Current Liabilities:		
Current Liabilities:			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	\$ 154,797	\$ 148,018
Accrued liabilities	Accrued liabilities	374,773	307,446
Current portion of long-term debt		131,630	—
Contract liabilities	Contract liabilities	139,274	112,950
Total current liabilities	Total current liabilities	800,474	568,414
Long-term debt	Long-term debt	568,471	700,973
Long-term operating lease liabilities	Long-term operating lease liabilities	270,565	151,842
Other long-term liabilities	Other long-term liabilities	100,604	84,650
Commitments and contingencies	Commitments and contingencies		
Equity:	Equity:		

Common stock, par value \$0.25 per share; 360,000,000 shares authorized; 110,834,088 shares issued	Common stock, par value \$0.25 per share; 360,000,000 shares authorized; 110,834,088 shares issued	27,709	27,709
Common stock, par value \$0.25 per share; 360,000,000 shares authorized; 110,834,088 shares issued			
Common stock, par value \$0.25 per share; 360,000,000 shares authorized; 110,834,088 shares issued			
Additional paid-in capital	Additional paid-in capital	129,808	155,858
Treasury stock; 10,048,022 and 10,574,563 shares, at cost		(575,400)	(605,553)
Treasury stock; 9,447,084 and 10,030,200 shares, at cost			
Retained earnings	Retained earnings	1,380,728	1,327,854
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(396,573)	(386,127)
Oceaneering shareholders' equity	Oceaneering shareholders' equity	566,272	519,741
Noncontrolling interest	Noncontrolling interest	6,063	6,063
Total equity	Total equity	572,335	525,804
Total Liabilities and Equity	Total Liabilities and Equity	\$ 2,312,449	\$2,031,683

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

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OCEANEERING INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,		Three Months Ended March 31,	
		Three Months Ended March 31,		Three Months Ended March 31,	
		Three Months Ended March 31,		Three Months Ended March 31,	
(in thousands, except per share data)					
(in thousands, except per share data)					
(in thousands, except per share data)					
		2023	2022	2023	2022
Revenue	Revenue	\$ 635,180	\$ 559,671	\$ 1,770,077	\$ 1,529,861
Revenue					
Revenue					
Cost of services and products	Cost of services and products	520,483	463,917	1,476,735	1,312,586

Gross margin		114,697	95,754	293,342	217,275
Cost of services and products					
Cost of services and products					
Gross margin					
Gross margin					
Gross margin					
Selling, general and administrative expense					
Selling, general and administrative expense					
Selling, general and administrative expense	Selling, general and administrative expense	56,768	48,879	159,464	148,589
Income (loss) from operations					
	Income (loss) from operations	57,929	46,875	133,878	68,686
Income (loss) from operations					
Income (loss) from operations					
Interest income					
Interest income					
Interest income	Interest income	3,724	1,396	12,344	2,959
Interest expense	Interest expense	(9,802)	(9,552)	(28,602)	(28,614)
Interest expense					
Interest expense					
Equity in income (losses) of unconsolidated affiliates					
Equity in income (losses) of unconsolidated affiliates					
Equity in income (losses) of unconsolidated affiliates	Equity in income (losses) of unconsolidated affiliates	498	496	1,616	1,108
Other income (expense), net	Other income (expense), net	968	(1,222)	(4,800)	(195)
Other income (expense), net					
Other income (expense), net					
Income (loss) before income taxes					
Income (loss) before income taxes					
Income (loss) before income taxes					
Income (loss) before income taxes					
Provision (benefit) for income taxes					
Provision (benefit) for income taxes					
Provision (benefit) for income taxes					
Net Income (Loss)					
Net Income (Loss)					
Net Income (Loss)					
Income (loss) before income taxes		53,317	37,993	114,436	43,944

Provision (benefit) for income taxes		23,505	19,690	61,562	41,131
	Net Income (Loss)	\$ 29,812	\$ 18,303	\$ 52,874	\$ 2,813
Weighted-average shares outstanding					
Weighted-average shares outstanding					
Weighted-average shares outstanding	Weighted-average shares outstanding				
Basic	Basic	100,780	100,259	100,667	100,160
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	102,206	101,310	102,086	101,372
Earnings (loss) per share	Earnings (loss) per share				
Earnings (loss) per share					
Earnings (loss) per share					
Basic					
Basic					
Basic	Basic	\$ 0.30	\$ 0.18	\$ 0.53	\$ 0.03
Diluted	Diluted	\$ 0.29	\$ 0.18	\$ 0.52	\$ 0.03
Diluted					
Diluted					

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

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OCEANEERING INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
(in thousands)	
(in thousands)	
(in thousands)	
Net income (loss)	
Net income (loss)	
Net income (loss)	
Other Comprehensive Income (Loss):	
Other Comprehensive Income (Loss):	
Other Comprehensive Income (Loss):	
Foreign currency translation adjustments	
Foreign currency translation adjustments	
Foreign currency translation adjustments	
	Three Months Ended September 30, Nine Months Ended September 30,
(in thousands)	2023 2022 2023 2022
Net income (loss)	\$ 29,812 \$ 18,303 \$ 52,874 \$ 2,813

Other Comprehensive Income (Loss):					
	Foreign currency translation adjustments	(11,483)	(20,889)	(10,306)	(42,044)
	Change in unrealized gains for available-for-sale debt securities ⁽¹⁾	(105)	595	(140)	(46)
Total other comprehensive income (loss)	Total other comprehensive income (loss)	(11,588)	(20,294)	(10,446)	(42,090)
	Comprehensive income (loss)	\$ 18,224	\$ (1,991)	\$ 42,428	\$ (39,277)
Total other comprehensive income (loss)					
Total other comprehensive income (loss)					
Comprehensive income (loss)					
Comprehensive income (loss)					
Comprehensive income (loss)					
⁽¹⁾		⁽¹⁾ There is no income tax expense or benefit associated with the three and nine months ended September 30, 2023 and 2022, due to an offsetting valuation allowance.			
⁽¹⁾					
⁽¹⁾					

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

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OCEANEERING INTERNATIONAL, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

		Nine Months Ended September 30,		Three Months Ended March 31,		
(in thousands)	(in thousands)	2023	2022	(in thousands)	2024	2023
Cash Flows from Operating Activities:	Cash Flows from Operating Activities:					
Net income (loss)	Net income (loss)	\$ 52,874	\$ 2,813			
Net income (loss)						
Net income (loss)						
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization						
Depreciation and amortization						
Depreciation and amortization	Depreciation and amortization	79,463	93,128			
Deferred income tax provision (benefit)	Deferred income tax provision (benefit)	(1,130)	603			
Deferred income tax provision (benefit)						

Deferred income tax provision (benefit)			
Net loss (gain) on sales of property and equipment			
Net loss (gain) on sales of property and equipment			
Net loss (gain) on sales of property and equipment	Net loss (gain) on sales of property and equipment	65	(2,401)
Noncash compensation	Noncash compensation	9,239	7,413
Noncash impact of lease accounting	Noncash impact of lease accounting	942	(64)
Excluding the effects of acquisitions, increase (decrease) in cash from:	Excluding the effects of acquisitions, increase (decrease) in cash from:		
Accounts receivable and contract assets	Accounts receivable and contract assets	(135,237)	(130,023)
Accounts receivable and contract assets			
Accounts receivable and contract assets			
Inventory	Inventory	(23,825)	(14,079)
Other operating assets			
Other operating assets			
Other operating assets	Other operating assets	(2,841)	4,522
Currency translation effect on working capital, excluding cash	Currency translation effect on working capital, excluding cash	(1,225)	(4,690)
Current liabilities	Current liabilities	61,015	14,562
Other operating liabilities	Other operating liabilities	17,800	(10,367)
Total adjustments to net income (loss)	Total adjustments to net income (loss)	4,266	(41,396)

Net Cash	Net Cash		
Provided by	Provided by		
(Used in)	(Used in)		
Operating	Operating		
Activities	Activities	57,140	(38,583)
Cash Flows	Cash Flows		
from	from		
Investing	Investing		
Activities:	Activities:		
Purchases of	Purchases of		
property and	property and		
equipment	equipment	(66,681)	(55,094)
Purchases of property and			
equipment			
Purchases of property and			
equipment			
Proceeds from maturity of			
Angolan bonds		6,229	—
Distributions of	Distributions of		
capital from	capital from		
unconsolidated	unconsolidated		
affiliates	affiliates	2,520	540
Proceeds from sale of property			
and equipment		13	6,422
Distributions of capital from			
unconsolidated affiliates			
Distributions of capital from			
unconsolidated affiliates			
Other investing activities			
Other investing activities			
Other investing	Other investing		
activities	activities	1,346	(3,000)
Net Cash	Net Cash		
Provided by	Provided by		
(Used in)	(Used in)		
Investing	Investing		
Activities	Activities	(56,573)	(51,132)
Cash Flows	Cash Flows		
from	from		
Financing	Financing		
Activities:	Activities:		
Employer tax withholding on			
settlement of shares			
Employer tax withholding on			
settlement of shares			
Employer tax withholding on			
settlement of shares			
Other	Other		
financing	financing		
activities	activities	(5,136)	(1,862)

Net Cash	Net Cash		
Provided by	Provided by		
(Used in)	(Used in)		
Financing	Financing		
Activities	Activities	(5,136)	(1,862)
Effect of	Effect of		
exchange	exchange		
rates on cash	rates on cash	(7,749)	(19,030)
Net Increase	Net Increase		
(Decrease) in	(Decrease) in		
Cash and	Cash and		
Cash	Cash		
Equivalents	Equivalents	(12,318)	(110,607)
Cash and	Cash and		
Cash	Cash		
Equivalents—	Equivalents—		
Beginning of	Beginning of		
Period	Period	568,745	538,114
Cash and	Cash and		
Cash	Cash		
Equivalents—	Equivalents—		
End of Period	End of Period	\$556,427	\$427,507

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

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OCEANEERING INTERNATIONAL, INC. AND SUBSIDIARIES													
CONSOLIDATED STATEMENTS OF EQUITY													
(unaudited)													
		Common	Additional	Treasury	Retained	Accumulated	Oceaneering	Non-		Additional	Accumulated	Oceaneering	Non-
		Stock	Paid-in	Stock	Earnings	Other	Shareholders'	controlling	Total	Capital	Treasury	Shareholders'	Interest
			Capital			Income (Loss)	Equity	Interest	Equity	Stock	Earnings	Equity	Equity
		Common	Common										
		Stock	Stock										
		Common	Additional	Treasury	Retained	Accumulated	Oceaneering	Non-	Total	Additional	Accumulated	Oceaneering	Non-
		Stock	Paid-in	Stock	Earnings	Other	Shareholders'	controlling	Equity	Capital	Treasury	Shareholders'	Interest
			Capital			Income (Loss)	Equity	Interest	Equity	Stock	Earnings	Equity	Equity
(in thousands)	(in thousands)												
Balance, December 31, 2023													
Balance, December 31, 2023													
Balance, December 31, 2023													
Net income													
(loss)													
Other													
comprehensive													
income (loss)													
Restricted													
stock unit													
activity													
Balance, March 31, 2024													
Balance, March 31, 2024													

Balance, March 31, 2024									
Balance, March 31, 2024									
		Common							
		Stock							
		Common							
		Stock							

Net income (loss)	—	—	—	—	(31,667)	(31,667)	—	(31,667)
Other comprehensive income (loss)	—	—	—	—	(31,667)	(31,667)	—	(31,667)
Restricted stock unit activity	—	2,479	141	—	—	2,620	—	2,620
Balance, June 30, 2022	27,709	150,539	(605,752)	1,286,423	(388,254)	470,665	6,063	476,728
Net income (loss)	—	—	—	18,303	—	18,303	—	18,303
Other comprehensive income (loss)	—	—	—	—	(20,294)	(20,294)	—	(20,294)
Restricted stock unit activity	—	2,362	199	—	—	2,561	—	2,561
Balance, September 30, 2022	\$ 27,709	\$ 152,901	\$ (605,553)	\$ 1,304,726	\$ (408,548)	\$ 471,235	\$ 6,063	\$ 477,298

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF MAJOR SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. Oceaneering International, Inc. ("Oceaneering," "we" "our" or "us") has prepared these unaudited consolidated financial statements pursuant to instructions for quarterly reports on Form 10-Q, which we are required to file with the United States Securities and Exchange Commission (the "SEC"). These financial statements do not include all information and footnotes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). These financial statements reflect all adjustments that we believe are necessary to present fairly our financial position as of **September 30, 2023, March 31, 2024** and our results of operations and cash flows for the periods presented. Except as otherwise disclosed herein, all such adjustments are of a normal and recurring nature. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in our annual report on Form 10-K for the year ended **December 31, 2022 December 31, 2023**. The results for interim periods are not necessarily indicative of annual results.

Principles of Consolidation. The consolidated financial statements include the accounts of Oceaneering and our **more than 50% or more** owned and controlled subsidiaries. We also consolidate entities that are determined to be variable interest entities if we determine that we are the primary beneficiary; otherwise, we account for those entities using the equity method of accounting. We use the equity method to account for our investments in unconsolidated affiliated companies of which we own an equity interest of between 20% and 50% and as to which we have significant influence, but not control, over operations. We use the cost method for all other long-term investments. Investments in entities that we do not consolidate are reflected on our balance sheet in other noncurrent assets. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates. The preparation of financial statements in conformity with U.S. GAAP requires that our management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Reclassifications. Certain amounts from prior periods have been reclassified to conform with the current period presentation.

Cash and Cash Equivalents. Cash and cash equivalents include demand deposits and highly liquid investments with original maturities of three months or less from the date of investment.

Allowances Allowance for Credit Loss— Losses—Financial Assets Measured at Amortized Costs. We identify our allowance for credit losses based on future expected losses when accounts receivable, contract assets or held-to-maturity loan receivables are created rather than when losses are probable.

We use the loss-rate method in developing the allowance for credit losses, which involves identifying pools of assets with similar risk characteristics, reviewing historical losses within the last three years and consideration of reasonable supportable forecasts of economic indicators. Changes in estimates, developing trends and other new information could have material effects on future evaluations.

We monitor the credit quality of our accounts receivable and other financing receivable amounts by frequent customer interaction, following economic and industry trends and reviewing specific customer data. Our other receivable amounts include contract assets and held-to-maturity loans receivable, which we **consider believe** to have a low risk of loss.

We consider macroeconomic conditions when assessing our credit risk exposure, including any impacts from the conflicts in Russia and Ukraine and in the Middle East, **and** volatility in the financial services industry and the oil and natural gas markets, and the effects thereof on our customers and various counterparties. We have

determined the impacts to our credit loss **expenses** **expense** are *de minimis* for the **three- and nine-month** **three-month** periods ended **September 30, 2023** **March 31, 2024** and **2022, 2023**.

As of **September 30, 2023** **March 31, 2024**, our allowance for credit losses was **\$2.1 million** **\$2.2 million** for accounts receivable and **\$0.8 million** for other receivables. As of **December 31, 2023**, our allowance for credit losses was **\$2.2 million** for accounts receivable and **\$0.6 million** for other receivables. As of **December 31, 2022**, our allowance for credit losses was **\$2.0 million** for accounts receivable and **\$0.3 million** for other receivables. Our allowance for credit losses **increased in** for the **nine** **three** months

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ended **September 30, 2023**, as **March 31, 2024** was relatively flat when compared to the same period in the prior year, primarily due to corresponding increases in revenue and accounts receivable, year.

Financial assets are written off when deemed uncollectible and there is no reasonable expectation of recovering the contractual cash flows. During the **three- three-month** **period ended March 31, 2024**, we wrote off **\$0.1 million** in financial assets and **nine-month periods** during the **three-month period** ended **September 30, 2023** **March 31, 2023**, we did not write off any financial assets. In the three months ended **September 30, 2023**, we received cash proceeds of **\$1.8 million** as partial recovery of a previously written off financial asset.

Accounts receivable are considered to be **past due** **past-due** after the end of the contractual terms agreed to with the customer. There were no material **past due** **past-due** amounts that we consider uncollectible for our financial assets as of **September 30, 2023** **March 31, 2024**. We generally do not require collateral from our customers.

Inventory. Inventory is valued at the lower of cost or net realizable value. We determine cost using the weighted-average method. We periodically review the value of items in inventory and record write-downs or write-offs of inventory based on our assessment of market conditions. Write-downs and write-offs are charged to cost of services and products. We did not record any write-downs or write-offs of inventory in the **three- and nine-month** **three-month** periods ended **September 30, 2023** **March 31, 2024** and **2022, 2023**.

Property and Equipment, Long-Lived Intangible Assets and Right-of-Use Operating Lease Assets. We provide for depreciation of property and equipment on the straight-line method over estimated useful lives. We charge the costs of repair and maintenance of property and equipment to operations as incurred, and we capitalize the costs of improvements that extend asset lives or functionality. Upon the disposition of property and equipment, the related cost and accumulated depreciation accounts are relieved and any resulting gain or loss is recognized **as in** income.

We capitalize interest on assets where the construction period is anticipated to be more than three months. We did not capitalize interest in the **three- and nine-month** **three-month** periods ended **September 30, 2023** **March 31, 2024** and **2022, 2023**. We do not allocate general administrative costs to capital projects.

Long-lived intangible assets, primarily acquired in connection with business combinations, include trade names, intellectual property and customer relationships and are being amortized over their respective estimated useful lives.

Our management periodically, and upon the occurrence of a triggering event, reviews the realizability of our property and equipment, long-lived intangible assets and right-of-use operating lease assets to determine whether any events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. For long-lived assets to be held and used, we base our evaluation on impairment indicators such as the nature of the assets, the future economic benefits of the assets, any historical or future profitability measurements and other external market conditions or factors that may be present. If such impairment indicators are present or other factors exist that indicate that the carrying amount of an asset may not be recoverable, we determine whether an impairment has occurred **through the use of using** an undiscounted cash flows analysis of the asset at the lowest level for which identifiable cash flows exist. If an impairment has occurred, we recognize a loss for the difference between the carrying amount and the fair value of the asset. We did not identify indicators of impairment for property and equipment, long-lived intangible assets or right-of-use operating lease assets for the **three- and nine-month** **three-month** periods ended **September 30, 2023** **March 31, 2024** and **2022, 2023**.

For assets held for sale or disposal, the fair value of the asset is measured using fair market value less estimated costs to sell. Assets are classified as held for sale when we have a plan for disposal of certain assets and those assets meet the held for sale criteria.

For additional information regarding right-of-use operating lease assets, see "Leases" below.

Goodwill. Our goodwill is evaluated for impairment annually and whenever we identify certain triggering events or circumstances that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

In our annual evaluation of goodwill, we perform a qualitative or quantitative impairment test. Under the qualitative approach, if we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we are required to perform the quantitative analysis to determine the fair value for the reporting unit. We then compare the fair value of the reporting unit with its carrying amount and recognize an impairment loss for the amount by which the carrying amount exceeds the

fair value of the reporting unit. The loss recognized should not exceed the total amount of goodwill allocated to the reporting unit. We also consider income tax effects from any

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tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. We did not identify indicators of impairment for goodwill for the ~~three- and nine-month~~ ~~three-month~~ periods ended ~~September 30, 2023~~ ~~March 31, 2024~~ and ~~2022, 2023~~.

Revenue Recognition. All our revenue is realized through contracts with customers. We recognize our revenue according to the contract type. On a daily basis, we recognize service revenue over time for contracts that provide for specific time, material and equipment charges, which we bill periodically, ranging from weekly to monthly. We use the input method to recognize revenue, because each day of service provided represents value to the customer. The performance obligations in these contracts are satisfied, and revenue is recognized, as the work is performed. When appropriate, we apply the practical expedient to recognize revenue for the amount invoiced when the invoice corresponds directly to the value of our performance to date.

We account for significant fixed-price contracts, ~~mainly relating to~~ ~~primarily within~~ our Manufactured Products segment, and to a lesser extent in our Offshore Projects Group ("OPG") and Aerospace and Defense Technologies ("ADTech") segments, by recognizing revenue over time using the cost-to-cost input method. A performance obligation is satisfied as we create a product on behalf of the customer over the life of the contract. The remainder of our revenue is recognized at the point in time when control transfers to the customer, thus satisfying the performance obligation.

We have elected to recognize the cost for freight and shipping as an expense when incurred. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, and that are collected by us from customers, are excluded from revenue.

In our service-based business lines, we principally charge on a dayrate basis for services provided. In our product-based business lines, predominantly in our Manufactured Products segment, we recognize revenue and profit using the percentage-of-completion method and exclude uninstalled materials and significant inefficiencies from the measure of progress.

We apply judgment in the determination and allocation of transaction price to performance obligations, and the subsequent recognition of revenue, based on the facts and circumstances of each contract. We routinely review estimates related to our contracts and, when required, reflect revisions to profitability in earnings immediately. If an element of variable consideration has the potential for a significant future reversal of revenue, we will constrain that variable consideration to a level intended to remove the potential future reversal. If a current estimate of total contract cost indicates an ultimate loss on a contract, we recognize the projected loss in full when we determine it.

~~During~~ ~~We did not have any material adjustments to transaction prices during the~~ ~~three- three months ended~~ ~~March 31, 2024~~ ~~and nine-month periods ended~~ ~~September 30, 2023~~, we recognized projected losses of \$1.8 million and \$4.7 million, respectively, for entertainment business contracts in our Manufactured Products segment. ~~During the~~ ~~three- and nine-month periods ended~~ ~~September 30, 2022~~, we recognized projected losses of \$1.5 million and \$4.0 million, respectively, for contracts in our Manufactured ~~Products segment~~. ~~2023~~. There could be significant adjustments to overall contract costs in the future, due to changes in facts and circumstances.

In general, our payment terms consist of those services billed regularly as provided and those products delivered at a point in time, which are invoiced after the performance obligation is satisfied. Our product and service contracts with milestone payments due at agreed progress points during the contract are invoiced when those milestones are reached, which may differ from the timing of revenue recognition. Our payment terms generally do not provide financing of contracts to customers, nor do we receive financing from customers as a result of these terms.

See Note 3—"Revenue" for more information on our revenue from contracts with customers.

Leases. We determine whether a contract is or contains a lease at inception, whether as a lessee or a lessor. We take into consideration the elements of an identified asset, right to control and the receipt of economic benefit in making those determinations.

As a lessor, we lease certain types of equipment along with the provision of services and utilize the expedient allowing us to combine the lease and non-lease components into a combined component that is accounted for (1) under ~~the accounting standard~~ "Leases" ("ASC 842"), when the lease component is predominant, and (2) under the accounting standard "Revenue from Contracts with Customers" ("ASC 606"), when the service component is predominant. In general, when we have a service component, it is typically the predominant element and leads to accounting under ASC 606.

As a lessor, we lease certain types of equipment, often providing services at the same time. These leases can be priced on a dayrate or lump-sum basis for periods ranging from a few days to multi-year contracts. These leases are negotiated on commercial terms at market rates and many carry standard options to extend or terminate at our

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customer's discretion. These leases generally do not contain options to purchase, material restrictions or covenants that impact our accounting for leases.

As a lessee, we lease land, buildings, vessels and equipment for the operation of our business and to support some of our service line revenue streams. These generally carry lease terms that range from days for operational and support equipment to 15 years for land and buildings. These leases are negotiated on commercial terms at

market rates and many carry standard options to extend or terminate at our discretion. When the exercise of those options is reasonably certain, we include them in the lease assessment. Our leases do not contain material restrictions or covenants that impact our accounting for them, nor do we provide residual value guarantees.

As a lessee, we utilize the practical expedients to not recognize leases with an initial lease term of 12 months or less on the balance sheet and to combine lease and non-lease components together and account for the combined component as a lease for all asset classes, except real estate.

Right-of-use operating lease assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement or modification date. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate, based on the information available at commencement or modification date in determining the present value of future payments. In determining the incremental borrowing rate, we considered our external credit ratings, bond yields for us and our identified peers, the risk-free rate in geographic regions where we operate, and the impact associated with providing collateral over a similar term as the lease for an amount equal to the future lease payments. Our right-of-use operating lease assets also include any lease prepayments made and exclude lease incentives and initial direct costs incurred. Our lease terms may include options to extend or terminate the lease. These options are included in the lease term when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Foreign Currency Translation. The functional currency for most of our foreign subsidiaries is the applicable local currency. Results of operations for foreign subsidiaries with functional currencies other than the U.S. dollar are translated into U.S. dollars using average exchange rates during the period. Assets and liabilities of these foreign subsidiaries are translated into U.S. dollars using the exchange rates in effect as of the balance sheet date, and the resulting translation adjustments are recognized, net of tax, in accumulated other comprehensive income (loss) as a component of shareholders' equity. All foreign currency transaction gains and losses are recognized currently in the Consolidated Statements of Operations. We recorded \$0.9 million \$2.2 million and \$(3.6) million \$0.3 million of foreign currency transaction gains (losses) in the three- and nine-month three-month periods ended September 30, 2023, respectively. We recorded \$(1.1) million March 31, 2024 and \$0.2 million of 2023, respectively, resulting from foreign currency transaction gains (losses) fluctuations in the three- and nine-month periods ended September 30, 2022, respectively, multiple countries. Those amounts are included as a component of other income (expense), net in our Consolidated Statement of Operations.

2. ACCOUNTING STANDARDS UPDATE

ThereRecently Issued Accounting Standards. In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("Topic 280"), which requires enhanced disclosures about significant segment expenses. Under Topic 280, companies are no new accounting standards issued required to disclose, on an annual and interim basis, any significant segment expense that is regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss. The title and position of the CODM must be disclosed plus an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. Topic 280 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and must be applied retrospectively to all prior periods presented in the nine months ended September 30, 2023, financial statements. We anticipate that would Topic 280 will impact only our disclosures and therefore do not expect that Topic 280 will have a material impact on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("Topic 740"), which applies to all entities subject to income taxes. Topic 740 requires disaggregated information about a reporting entity's effective tax rate reconciliation, including percentages and amounts, as well as information on income taxes paid, net of refunds disaggregated by federal, state, local and foreign and by jurisdiction if the amount is 5% or more of total income tax payments, net of refunds. Topic 740 is effective for annual periods beginning after December 15, 2024. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. We anticipate that Topic 740 will impact only our disclosures and therefore, do not expect that Topic 740 will have a material impact on our consolidated financial statements.

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3. REVENUE

Revenue by Category

The following tables present presents revenue disaggregated by business segment, geographical region, and timing of transfer of goods or services. services:

		Three Months Ended		Nine Months Ended	
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
(in thousands)					
(in thousands)					
(in thousands)	(in thousands)	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022

Business Segment:	Business Segment:				
	Energy				
	Subsea Robotics	\$ 197,343	\$ 169,422	\$ 553,016	\$ 454,534
	Manufactured Products	122,877	94,039	360,698	282,187
	Offshore Projects Group	150,273	152,987	385,127	366,841
	Integrity Management & Digital Solutions	66,056	58,465	189,305	174,473
	Total Energy	536,549	474,913	1,488,146	1,278,035
	Aerospace and Defense Technologies	98,631	84,758	281,931	251,826
	Total	\$ 635,180	\$ 559,671	\$ 1,770,077	\$ 1,529,861

Business Segment:

Business Segment:

Energy

Energy

Subsea Robotics

Subsea Robotics

Manufactured

Products

Manufactured

Products

Offshore Projects

Group

Offshore Projects

Group

Offshore Projects

Group

integrity

Digital Solutions

Integrity

Management &

Digital Solutions:

Integrity

Management &

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

Technologies

Aerospace and Defense

Technologies

	Aerospace and Defense								
	Technologies								
	Total								
	Total								
	Total								
Geographic									
Operating Areas:	Geographic Operating Areas:								
	Foreign:								
	Africa	\$	84,908	\$	78,955	\$	246,883	\$	210,274
	Asia and Australia		65,887		62,097		176,471		161,202
Geographic Operating Areas:									
	United Kingdom		55,375		45,234		150,008		130,122
	Brazil		55,740		36,638		144,348		104,940
	Norway		45,410		41,784		138,858		134,972
	Other		62,588		25,085		131,609		69,253
	Total Foreign		369,908		289,793		988,177		810,763
	United States		265,272		269,878		781,900		719,098
Geographic Operating Areas:									
	Foreign:								
	Foreign:								
	Foreign:								
	Africa								
	Africa								
	Africa								
	Norway								
	Norway								
	Norway								
	Brazil								
	Brazil								
	Brazil								
	United Kingdom								
	United Kingdom								
	United Kingdom								
	Asia and Australia								
	Asia and Australia								
	Asia and Australia								
	Other								
	Other								
	Other								
	Total Foreign								
	Total Foreign								
	Total Foreign								
	United States								
	United States								
	United States								
Total									
Total									
Total	Total	\$	635,180	\$	559,671	\$	1,770,077	\$	1,529,861

Timing of Transfer of Goods or Services:	Timing of Transfer of Goods or Services:				
	Revenue recognized over time	\$ 600,419	\$ 525,967	\$ 1,653,871	\$ 1,427,692
Timing of Transfer of Goods or Services:	Timing of Transfer of Goods or Services:				
	Revenue recognized at a point in time	34,761	33,704	116,206	102,169
Timing of Transfer of Goods or Services:	Timing of Transfer of Goods or Services:				
	Revenue recognized over time				
	Revenue recognized over time				
	Revenue recognized over time				
	Revenue recognized at a point in time				
	Revenue recognized at a point in time				
	Revenue recognized at a point in time				
Total					
Total					
Total	Total	\$ 635,180	\$ 559,671	\$ 1,770,077	\$ 1,529,861

Contract Balances

Our contracts with milestone payments have, in the aggregate, a significant impact on the contract asset and the contract liability balances. Milestones are contractually agreed with customers and relate to significant events across the contract lives. Some milestones are achieved before revenue is recognized, resulting in a contract liability, while other milestones are achieved after revenue is recognized, resulting in a contract asset.

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The following table provides information about contract assets and contract liabilities from contracts with customers.

		Nine Months Ended					
		Three months ended				Three months ended	
		Sep 30, 2023	Sep 30, 2022			Mar 31, 2024	Mar 31, 2023
(in thousands)	(in thousands)			(in thousands)			
Total contract assets, beginning of period	Total contract assets, beginning of period	\$ 184,847	\$ 164,847				
Revenue accrued	Revenue accrued	1,689,019	1,456,244				
Amounts billed	Amounts billed	(1,648,972)	(1,448,147)				
Total contract assets, end of period	Total contract assets, end of period	\$ 224,894	\$ 172,944				

Total contract liabilities, beginning of period	Total contract liabilities, beginning of period	\$ 112,950	\$ 88,175	
Total contract liabilities, beginning of period				
Total contract liabilities, beginning of period				
Deferrals of milestone payments	Deferrals of milestone payments	107,240	65,075	
Recognition of revenue for goods and services	Recognition of revenue for goods and services	(80,916)	(73,066)	
Total contract liabilities, end of period	Total contract liabilities, end of period	\$ 139,274	\$ 80,184	=

Performance Obligations

As of **September 30, 2023** **March 31, 2024**, the aggregate amount of the transaction price allocated to remaining performance obligations that were unsatisfied (or partially unsatisfied) was **\$449 million** **\$492 million**. In arriving at this value, we have used two expedients available to us and are not disclosing amounts in relation to performance obligations: (1) that are part of contracts with an original expected duration of one year or less; or (2) on contracts where we recognize revenue in line with the billing. Of this amount, we expect to recognize revenue of **\$324 million** **\$303 million** over the next 12 months, **\$124 million** **\$183 million** within the next 24 months, **\$5.2 million** within the next 36 months, and we expect to recognize substantially all of the remaining balance of **\$2.2 million** **\$1.0 million** within the next **36** **48** months.

In our Manufactured Products and ADTech segments, we have long-term contracts that extend beyond one year, and these make up the majority of the performance obligations balance reported as of **September 30, 2023** **March 31, 2024**. We also have shorter-term product contracts with an expected original duration of one year or less that have been excluded.

Where appropriate, we have made estimates within the transaction price of elements of variable consideration within the contracts and constrained those amounts to a level where we consider it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The amount of revenue recognized in the **three- three months ended March 31, 2024** and **nine-month periods ended September 30, 2023 and 2022, 2023** that was associated with performance obligations completed or partially completed in prior periods was not significant.

As of **September 30, 2023** **March 31, 2024**, there were no significant outstanding liability balances for refunds or returns due to the nature of our contracts and the services and products we provide. Our warranties are limited to assurance warranties that are of a standard length and are not considered to be material rights. The majority of our contracts consist of a single performance obligation. When there are multiple obligations, we look for observable evidence of stand-alone selling prices on which to base the allocation. This involves judgment as to the appropriateness of the observable evidence relating to the facts and circumstances of the contract. If we do not have observable evidence, we estimate stand-alone selling prices by taking a cost-plus-margin approach, using typical margins from the type of product or service, customer and regional geography involved.

Costs to Obtain or Fulfill a Contract

In line with the available practical expedient, we capitalize incremental costs to obtain a contract that would not have been incurred if the contract had not been obtained when those amounts are significant and the contract is expected at inception to exceed one year in duration. Our costs to obtain a contract primarily consist of bid and proposal costs, which are generally expensed in the period **when** incurred. There were no balances or amortization of costs to obtain a contract in the current reporting periods.

Costs to fulfill a contract primarily consist of certain mobilization costs incurred to provide services or products to our customers. These costs are deferred and amortized over the period of contract performance. The closing balance of costs to fulfill a contract was **\$8.1 million** **\$6.8 million** and **\$10 million** **\$7.8 million** as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

respectively. For the three- and nine-month three-month periods ended September 30, 2023, we recorded amortization expense

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of \$1.2 million March 31, 2024 and \$4.0 million, respectively. For the three- and nine-month periods ended September 30, 2022, 2023, we recorded amortization expense of \$1.2 million \$1.0 million and \$4.2 million \$1.2 million, respectively. No impairment costs were recognized.

4. INCOME TAXES

Our tax provision is based on (1) our earnings for the period and other factors affecting the tax provision and (2) the operations of foreign branches and subsidiaries that are subject to local income and withholding taxes. Factors that affect our tax rate include our profitability levels in general and the geographical mix of our results. The effective tax rate for the three- and nine-month three-month periods ended September 30, 2023 March 31, 2024 and 2022, 2023 was different than the U.S. federal statutory rate of 21%, primarily due to the geographical mix of revenue and earnings, changes in valuation allowances and uncertain tax positions, and other discrete items. We do not believe a comparison of the effective tax rate for the three- and nine-month three-month periods ended September 30, 2023 March 31, 2024 and 2022, 2023 is meaningful. We continue to make an assertion to indefinitely reinvest the unrepatriated earnings of any foreign subsidiary that would incur material tax consequences upon the distribution of such earnings.

During the nine-month period ended September 30, 2023, we received refunds of \$23 million, including interest of \$1.7 million, which was recorded as a tax benefit under the U.S. Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The outstanding refund of \$20 million was classified as other noncurrent assets on our consolidated balance sheet as of December 31, 2022.

We conduct our international operations in jurisdictions that have varying laws and regulations regarding income and other taxes, some of which are subject to different interpretations. We recognize benefit for an uncertain tax position if it is more likely than not to be sustainable upon audit by the applicable taxing authority. If this threshold is met, the uncertain tax position is then measured and recognized at the largest amount that we believe is greater than 50% likely of being realized upon ultimate settlement.

We have accrued a net total of \$29 million and \$11 million \$27 million in other long-term liabilities on our consolidated balance sheet for worldwide unrecognized tax liabilities as of September 30, 2023 March 31, 2024 and December 31, 2022, respectively, December 31, 2023. We account for any applicable interest and penalties related to uncertain tax positions as a component of our provision for income taxes in our consolidated financial statements. Changes in our management's judgment related to those liabilities would affect our effective income tax rate in the periods of change.

Our tax returns are subject to audit by taxing authorities in multiple jurisdictions. These audits often take years to complete and settle. The following table lists the earliest tax years open to examination by tax authorities where we have significant operations:

Jurisdiction	Periods
United States	2014
United Kingdom	2020 2021
Norway	2018 2019
Angola	2015
Brazil	2018
Australia	2018 2019

We have ongoing tax audits and judicial tax appeals in various jurisdictions. The outcome of these audits and judicial tax appeals may have an impact on uncertain tax positions for income tax returns subsequently filed in those jurisdictions.

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5. SELECTED BALANCE SHEET INFORMATION

The following is information regarding selected balance sheet accounts:

(in thousands)	Sep 30, 2023	Dec 31, 2022	(in thousands)	Mar 31, 2024	Dec 31, 2023
Inventory:	Inventory:				
Manufactured Products	\$ 97,422	\$ 91,896			
Subsea Robotics	94,323	81,701			
Other inventory	16,455	10,778			
Total	\$208,200	\$184,375			

Other current assets:			
	Prepaid expenses	\$ 77,324	\$ 56,170
	Angolan bonds	—	6,369
	Total	\$ 77,324	\$ 62,539
	Manufactured Products		
	Manufactured Products		
	Manufactured Products		
	Subsea Robotics		
	Other inventory		
	Total		
Accrued liabilities:	Accrued liabilities:		
Accrued liabilities:			
	Payroll and related costs		
	Payroll and related costs		
	Payroll and related costs		
	Current operating lease liability		
	Accrued job costs		
	Income taxes payable		
	Accrued interest		
	Other		
	Total		
	Payroll and related costs	\$151,391	\$122,380
	Accrued job costs	59,220	57,310
	Income taxes payable	43,072	44,966
	Current operating lease liability	58,995	19,580
	Accrued interest	10,122	10,180
	Other	51,973	53,030
	Total	\$374,773	\$307,446



6. DEBT

Long-term debt consisted of the following:

(in thousands)	Sep 30, 2023	Dec 31, 2022
4.650% Senior Notes due 2024	\$ 400,000	\$ 400,000
6.000% Senior Notes due 2028	300,000	300,000
Interest rate swap settlements	2,668	4,371
Unamortized debt issuance costs	(2,567)	(3,398)
Total debt	700,101	700,973
Less current portion of long-term debt	131,630	—
Total long-term debt	\$ 568,471	\$ 700,973

(in thousands)	Mar 31, 2024	Dec 31, 2023
6.000% Senior Notes due 2028	\$ 500,000	\$ 500,000
Unamortized discount and debt issuance costs	(21,827)	(22,942)
Long-term debt	\$ 478,173	\$ 477,058

In November 2014, we completed the public offering of \$500 million aggregate principal amount of 4.650% **2028 Senior Notes due 2024** (the “2024 Senior Notes”). We pay interest on the 2024 Senior Notes on May 15 and November 15 of each year. The 2024 Senior Notes are scheduled to mature on November 15, 2024. In the year ended December 31, 2021, we repurchased \$100 million in aggregate principal amount of the 2024 Senior Notes in open-market transactions. On October 2, 2023, we repurchased \$312 million principal amount of the 2024 Senior Notes at par plus accrued and unpaid interest of \$5.5 million for approximately \$318 million in the Tender Offer (as defined herein). On October 2, 2023, we delivered a notice to the holders of the 2024 Senior Notes that we have elected to redeem all of the remaining \$88 million principal amount outstanding of the 2024 Senior Notes on November 2, 2023 (the “Redemption Date”), pursuant to our optional redemption right under the indenture governing the 2024 Senior Notes. The redemption price will be equal to 100% of the principal amount of the 2024 Senior Notes plus accrued and unpaid interest up to but not including the Redemption Date plus a “make-whole premium.” See Note 10 — “Subsequent Events” for additional information on the Tender Offer (as defined herein) and the redemption of the 2024 Senior Notes.

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In February 2018, we completed the public offering of \$300 million aggregate principal amount of 6.000% Senior Notes due 2028 (the “Existing 2028 Senior Notes”). We pay interest and on the Existing 2028 Senior Notes on February 1 and August 1 of each year. The Existing 2028 Senior Notes are scheduled to mature on February 1, 2028. We used the net proceeds from the Existing 2028 Senior Notes to repay indebtedness.

We may redeem some or all of the Existing 2028 Senior Notes at specified redemption prices. In the three- and nine-month periods ended September 30, 2023 and 2022, we did not repurchase any of the 2024 Senior Notes or the Existing 2028 Senior Notes.

On October 2, 2023, we completed a private placement of \$200 million aggregate principal amount of additional 2028 Senior Notes (the “New 2028 Senior Notes” and, together with the Existing 2028 Senior Notes, the “2028 Senior Notes”) to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and to non-U.S. persons outside the United States pursuant to Regulation S under the Securities Act. The New 2028 Senior Notes constitute an additional issuance of the Existing 2028 Senior Notes and form a single series with such notes. We will pay interest on the New 2028 Senior Notes on February 1 and August 1 of each year, commencing on February 1, 2024. The New 2028 Senior Notes are scheduled to mature on February 1, 2028. The indentures governing our 2028 Senior Notes generally limit our ability to incur secured debt for borrowed money (such as borrowings under our revolving credit facility) to 15% of our Consolidated Net Tangible Assets (as defined in such indentures), and contain various other covenants and events of default. We may redeem some or all of the New 2028 Senior Notes at specified redemption prices. We received proceeds from the offering three months ended March 31, 2024 and 2023, we did not repurchase or redeem any of the New 2028 Senior Notes of approximately \$180 million, after initial purchasers’ discounts. We used the net proceeds from the New 2028 Senior Notes, together with cash on hand, to fund the Tender Offer (as defined herein). As a result of these transactions, we reclassified approximately \$132 million from long-term debt to the current portion of long-term debt as of September 30, 2023. The current portion of long-term debt represents the amount of the 2024 Senior Notes repurchased subsequent to period end utilizing cash on hand as of September 30, 2023, with the remainder repurchased using proceeds from the subsequent issuance of the New 2028 Senior Notes.

Revolving Credit Agreement. On April 8, 2022, we entered into a new senior secured revolving credit agreement with a group of banks (as amended by an Agreement and Amendment No. 1 to Credit Agreement, dated September 20, 2023, the “Revolving Credit Agreement”). The commitments under the Revolving Credit Agreement are scheduled to mature on April 8, 2027, or 91 days prior to the maturity date of the 2024 Senior Notes alternatively, if either we have not prepaid such notes by such date or our Liquidity (as defined in the Revolving Credit Agreement) is less than \$175 million on August 16, 2024, then on such date, date (which is 91 days prior to the maturity date of the 4.650% Senior Notes due 2024 (“2024 Senior Notes”) that were no longer outstanding as of November 2, 2023). The Revolving Credit Agreement includes a

\$215 million revolving credit facility (the "Revolving Credit Facility") with a \$100 million sublimit for the issuance of letters of credit. Our obligations under the Revolving Credit Agreement are guaranteed by certain of our wholly owned subsidiaries and are secured by first priority liens on certain of our assets and those of the guarantors, including, among other things, intellectual property, inventory, accounts receivable, equipment and equity interests in subsidiaries. As of **September 30, 2023** **March 31, 2024**, we had no borrowings outstanding under the Revolving Credit Facility and no letters of credit outstanding under the Revolving Credit Agreement.

On March 19, 2023, following the intervention of the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority ("FINMA"), Credit Suisse Group AG ("Credit Suisse") and UBS Group AG ("UBS") entered into a merger agreement with UBS as the surviving entity. As a result, UBS became a lender under the Revolving Credit Facility. In connection with the amendment of our Revolving Credit Facility in September 2023, Citibank, N.A. replaced UBS as a lender thereunder and assumed the underlying Credit Suisse commitments under the Revolving Credit Agreement.

We may borrow under the Revolving Credit Facility at either (1) a base rate, determined as the greatest of (A) the prime rate of Wells Fargo Bank, National Association, (B) the federal funds effective rate plus $\frac{1}{2}$ half of 1% and (C) Adjusted Term **SOFR Secured Overnight Financing Rate ("SOFR")** (as defined in the Revolving Credit Agreement) for a one-month tenor plus 1%, in each case plus the applicable margin, which varies from 1.25% to 2.25% depending on our Consolidated Net Leverage Ratio (as defined in the Revolving Credit Agreement), or (2) Adjusted Term SOFR plus the applicable margin, which varies from 2.25% to 3.25% depending on our Consolidated Net Leverage Ratio. We will also pay a facility fee based on the amount of the underlying commitment that is being utilized, which fee varies from 0.300% to 0.375%, with the higher rate owed when we use depending on utilization of the Revolving Credit Facility less.

The Revolving Credit Agreement includes financial covenants that are tested on a quarterly basis, based on the rolling four-quarter period that ends on the last day of each fiscal quarter. The maximum permitted Consolidated Net Leverage Ratio **is was** initially 4.00 to 1.00 and **will decrease subsequently decreased** to 3.25 to **1.00 during the term of the Revolving Credit Facility, 1.00**. As of **September 30, 2023** **March 31, 2024** and **December 31, 2023**, the maximum permitted Consolidated Net Leverage Ratio was **3.50** **3.25 to 1.00. 1.00** and **will not change during the remaining term of the Revolving Credit Facility**. The minimum Consolidated Interest Coverage Ratio (as defined in the Revolving Credit Agreement) is 3.00 to 1.00 throughout the term of the Revolving Credit Facility. Availability under the Revolving Credit Facility may be limited by these financial covenants and the requirement that any borrowing under the Revolving Credit Facility not require the granting of any liens to secure any senior notes issued by **us** ("**Senior Notes**"). **us**. The indentures governing the **2024 Senior Notes** and the 2028 Senior Notes generally limit our ability to incur secured debt for borrowed money (such as borrowings under the Revolving Credit Facility) to 15% of our Consolidated Net Tangible Assets (as defined in such indentures). As of **September 30, 2023** **March 31, 2024**, the full \$215 million was available to borrow under the Revolving Credit Facility. In addition, the Revolving Credit Agreement contains various covenants that we believe are customary for agreements of this nature, including, but not limited to, restrictions on our ability and the ability of

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each of our subsidiaries to incur debt, grant liens, make certain investments, make distributions, merge or consolidate, sell assets and enter into certain restrictive agreements. As of **September 30, 2023** **March 31, 2024**, we were in compliance with all of the covenants set forth in the Revolving Credit Agreement.

We had two interest rate swaps in place relating to a total of \$200 million of the 2024 Senior Notes for the period to November 2024. The agreements swapped the fixed interest rate of 4.65% on \$100 million of the 2024 Senior Notes to the floating rate of one-month London Interbank Offered Rate ("**LIBOR**") plus 2.426% **Debt Issuance Costs, Discounts and on another \$100 million to one-month LIBOR plus 2.823%. In March 2020, we settled both interest rate swaps with the counterparty for cash proceeds of \$13 million. The settlement resulted in a \$13 million increase to our long-term debt balance that is being amortized to interest expense through the maturity date for the 2024 Senior Notes using the effective interest method. As a result, we amortized \$0.6 million and \$1.7 million to interest expense for the three- and nine-month periods ended September 30, 2023, respectively and \$0.5 million and \$1.6 million to interest expense for the three- and nine-month periods ended September 30, 2022, respectively.**

Interest. We incurred **\$6.9 million and \$4.2 million \$7.1 million** of issuance costs related to the **2024 Senior Notes** and the Existing 2028 Senior Notes **respectively**, and \$4.0 million of loan costs related to the Revolving Credit Agreement. These costs, net of accumulated amortization, are included as a reduction of long-term debt **on in** our Consolidated Balance Sheets, as they pertain to the **2028 Senior Notes**, and in other noncurrent assets, as they pertain to the Revolving Credit Agreement. We are amortizing these costs to interest expense through the respective maturity dates for the **2028 Senior Notes** and the Revolving Credit Agreement using the straight-line method, which approximates the effective interest rate method. **As a result, in the three-month periods ended March 31, 2024 and 2023, we amortized \$0.5 million and \$1.6 million \$0.3 million, respectively, to interest expense.**

We recorded a discount of \$20 million related to the 2028 Senior Notes issued in October 2023. This cost, net of accumulated amortization, is included as a reduction of long-term debt in our Consolidated Balance Sheets and is being amortized to interest expense **for through the three- and nine-month periods maturity date of the 2028 Senior Notes using the straight-line method, which approximates the effective interest rate method. In the three month period ended September 30, 2023** **March 31, 2024, respectively, and \$0.6 million and \$1.6 million we amortized \$1.0 million to interest expense for the three- and nine-month periods ended September 30, 2022, respectively. expense.**

7. COMMITMENTS AND CONTINGENCIES

Litigation. In the ordinary course of business, we are, from time to time, involved in litigation or subject to disputes, governmental investigations or claims related to our business activities, including, among other things:

- performance- or warranty-related matters under our customer and supplier contracts and other business arrangements; and
- workers' compensation claims, Jones Act claims, occupational hazard claims, premises liability claims and other claims.

Although we cannot predict the ultimate outcome of these matters, we believe that our ultimate liability, if any, that may result from these other actions and claims will not have a material adverse effect on our consolidated financial condition, results of operations or cash flows. However, because of the inherent uncertainty of litigation and other dispute resolution proceedings and, in some cases, the availability and amount of potentially available insurance, we can provide no assurance that the resolution of any particular claim or proceeding to which we are a party will not have a material effect on our consolidated financial condition, results of operations or cash flows for the fiscal period in which that resolution occurs.

Financial Instruments and Risk Concentration. In the normal course of business, we manage risks associated with foreign exchange rates and interest rates through a variety of strategies, including the use of hedging transactions. As a matter of policy, we do not use derivative instruments unless we have an underlying exposure. Other financial instruments that potentially subject us to concentrations of credit risk are principally cash and cash equivalents and accounts receivable.

The carrying values of cash and cash equivalents approximate their fair values due to the short-term maturity of the underlying instruments. Accounts receivable are generated from a broad group of customers, primarily from the energy industry and the U.S. government, which are major sources of our revenue. Due to their short-term nature, carrying values of our accounts receivable and accounts payable approximate fair market values.

We estimated the aggregate fair market value of the 2028 Senior Notes to be \$678 million \$491 million as of September 30, 2023 March 31, 2024, based on quoted prices. Since the market for the 2028 Senior Notes is not an active market, the fair value of the 2028 Senior Notes is classified within Level 2 in the fair value hierarchy under U.S. GAAP (inputs other than quoted prices in active markets for similar assets and liabilities that are observable or can be corroborated by observable market data for substantially the full terms for the assets or liabilities).

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Foreign currency gains (losses) related to the Angolan kwanza of \$0.8 million and \$(5.2) million in the three- and nine-month periods ended September 30, 2023, respectively, and \$(1.4) million and \$0.7 million in the three- and nine-month periods ended September 30, 2022, respectively, were primarily related to increasing (declining) exchange rates for the Angolan kwanza relative to the U.S. dollar. We recorded foreign currency transaction gains (losses) related to the Angolan kwanza as a component of other income (expense), net in our Consolidated Statements of Operations.

Any conversion of cash balances from kwanza to U.S. dollars is controlled by the central bank in Angola. As of September 30, 2023 and December 31, 2022, we had the equivalent of approximately \$13 million and \$5.6 million, respectively, of kwanza cash balances in Angola reflected on our Consolidated Balance Sheets.

To mitigate our currency exposure risk in Angola, we used kwanza to purchase equivalent Angolan central bank (Banco Nacional de Angola) bonds. The bonds were denominated as U.S. dollar equivalents, so that, upon payment of semi-annual interest and principal upon maturity, payment was made in kwanza, equivalent to the respective U.S. dollars at the then-current exchange rate. Our remaining Angolan bonds matured on September 1, 2023, and we received cash proceeds of \$6.2 million.

As of December 31, 2022, we had \$6.2 million of U.S. dollar equivalent Angolan bonds. These bonds were classified as available-for-sale securities; accordingly, they were recorded at fair market value in other current assets in our Consolidated Balance Sheets as of December 31, 2022. We did not sell any of our Angolan bonds in the three- and nine-month periods ended September 30, 2022. We estimated the fair market value of the Angolan bonds to be \$6.4 million as of December 31, 2022, using quoted market prices. Since the market for the Angolan bonds was not an active market, the fair value of the Angolan bonds was classified within Level 2 in the fair value hierarchy under U.S. GAAP. As of December 31, 2022, we had \$0.1 million in unrealized loss, net of tax, related to these bonds as a component of accumulated other comprehensive loss in our Consolidated Balance Sheets.

In the three-month period ended June 30, 2021, we were notified by a customer in our Manufactured Products segment that it was suspending a contract that was substantially complete. Specific to this contract, we billed and received \$19 million \$6.0 million of accounts receivable during in the first nine months quarter of 2023. 2024. As of September 30, 2023 March 31, 2024, we had outstanding contract assets of approximately \$20 million \$1.3 million for the contract and \$3.6 million in contract liabilities, liabilities of \$6.3 million prepaid for storage of components. As of December 31, 2022 December 31, 2023, we had outstanding contract assets of approximately \$19 million \$1.3 million for the contract and contract liabilities of \$0.6 million \$3.4 million prepaid for storage of components. We are in discussions with the customer concerning the timing of remaining payments. We continue to believe that we will realize these contract assets at their book values, although we can provide no assurance as to the timing of receipt of the remaining payments.

8. EARNINGS (LOSS) PER SHARE, SHARE-BASED COMPENSATION AND SHARE REPURCHASE

PLAN

Earnings (Loss) per Share. For each period presented, the only difference between our calculated weighted-average basic and diluted number of shares outstanding is the effect of outstanding restricted stock units. In periods where we have a net loss, the effect of our outstanding restricted stock units is anti-dilutive, and therefore does not

increase our diluted shares outstanding.

For each period presented, our net income (loss) allocable to both common shareholders and diluted common shareholders is the same as our net income (loss) in our consolidated statements of operations.

Share-Based Compensation. Annually, ~~the~~ **our** Compensation Committee grants restricted units of our common stock to certain of our key executives and employees and restricted common stock to our nonemployee directors. The restricted stock units granted to our key executives and key employees generally vest in full on the third anniversary of the award date, conditional on continued employment through such vesting date. The **restricted stock unit remainder of the grants made to employees** can vest pro rata over three years, provided the individual meets certain age and years-of-service requirements. **For the grants of restricted stock units to each of the participant employees, the participant will be issued one share of our common stock for each of the participant's vested restricted stock units at the earlier of three years or, if the participant vested earlier after meeting the age and service requirements, following termination of employment or service.** The grants of restricted stock to our nonemployee directors generally vest in full on the first anniversary of the award date, conditional upon continued service as a director, except for the 2023 grant to one director who retired from our board of directors as of the date of our annual meeting of shareholders in May 2023, which **restricted stock grant** vested on that date. Each grantee of shares of restricted stock is deemed to be the record owner

of those shares during the restriction period, with the right to vote and receive any dividends on those shares. The restricted stock units outstanding have no voting or dividend rights.

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For each of the restricted stock units granted in **2021 2022** through **September 30, 2023 March 31, 2024**, at the earlier of three years after grant or at termination of employment or service, the grantee will be issued one share of our common stock for each unit vested. As of **September 30, 2023 March 31, 2024** and **December 31, 2022 December 31, 2023**, respective totals of **2,327,970 2,002,168** and **2,535,807 2,285,310** shares of restricted stock and restricted stock units were outstanding.

We estimate that share-based compensation cost not yet recognized related to shares of restricted stock or restricted stock units, based on their grant-date fair values, was **\$13 million \$21 million** as of **September 30, 2023 March 31, 2024**. This expense is being recognized on a graded-vesting basis over three years for awards attributable to individuals meeting certain age and years-of-service requirements, and on a straight-line basis over the applicable vesting period of one or three years for the other awards.

Share Repurchase Plan. In December 2014, our Board of Directors approved a share repurchase program under which we may repurchase up to 10 million shares of our common stock on a discretionary basis. Under the program, which has no expiration date, we had repurchased 2.0 million shares for \$100 million through December 31, 2015. We have not repurchased any shares under this plan since 2015 and are not obligated to make any future repurchases. We account for the shares we hold in treasury under the cost method, at average cost.

9. BUSINESS SEGMENT INFORMATION

We are a global technology company delivering engineered services and products and robotic solutions to the offshore energy, defense, aerospace, manufacturing and entertainment industries.

Our Energy business leverages our asset base and capabilities for providing services and products for offshore energy operations, inclusive of the offshore renewable energy market. Our Energy segments are:

- **Subsea Robotics**—Our Subsea Robotics segment provides the following:
 - Remotely **Operated Vehicles operated vehicles** ("ROVs") for drill support and vessel-based services, including subsea hardware installation, construction, pipeline inspection, survey and facilities inspection, maintenance and repair;
 - ROV tooling; and
 - survey services, including hydrographic survey and positioning services and autonomous underwater vehicles for geoscience.
- **Manufactured Products**—Our Manufactured Products segment provides the following:
 - distribution and connection systems including production control umbilicals and field development hardware and pipeline connection and repair systems to the energy industry; and
 - autonomous mobile robotic technology and entertainment systems to a variety of industries.
- **Offshore Projects Group**—Our OPG segment provides the following:

- subsea installation and intervention, including riserless light well intervention services, inspection, maintenance and repair ("IMR") services, principally in the U.S. Gulf of Mexico and offshore Angola, utilizing owned and chartered charter vessels;
- installation and workover control systems and ROV workover control systems;
- diving services;
- project management and engineering; and
- drill pipe riser services and systems and wellhead load relief solutions.

• **Integrity Management & Digital Solutions**—Our Integrity Management & Digital Solutions ("IMDS") segment provides the following:

- asset integrity management services;
- software and analytical solutions for the bulk cargo maritime industry; and
- software, digital and connectivity solutions for the energy industry.

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Our Aerospace and Defense Technologies segment provides services and products, including engineering and related manufacturing in defense and space exploration activities, principally to U.S. Government agencies and their prime contractors.

Unallocated Expenses are those not associated with a specific business segment. These consist of expenses related to our incentive and deferred compensation plans, including restricted stock and bonuses, as well as other general expenses, including corporate administrative expenses.

There are no differences in the basis of segmentation or in the basis of measurement of segment profit or loss from those used in our consolidated financial statements for the year ended December 31, 2022 December 31, 2023.

The following table that follows presents revenue, income (loss) from operations and depreciation and amortization expense, by business segment:

(in thousands)	(in thousands)	Three Months Ended			Nine Months Ended	
		Sep 30, 2023	Sep 30, 2022	Jun 30, 2023	Sep 30, 2023	Sep 30, 2022
(in thousands)						
(in thousands)						
(in thousands)						
Revenue						
Revenue						
Revenue	Revenue					
Energy	Energy					
Energy						
Energy						
Subsea Robotics						
Subsea Robotics						
Subsea Robotics	Subsea Robotics	\$ 197,343	\$ 169,422	\$ 186,512	\$ 553,016	\$ 454,534
Manufactured Products	Manufactured Products	122,877	94,039	124,882	360,698	282,187
Manufactured Products						
Manufactured Products						
Offshore Projects Group						
Offshore Projects Group						
Offshore Projects Group	Offshore Projects Group	150,273	152,987	130,547	385,127	366,841
Integrity Management & Digital Solutions	Integrity Management & Digital Solutions	66,056	58,465	63,166	189,305	174,473
Integrity Management & Digital Solutions						
Integrity Management & Digital Solutions						
Total Energy						
Total Energy						
Total Energy	Total Energy	536,549	474,913	505,107	1,488,146	1,278,035
Aerospace and Defense Technologies	Aerospace and Defense Technologies	98,631	84,758	92,803	281,931	251,826
Aerospace and Defense Technologies						

Aerospace and Defense Technologies						
Total						
Total						
Total	Total	\$ 635,180	\$ 559,671	\$ 597,910	\$ 1,770,077	\$ 1,529,861
Income (Loss) from Operations						
Income (Loss) from Operations						
Income (Loss) from Operations						
Energy						
Energy						
Energy	Energy					
Subsea Robotics	Subsea Robotics	\$ 47,818	\$ 37,069	\$ 42,227	\$ 123,699	\$ 74,559
Subsea Robotics						
Subsea Robotics						
Manufactured Products						
Manufactured Products						
Manufactured Products	Manufactured Products	8,229	4,282	10,607	30,116	5,560
Offshore Projects Group	Offshore Projects Group	26,745	20,310	17,132	49,391	38,511
Offshore Projects Group						
Offshore Projects Group						
Integrity Management & Digital Solutions						
Integrity Management & Digital Solutions						
Integrity Management & Digital Solutions	Integrity Management & Digital Solutions	3,242	3,091	3,844	10,168	10,035
Total Energy	Total Energy	86,034	64,752	73,810	213,374	128,665
Total Energy						
Total Energy						
Aerospace and Defense Technologies						
Aerospace and Defense Technologies						
Aerospace and Defense Technologies	Aerospace and Defense Technologies	14,140	13,043	11,357	33,993	33,848
Unallocated Expenses	Unallocated Expenses	(42,245)	(30,920)	(35,968)	(113,489)	(93,827)
Unallocated Expenses						
Unallocated Expenses						
Total						
Total						
Total	Total	\$ 57,929	\$ 46,875	\$ 49,199	\$ 133,878	\$ 68,686
Depreciation and Amortization						
Depreciation and Amortization						
Depreciation and Amortization						
Energy						
Energy						
Energy	Energy					
Subsea Robotics	Subsea Robotics	\$ 12,805	\$ 16,013	\$ 13,356	\$ 41,101	\$ 52,545
Subsea Robotics						
Subsea Robotics						
Manufactured Products						
Manufactured Products						
Manufactured Products	Manufactured Products	3,067	2,939	3,013	9,124	9,031
Offshore Projects Group	Offshore Projects Group	6,931	7,132	6,976	21,035	21,536
Offshore Projects Group						
Offshore Projects Group						

Integrity Management & Digital Solutions						
Integrity Management & Digital Solutions						
Integrity Management & Digital Solutions	Integrity Management & Digital Solutions	909	1,695	939	2,706	3,759
Total Energy	Total Energy	23,712	27,779	24,284	73,966	86,871
Total Energy						
Total Energy						
Aerospace and Defense Technologies						
Aerospace and Defense Technologies						
Aerospace and Defense Technologies	Aerospace and Defense Technologies	600	671	632	1,885	2,148
Unallocated Expenses	Unallocated Expenses	1,284	1,799	1,130	3,612	4,109
Unallocated Expenses						
Unallocated Expenses						
Total						
Total						
Total	Total	\$ 25,596	\$ 30,249	\$ 26,046	\$ 79,463	\$ 93,128

We determine Income (Loss) from Operations for each business segment before interest income or expense, other income (expense) and provision for income taxes. We do not consider an allocation of these items to be practical.

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Depreciation and Amortization

Depreciation expense on property and equipment, reflected in Depreciation and Amortization, was \$24 million, \$28 million \$23 million and \$24 million \$26 million in the three-month periods ended September 30, 2023 March 31, 2024 and 2022 and June 30, 2023, respectively, and \$74 million and \$87 million in the nine-month periods ended September 30, 2023 and 2022, 2023, respectively.

Amortization expense on long-lived intangible assets, debt issuance costs and debt discount reflected in Depreciation and Amortization, was \$1.6 million, \$2.3 million \$3.7 million and \$1.8 million \$1.7 million in the three-month periods ended September 30, 2023 March 31, 2024 and 2022 and June 30, 2023, respectively, and \$5.1 million and \$5.8 million in the nine-month periods ended September 30, 2023 and 2022, 2023, respectively.

10. SUBSEQUENT EVENTS

On October 2, 2023, we completed a private placement of \$200 million aggregate principal amount of the New 2028 Senior Notes to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act and to non-U.S. persons outside the United States pursuant to Regulation S under the Securities Act. The New 2028 Senior Notes constitute an additional issuance of the Existing 2028 Senior Notes, which we issued in February 2018, in an aggregate principal amount of \$300 million, and form a single series with such notes. We will pay interest on the New 2028 Senior Notes on February 1 and August 1 of each year, commencing on February 1, 2024. The New 2028 Senior Notes are scheduled to mature on February 1, 2028. We may redeem some or all of the New 2028 Senior Notes at specified redemption prices. We received net proceeds from the offering of the New 2028 Senior Notes of approximately \$180 million after deducting the initial purchasers' discounts.

On October 2, 2023, we used the net proceeds from the offering discussed above, together with cash on hand, to fund our offer to purchase (the "Tender Offer") for cash any and all of the \$400 million principal amount outstanding of the 2024 Senior Notes. We repurchased \$312 million principal amount of the 2024 Senior Notes at par plus accrued and unpaid interest of \$5.5 million for approximately \$318 million. The consummation of the Tender Offer was contingent upon the completion of the offering discussed above, which was satisfied on October 2, 2023.

On October 2, 2023, we delivered a notice to the holders of the 2024 Senior Notes that we have elected to redeem all of the remaining \$88 million principal amount outstanding of the 2024 Senior Notes on the Redemption Date pursuant to our optional redemption right under the indenture governing the 2024 Senior Notes. The redemption price will be equal to 100% of the principal amount of the 2024 Senior Notes plus accrued and unpaid interest up to but not including the Redemption Date plus a "make-whole premium." We intend to finance the redemption of the 2024 Senior Notes with cash on hand. Upon retirement of the 2024 Senior Notes, we will write off the related unamortized interest rate swaps and debt issuance cost balances.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements we make in this quarterly report on Form 10-Q are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements include, without limitation, statements regarding our expectations about:

- increased costs to operate our business, including the availability and market for our chartered vessels;
- future demand, order intake and business activity levels;
- the collectability of accounts receivable and realizability of contract assets at the amounts reflected on our most-recent balance sheet;
- the backlog of our Manufactured Products segment, to the extent backlog may be an indicator of future revenue or productivity;
- tax refunds and the expected timing thereof;
- our tax payments and projected capital expenditures for 2024;
- the adequacy of our liquidity, cash flows and capital resources to support our operations and internally generated growth initiatives;
- the condition of the transactions we may engage in to manage our outstanding debt markets, our possible future debt repurchases and future disclosures regarding the same; prior to maturity;
- shares that may be repurchased under our share repurchase plan;
- our expectations about the balance between energy transition and energy security;
- seasonality; and
- industry conditions.

These forward-looking statements are subject to various risks, uncertainties and assumptions, including those we have referred to under the heading "Risk Factors" in Item 1A of this report and under the headings "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors" in Part I of our annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Although we believe that the expectations reflected in such forward-looking statements are reasonable, because of the inherent limitations in the forecasting process, as well as the relatively volatile nature of the industries in which we operate, we can give no assurance that those expectations will prove to have been correct. Accordingly, evaluation of our future prospects must be made with caution when relying on forward-looking information.

The following discussion should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Overview of our Results

Our diluted earnings (loss) per share for the three- and nine-month periods three-month period ended September 30, 2023, March 31, 2024 were \$0.29 and \$0.52, respectively, \$0.15, as compared to \$0.19 \$0.43 in the immediately preceding quarter and \$0.18 and \$0.03, respectively, \$0.04 for the corresponding periods period of the prior year. Our third operating results for the three months ended March 31, 2024, reflected better-than-expected activity levels across our businesses. Consolidated first quarter 2023 2024 revenue and operating results improved were lower as compared to the second fourth quarter of 2023, primarily due to increased lower seasonal activity and improved pricing in our Subsea Robotics and Offshore Projects Group ("OPG") and Subsea Robotics segments. In addition, we saw improvements segments along with drydock expenses incurred during the first quarter of 2024 in our Aerospace OPG segment. Our fourth quarter 2023 diluted earnings (loss) per share also benefited from the partial release of valuation allowances for the deferred tax assets that we believe are more likely than not to be realized. Consolidated first quarter 2024 operating results improved by 37% on a 12% increase in revenue as compared to the first quarter of 2023, with higher revenue in all of our business segments and Defense Technologies ("ADTech") improved operating income in each segment operating results, except for our OPG segment.

During Consistent with recent years, our cash balance declined during the nine-month period ended September 30, 2023, we first quarter of 2024. We utilized \$40 million \$70 million of cash in operating activities along with \$13 million of cash for maintenance capital expenditures and \$27 million \$13 million for growth capital expenditures partially offset by \$57 million in the first quarter of cash provided by operating activities, 2024. These items were the largest contributors to our \$12 million \$107 million cash reduction during the nine months ended September 30, 2023. first quarter of 2024.

Change in Periods Presented

Previously, we have presented our results of operations for the most recent quarter on a sequential comparative basis in our Management's Discussion and Analysis of Financial Condition and Results of Operations. However, given the seasonal nature of our business, we believe that a comparison to the corresponding quarter for the preceding fiscal year is more appropriate and, as such, we believe it provides a more useful comparison for our shareholders. Accordingly, we have changed the form of

presentation herein to compare the results of operations for the most recent quarter to the corresponding quarter for the preceding fiscal year. In accordance with the requirements of Form 10-Q, for this quarter we have provided both comparisons below.

Results of Operations

We operate in five business segments. Our segments are contained within two businesses—services and products provided primarily to the oil and gas industry, and to a lesser extent, the mobility solutions and offshore renewables industries, among others (“Energy”), and services and products provided to non-energy industries (ADTech) (Aerospace and Defense Technologies (“ADTech”)). Our four business segments within the Energy business are Subsea Robotics, Manufactured Products, OPG and

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Integrity Management & Digital Solutions (“IMDS”). We report our ADTech business as one segment. Our Unallocated Expenses are those not associated with a specific business segment.

Consolidated revenue and profitability information are as follows:

		Three Months Ended			Nine Months Ended	
		Three Months Ended				
		Three Months Ended				
		Three Months Ended				
(dollars in thousands)						
(dollars in thousands)						
(dollars in thousands)	(dollars in thousands)	Sep 30, 2023	Sep 30, 2022	Jun 30, 2023	Sep 30, 2023	Sep 30, 2022
Revenue	Revenue	\$ 635,180	\$ 559,671	\$ 597,910	\$ 1,770,077	\$ 1,529,861
Revenue						
Revenue						
Gross Margin						
Gross Margin						
Gross Margin	Gross Margin	114,697	95,754	101,080	293,342	217,275
Gross Margin %	Gross Margin %	18 %	17 %	17 %	17 %	14 %
Gross Margin %						
Gross Margin %						
Operating Income (Loss)						
Operating Income (Loss)						
Operating Income (Loss)	Operating Income (Loss)	57,929	46,875	49,199	133,878	68,686
Operating Income (Loss) %	Operating Income (Loss) %	9 %	8 %	8 %	8 %	4 %
Operating Income (Loss) %						
Operating Income (Loss) %						

We generate a material amount of our consolidated revenue from contracts for services in the United States (“U.S.”) Gulf of Mexico in our OPG segment, which is usually more active in the second and third quarters, as compared to the rest of the year. The European operations of our IMDS segment are also seasonally more active in the second and third quarters. Revenue in our Subsea Robotics segment is subject to seasonal variations in demand, with our first quarter generally being the low quarter of the year. The level of our Subsea Robotics seasonality depends on the number of Remotely Operated Vehicles remotely operated vehicles (“ROVs”) ROV’s) we have engaged in vessel-based subsea infrastructure inspection, maintenance, repair and installation, which is more seasonal than drilling support. Revenue in each of our Manufactured Products, IMDS and ADTech segments generally has not been seasonal.

Energy

The primary focus of our Energy business over is toward maintaining the last several years has been toward instituting positive momentum from our operational efficiency programs that leverage our asset base and capabilities for providing services and products for offshore energy operations and subsea completions, as well as the offshore renewables energy market. completions. These efforts are benefiting continue to benefit us given during the continuing current upstream spending cycle that is consistent with the ongoing increase in global demand for energy. We also are focused on deploying our capabilities to grow business in mobile robotics, offshore wind installations, nuclear, and other clean energy which is resulting in improved offshore activity. solutions.

The table that follows sets out revenue and profitability for the business segments within our Energy business. In the Subsea Robotics section of the table that follows, “ROV days available” includes all days from the first day that a remotely operated vehicle (“ROV”) ROV is placed into service until the ROV is retired. All days in this period

are considered available days, including periods when an ROV is undergoing maintenance or repairs. Our ROVs do not have scheduled maintenance or repair that requires significant time during which the ROVs are not available for utilization.

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		Three Months Ended			Nine Months Ended	
		Three Months Ended				
		Three Months Ended				
		Three Months Ended				
(dollars in thousands)						
(dollars in thousands)						
(dollars in thousands)	(dollars in thousands)	Sep 30, 2023	Sep 30, 2022	Jun 30, 2023	Sep 30, 2023	Sep 30, 2022
Subsea Robotics	Subsea Robotics					
	Revenue	\$ 197,343	\$ 169,422	\$ 186,512	\$ 553,016	\$ 454,534
	Gross Margin	60,045	47,552	53,204	157,880	106,514
	Operating Income (Loss)	47,818	37,069	42,227	123,699	74,559
	Operating Income (Loss) %	24 %	22 %	23 %	22 %	16 %
	ROV Days Available	23,000	23,000	22,750	68,250	68,250
Subsea Robotics						
Subsea Robotics						
	Revenue					
	Revenue					
	Revenue					
	Gross Margin					
	Gross Margin					
	Gross Margin					
	Operating Income (Loss)					
	Operating Income (Loss)					
	Operating Income (Loss)					
	Operating Income (Loss) %					
	Operating Income (Loss) %					
	Operating Income (Loss) %					
	ROV Days Available					
	ROV Days Available					
	ROV Days Available					
	ROV Days Utilized					
	ROV Days Utilized					
	ROV Days Utilized					
	ROV Utilization					
	ROV Utilization					
	ROV Utilization					
	ROV Days Utilized	15,932	15,408	16,032	46,192	41,881
	ROV Utilization	69 %	67 %	70 %	68 %	61 %
Manufactured Products	Manufactured Products					
	Revenue	122,877	94,039	124,882	360,698	282,187
	Gross Margin	16,916	12,170	19,020	55,690	31,090
	Operating Income (Loss)	8,229	4,282	10,607	30,116	5,560
	Operating Income (Loss) %	7 %	5 %	8 %	8 %	2 %

	Backlog at End of Period	556,000	365,000	418,000	556,000	365,000
Manufactured Products						
Manufactured Products						
	Revenue					
	Revenue					
	Revenue					
	Gross Margin					
	Gross Margin					
	Gross Margin					
	Operating Income (Loss)					
	Operating Income (Loss)					
	Operating Income (Loss)					
	Operating Income (Loss) %					
	Operating Income (Loss) %					
	Operating Income (Loss) %					
	Backlog at End of Period					
	Backlog at End of Period					
	Backlog at End of Period					
Offshore Projects Group	Offshore Projects Group					
	Revenue	150,273	152,987	130,547	385,127	366,841
Offshore Projects Group						
	Gross Margin	33,045	27,647	24,602	70,671	60,825
	Operating Income (Loss)	26,745	20,310	17,132	49,391	38,511
	Operating Income (Loss) %	18 %	13 %	13 %	13 %	10 %
Offshore Projects Group						
	Revenue					
	Revenue					
	Revenue					
	Gross Margin					
	Gross Margin					
	Gross Margin					
	Operating Income (Loss)					
	Operating Income (Loss)					
	Operating Income (Loss)					
	Operating Income (Loss) %					
	Operating Income (Loss) %					
	Operating Income (Loss) %					
Integrity Management & Digital Solutions	Integrity Management & Digital Solutions					
	Revenue	66,056	58,465	63,166	189,305	174,473
Integrity Management & Digital Solutions						
	Gross Margin	9,961	8,371	10,264	29,074	26,792
	Operating Income (Loss)	3,242	3,091	3,844	10,168	10,035
	Operating Income (Loss) %	5 %	5 %	6 %	5 %	6 %
Integrity Management & Digital Solutions						
	Revenue					
	Revenue					
	Revenue					
	Gross Margin					
	Gross Margin					

	Gross Margin					
	Operating Income (Loss)					
	Operating Income (Loss)					
	Operating Income (Loss)					
	Operating Income (Loss) %					
	Operating Income (Loss) %					
	Operating Income (Loss) %					
Total Energy	Total Energy					
	Revenue	\$ 536,549	\$ 474,913	\$ 505,107	\$ 1,488,146	\$ 1,278,035
Total Energy						
	Gross Margin	119,967	95,740	107,090	313,315	225,221
Total Energy						
	Revenue					
	Revenue					
	Revenue					
	Gross Margin					
	Gross Margin					
	Gross Margin					
	Operating Income (Loss)					
	Operating Income (Loss)					
	Operating Income (Loss)					
	Operating Income (Loss) %					
	Operating Income (Loss) %					
	Operating Income (Loss) %					
	Operating Income (Loss)	86,034	64,752	73,810	213,374	128,665
	Operating Income (Loss) %	16 %	14 %	15 %	14 %	10 %

Subsea Robotics. We believe we are the world's world's largest provider of work-class ROV services and, generally, this business segment has been the largest contributor to our Energy business operating income. Our Subsea Robotics segment revenue reflects the utilization percentages, fleet sizes and average pricing in the respective periods. Our survey services business provides survey and positioning, and geoscience services. The following table presents revenue from ROV services as a percentage of total Subsea Robotics revenue:

		Three Months Ended					
		Three Months Ended					
		Three Months Ended					
		Three Months Ended			Nine Months Ended		
		Sep 30, 2023	Sep 30, 2022	Jun 30, 2023	Sep 30, 2023	Sep 30, 2022	
ROV	ROV	76 %	77 %	78 %	77 %	77 %	%
ROV							
ROV							
Other							
Other							
Other	Other	24 %	23 %	22 %	23 %	23 %	%

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During the **third first** quarter of **2023, both 2024**, Subsea Robotics operating income and revenue **increased decreased** as compared to the immediately preceding quarter, with slight primarily due to seasonal factors impacting our survey business and decreased ROV pricing days on hire more than offsetting the improvements and higher survey activity being partially offset by lower levels achieved in our average ROV revenue per day on hire.

During the first quarter of ROV activity, **2024**, Subsea Robotics operating income and increased on higher revenue for the three- and nine-month periods ended September 30, 2023, increased as compared to the corresponding periods period of the prior year, primarily as a result of higher levels of activity and higher average revenue per day in 2024 along with an increase in days on hire and slight improvement in the first nine months of 2023. fleet utilization.

Fleet utilization was 64% in the three-month period ended March 31, 2024 as compared to 68% and 63% for the three-month periods ended December 31, 2023 and March 31, 2023, respectively. For the three-month period ended **September 30, 2023** March 31, 2024, decreased available working days and lower seasonal activity resulted in a decrease in ROV days on hire decreased when compared to the immediately preceding quarter, with while increased available working days resulted in an increase in ROV days on hire when compared to the corresponding period in the prior year. Our ROV fleet use during the first quarter of 2024 was 66% in drill support days lower and 34% in vessel-based services days higher. Fleet utilization was 69% in the three-month period ended September 30, 2023, activity, as compared to 67% for 63% in drill support and 37% in vessel-based activity in the corresponding period fourth quarter of 2023 and 65% in drill support and 35% in vessel-based activity in the first quarter of 2023. For each of the prior year and 70% for the immediately preceding quarter. Fleet utilization increased to 68% from 61% for the nine-month periods ended September 30, 2023 and 2022, respectively. We retired five of our conventional work-class ROV systems and replaced them with five upgraded conventional work-class ROV systems during the nine months ended September 30, 2023, resulting in presented, we had a total fleet of 250 ROVs in our ROV fleet as of both September 30, 2023 and September 30, 2022. work-class ROVs.

Manufactured Products. Our Manufactured Products segment provides distribution systems such as production control umbilicals and connection systems made up of specialty subsea hardware, along with clamp connectors and provides subsea and topside control valves. We also provide turnkey solutions that include program management, engineering design, fabrication/assembly and installation of autonomous mobile robotic technology to industrial, manufacturing, healthcare, warehousing and commercial theme park markets.

For the three-month period ended September 30, 2023, our Our Manufactured Products operating results decreased in the first quarter of 2024 improved on lower revenue as compared to the immediately preceding quarter, primarily due to changes timing of the project mix and strong order intake in product mix. 2022 and 2023 leading to increased activity in 2024.

Our Manufactured Products operating results increased for in the three- and nine-month periods ended September 30, 2023, first quarter of 2024 improved on higher revenue as compared to the corresponding periods of period in the prior year primarily due to strong order intake in 2022 and 2023 leading to increased utilization activity in 2023, 2024.

Our Manufactured Products backlog was \$556 million \$597 million as of September 30, 2023, March 31, 2024 compared to \$467 million \$622 million and \$446 million as of December 31, 2022 December 31, 2023 and March 31, 2023, and \$365 million as of September 30, 2022, respectively. Our book-to-bill ratio was 1.41 1.30 for the trailing 12 months ended September 30, 2023 March 31, 2024, as compared to 1.39 1.31 for the year ended December 31, 2022, December 31, 2023 and 1.08 1.27 for the trailing 12 months ended September 30, 2022 March 31, 2023.

Offshore Projects Group. Our OPG segment provides a broad portfolio of integrated subsea project capabilities and solutions as follows:

- subsea installation and intervention, including riserless light well intervention ("RLWI") services, inspection, maintenance and repair ("IMR") services, principally in the U.S. Gulf of Mexico and offshore Angola, utilizing owned and chartered vessels;
- installation and workover control systems ("IWOCs") and ROV workover control systems ("RWOCs");
- diving services;
- decommissioning services;
- project management and engineering; and
- drill pipe riser services and systems and wellhead load relief solutions.

Our OPG segment operating results improved on higher revenue resulting from strong seasonal demand and international activity during declined significantly in the three months ended September 30, 2023, first quarter of 2024 as compared to the immediately preceding quarter, on decreased revenue primarily due to increased demand for vessel-based services globally, changes in service mix drydock expenses incurred during the first quarter of 2024 and the successful resolution of a commercial dispute. lower seasonal activity.

Our OPG operating results were higher on lower revenue declined in the three months ended September 30, 2023, first quarter of 2024 as compared to the corresponding period of the prior year, primarily due to despite higher revenue resulting from increased activity and utilization levels in the Africa region during U.S. and Africa. In the third first quarter of 2023. Our OPG 2024.

operating results improved on higher revenue in the nine months ended September 30, 2023, decreased as compared to the corresponding period of the prior year primarily due to increased activity and utilization drydock expenses incurred during the first quarter of 2024 along with changes in the United Kingdom and Asia-Pacific regions,

partially offset by reduced vessel work in the Gulf of Mexico. project mix.

Integrity Management & Digital Solutions. Our IMDS segment provides asset integrity management, corrosion management, inspection and nondestructive testing services, principally to customers in the oil and gas, power generation and petrochemical industries. We perform these services at on both onshore and offshore facilities, both topside and subsea. We also provide software, digital and connectivity solutions for the energy industry and software and analytical solutions for the bulk cargo maritime industry.

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Our IMDS operating results for the three months ended September 30, 2023 declined first quarter of 2024 were slightly improved on increased revenue, as compared to the immediately preceding quarter, primarily due to slight changes higher demand in geographic and service mix. our integrity management business.

Our IMDS operating results for the three- first quarter of 2024 were higher on increased revenue, as compared to the corresponding period of the prior year. In the first quarter of 2024, our integrity management business had increased revenue and nine-month periods ended September 30, 2023, operating results while our maritime and energy businesses were slightly higher relatively flat when compared to the corresponding periods first quarter of the prior year, primarily due to higher activity levels, 2023.

Aerospace and Defense Technologies. Our ADTech segment provides government services and products, including engineering and related manufacturing in defense and space exploration activities, principally to U.S. government agencies and their prime contractors. Many of the services and products utilized in ADTech are applied technologies based on our core competencies and knowledge derived from decades of working in the offshore markets and solving complex problems in harsh environments.

Revenue, gross margin and operating income (loss) information for our ADTech segment are as follows:

		Three Months Ended			Nine Months Ended	
		Three Months Ended				
		Three Months Ended				
		Three Months Ended				
(dollars in thousands)						
(dollars in thousands)						
(dollars in thousands)	(dollars in thousands)	Sep 30, 2023	Sep 30, 2022	Jun 30, 2023	Sep 30, 2023	Sep 30, 2022
Revenue	Revenue	\$ 98,631	\$ 84,758	\$ 92,803	\$ 281,931	\$ 251,826
Revenue						
Revenue						
Gross Margin						
Gross Margin						
Gross Margin	Gross Margin	20,295	19,431	17,675	53,070	52,045
Operating Income (Loss)	Operating Income (Loss)	14,140	13,043	11,357	33,993	33,848
Operating Income (Loss)						
Operating Income (Loss)						
Operating Income (Loss) %						
Operating Income (Loss) %						
Operating Income (Loss) %	Operating Income (Loss) %	14 %	15 %	12 %	12 %	13 %

Our ADTech segment operating results and revenue for the third first quarter of 2023 increased significantly 2024 improved as compared to the immediately preceding quarter, on higher revenue primarily due to increased activity and margins in our defense subsea technologies business.

Our ADTech segment operating results and space systems businesses. These improved results benefited from contract costs in revenue for the second first quarter of 2023 that were not replicated in the three-month period ended September 30, 2023. ADTech operating results for the three- and nine-month periods ended September 30, 2023 were higher when 2024 improved as compared to the corresponding periods period of the prior year on increased revenue primarily due to increased activity and margins in all of our government-focused businesses. defense subsea technologies business.

Unallocated Expenses

Our Unallocated Expenses (i.e., those not associated with a specific business segment) within gross margin consist of expenses related to our incentive and deferred compensation plans, including restricted stock units, performance units and bonuses, as well as other general expenses. Our Unallocated Expenses within operating

expense expenses consist of those expenses within gross margin plus general and administrative expenses related to corporate functions.

The following table sets forth our Unallocated Expenses for the periods indicated:

		Three Months Ended			Nine Months Ended	
		Three Months Ended				
		Three Months Ended				
		Three Months Ended				
(dollars in thousands)						
(dollars in thousands)						
(dollars in thousands)	(dollars in thousands)	Sep 30, 2023	Sep 30, 2022	Jun 30, 2023	Sep 30, 2023	Sep 30, 2022
Gross margin expenses	Gross margin expenses	\$ (25,565)	\$ (19,417)	(23,685)	\$ (73,043)	\$ (59,991)
Gross margin expenses						
Gross margin expenses						
% of revenue						
% of revenue						
% of revenue	% of revenue	4 %	3 %	4 %	4 %	4 %
Operating expenses	Operating expenses	(42,245)	(30,920)	(35,968)	(113,489)	(93,827)
Operating expenses						
Operating expenses						
Operating expenses % of revenue	Operating expenses % of revenue	7 %	6 %	6 %	6 %	6 %
Operating expenses % of revenue						
Operating expenses % of revenue						

Our unallocated operating expenses for the third first quarter of 2023 increased 2024 were relatively flat as compared to the immediately preceding quarter primarily due to higher accruals in the third quarter of 2023 for incentive-based compensation and increased technology costs. quarter.

Our Unallocated unallocated operating expenses for the three-month period ended September 30, 2023 first quarter of 2024 were higher as compared to the corresponding period of the prior year primarily due to increased accruals in 2023 for incentive-based compensation. Our Unallocated operating expenses for the nine-month period ended September 30, 2023 increased as compared to the corresponding period of the prior year primarily due to higher accruals in 2023 for incentive-based compensation and increased information technology costs.

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Other

The following table sets forth our significant financial statement items below the income (loss) from operations line. line:

		Three Months Ended			Nine Months Ended	
		Three Months Ended				
		Three Months Ended				
		Three Months Ended				
(in thousands)						
(in thousands)						
(in thousands)	(in thousands)	Sep 30, 2023	Sep 30, 2022	Jun 30, 2023	Sep 30, 2023	Sep 30, 2022
Interest income	Interest income	\$ 3,724	\$ 1,396	\$ 4,154	\$ 12,344	\$ 2,959
Interest income						
Interest income						
Interest expense						
Interest expense						
Interest expense	Interest expense	(9,802)	(9,552)	(9,517)	(28,602)	(28,614)

Equity in income (losses) of unconsolidated affiliates	Equity in income (losses) of unconsolidated affiliates	498	496	479	1,616	1,108
Equity in income (losses) of unconsolidated affiliates						
Equity in income (losses) of unconsolidated affiliates						
Other income (expense), net						
Other income (expense), net						
Other income (expense), net	Other income (expense), net	968	(1,222)	(5,846)	(4,800)	(195)
Provision (benefit) for income taxes	Provision (benefit) for income taxes	23,505	19,690	19,467	61,562	41,131
Provision (benefit) for income taxes						
Provision (benefit) for income taxes						

Interest income for the three- and nine-month periods three months ended September 30, 2023, March 31, 2024 as compared to the three- and nine-month periods three months ended September 30, 2022, increased March 31, 2023 decreased primarily due to higher interest rates and increased average amounts of lower cash invested, balances.

In addition to interest on borrowings, interest expense includes amortization of loan costs and interest rate swap settlements, fees for lender commitments under our senior secured revolving credit agreement and fees for standby letters of credit and bank guarantees that banks issue on our behalf for performance bonds, bid bonds and self-insurance requirements. Interest expense for the three months ended March 31, 2024 as compared to the immediately preceding quarter was higher primarily due to the \$2.7 million write-off of the interest rate swap settlement gains associated with the retirement of our 4.650% Senior Notes due 2024 in the fourth quarter of 2023.

Foreign currency transaction gains and losses are the principal component of other income (expense), net. In the three-month periods ended September 30, 2023 March 31, 2024 and 2022, 2023, we incurred foreign currency transaction gains (losses) of \$0.9 million \$2.2 million and \$(1.1) million, respectively. In the nine-month periods ended September 30, 2023 and 2022, we incurred \$0.3 million, respectively, primarily resulting from foreign currency transaction gains (losses) of \$(3.6) million and \$0.2 million, respectively. The currency gains (losses) fluctuations in the 2023 and 2022 periods were primarily related to increasing (declining) exchange rates for the Angolan kwanza relative to the U.S. dollar, multiple countries. We could incur further foreign currency transaction exchange gains (losses) in countries where we operate due to foreign currency exchange fluctuations in Angola and in other countries, fluctuations.

Our tax provision is based on (1) our earnings for the period and other factors affecting the tax provision and (2) the operations of foreign branches and subsidiaries that are subject to local income and withholding taxes. Factors that affect our tax rate include our profitability levels in general and the geographical mix of our results. The effective tax rate for the three- and nine-month three-month periods ended September 30, 2023 March 31, 2024 and 2022, 2023 was different than the U.S. federal statutory rate of 21%, primarily due to the geographical mix of revenue and earnings, changes in valuation allowances and uncertain tax positions, and other discrete items. We do not believe a comparison of the effective tax rate for the three- and nine-month three-month periods ended September 30, 2023 March 31, 2024 and 2022, 2023 is meaningful. We continue to make an assertion to indefinitely reinvest the unrepatriated earnings of any foreign subsidiary that would incur material tax consequences upon the distribution of such earnings.

During the nine-month twelve-month period ended September 30, 2023 December 31, 2023, we received refunds of \$23 million, including interest of \$1.7 million which was recorded as a tax benefit, under the U.S. Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The outstanding refund, including interest of \$20 million \$1.7 million which was classified recorded as other noncurrent assets on our consolidated balance sheet as of December 31, 2022, a tax benefit.

Our income tax payments excluding the aforementioned CARES Act refund we received in the second quarter of 2023, for the full year of 2023 2024 are estimated to be in the range of \$70 million \$80 million to \$75 million \$90 million, which includes taxes incurred in countries that impose tax on the basis of in-country revenue, without regard to the profitability of such operations.

Liquidity and Capital Resources

We consider our liquidity and capital resources adequate to support our operations, capital commitments and strategic growth initiatives. Our ability to generate substantial cash flow over the last several years has allowed us to grow reduce our cash balance considerably, long-term debt while maintaining a strong liquidity position. As of September 30, 2023 March 31, 2024, we had working capital of \$658 million \$534 million, including cash and cash equivalents of \$556 million \$355 million. Additionally, as of September 30, 2023 March 31, 2024, we had \$215 million of unused commitments through our senior secured revolving credit agreement that we entered into in April 2022 (as amended by an Agreement and Amendment No. 1 to Credit Agreement, dated September 20, 2023, the "Revolving Credit

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Agreement"), which is further described below and in Note 6—"Debt" in the Notes to Consolidated Financial Statements included in this quarterly report. Availability under the \$215 million revolving credit facility (the "Revolving ("Revolving Credit Facility") may be limited by certain financial covenants and the requirement that any borrowing under the Revolving Credit Facility not require the granting of any liens to secure any senior notes issued by us ("Senior Notes"), us. The indentures governing the 2024

Senior Notes (defined below) and the 2028 Senior Notes (defined below) generally limit our ability to incur secured debt for borrowed money (such as borrowings under the Revolving Credit Facility) to 15% of our Consolidated Net Tangible Assets (as defined in such indentures).

On March 19, 2023, following the intervention of our nearest maturity of the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority ("FINMA"), Credit Suisse Group AG ("Credit Suisse") and UBS Group AG ("UBS") entered into a merger agreement with UBS as the surviving entity. As a result, UBS became a lender under the Revolving Credit Facility. In connection with the amendment indebtedness is \$500 million of our Revolving Credit Facility in September 2023, Citibank, N.A. replaced UBS as a lender thereunder and assumed the underlying Credit Suisse commitments under the Revolving Credit Agreement.

In 2021, we repurchased \$100 million in aggregate principal amount of our 4.650% Senior Notes due 2024 (the "2024 Senior Notes") in open-market transactions. On October 2, 2023, we repurchased \$312 million principal amount of the 2024 Senior Notes at par plus accrued and unpaid interest of \$5.5 million for approximately \$318 million in the Tender Offer (as defined herein). On October 2, 2023, we delivered a notice to the holders of the 2024 Senior Notes that we have elected to redeem all of the remaining \$88 million principal amount outstanding of the 2024 Senior Notes on November 2, 2023 (the "Redemption Date"), pursuant to our optional redemption right under the indenture governing the 2024 2028 Senior Notes. The redemption price will be equal to 100% of the principal amount of the 2024 Senior Notes plus accrued and unpaid interest up to but not including the Redemption Date plus a "make-whole premium." We intend to finance the redemption of the 2024 Senior Notes with cash on hand. See "—Financing Activities" and Note 10—"Subsequent Events" in the Notes to Consolidated Financial Statements included in this quarterly report for additional information on the Tender Offer and the redemption of the 2024 Senior Notes.

We may, from time to time, complete we may engage in certain transactions in order to manage our outstanding debt prior to maturity, including by engaging in repurchases of the 2028 Senior Notes (defined below), via open-market or privately negotiated repurchase transactions, redemptions, exchanges, tender offers or otherwise, prior to their maturity date. otherwise. We can provide no assurances as to the timing of any such repurchases or whether we will complete any such repurchases at all. We do not intend to disclose further information regarding any such repurchase transactions, except to the extent required in our subsequent periodic filings on Forms 10-K or 10-Q, or unless otherwise required by applicable law. See "—Financing Activities"

Cash flows for the three months ended March 31, 2024 and Note 10—"Subsequent Events" 2023 are summarized as follows:

(in thousands)	Three Months Ended	
	Mar 31, 2024	Mar 31, 2023
Changes in Cash:		
Net Cash Used in Operating Activities	\$ (69,717)	\$ (42,919)
Net Cash Used in Investing Activities	(23,205)	(15,690)
Net Cash Used in Financing Activities	(7,456)	(4,936)
Effect of exchange rates on cash	(6,491)	(223)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (106,869)	\$ (63,768)

Operating activities

Our primary sources and uses of cash flows from operating activities for the three months ended March 31, 2024 and 2023 are as follows:

(in thousands)	Three Months Ended	
	Mar 31, 2024	Mar 31, 2023
Cash Flows from Operating Activities:		
Net income (loss)	\$ 15,135	\$ 4,060
Non-cash items, net	29,740	27,633
Accounts receivable and contract assets	(11,519)	(46,880)
Inventory	(7,116)	(13,235)
Current liabilities	(58,994)	6,247
Other changes	(36,963)	(20,744)
Net Cash Provided by (Used in) Operating Activities	\$ (69,717)	\$ (42,919)

The decrease in cash related to accounts receivable and contract assets in the Notes three months ended March 31, 2024 reflects the timing of project milestones and customer payments. The decrease in cash related to Consolidated Financial Statements included inventory in this quarterly report the three months ended March 31, 2024 was primarily due to higher activity and related increases in our Subsea Robotics and Manufactured Products inventory. The decrease in cash related to current liabilities in the three months ended March 31, 2024 reflects the timing of vendor payments and payout of incentive compensation accruals.

Investing activities

Our capital expenditures of \$26 million were higher during the first three months of 2024, as compared to \$18 million in the first three months of 2023, primarily due to increased capital expenditures in 2024 in our Subsea Robotics segment for additional information on the private placement ROV upgrades and replacements and in our Manufactured Products segment related to our autonomous mobile robotic technology business.

In 2024, we expect our organic capital expenditures to total between \$110 million to \$130 million, exclusive of business acquisitions, which we expect to fund using our new 2028 Senior Notes. available cash.

We have several deepwater vessels under a mix of short-term charters where we can see firm workload and spot charters as market opportunities arise, along with four long-term charters that began in 2022, arise. During the second quarter of 2023, we entered into three new long-term charters for deepwater vessels, two of which began in the third quarter and fourth quarters of 2023 and the other that will begin began in the first quarter of 2024. We also entered into a contract. Additionally, we have three long-term charters that will begin began in the fourth quarter of 2023 to extend the charter for one of the deepwater vessels we currently utilize. These contracts increased our future contractual obligations for operating lease liabilities by \$26 million in 2023, \$178 million in the years 2024 and 2025 combined and \$56 million in the years 2026 and 2027 combined. There have been no other material changes in our contractual obligations from those disclosed in Part II. Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations," of our annual report on Form 10-K for the year ended December 31, 2022, 2022. With the current market conditions, we may add additional chartered vessels throughout the year to align with our strategy that balances vessel cost, availability and capability to capture work. We expect to do this through the continued utilization of a mix of short-term, spot and long-term charters.

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Cash flows for the nine months ended September 30, 2023 and 2022, are summarized as follows:

(in thousands)	Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022
Changes in Cash:		
Net Cash Provided by (Used in) Operating Activities	\$ 57,140	\$ (38,583)
Net Cash Used in Investing Activities	(56,573)	(51,132)
Net Cash Used in Financing Activities	(5,136)	(1,862)
Effect of exchange rates on cash	(7,749)	(19,030)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (12,318)	\$ (110,607)

Operating activities

Our primary sources and uses of cash from operating activities for the nine months ended September 30, 2023 and 2022, are as follows:

(in thousands)	Nine Months Ended	
	Sep 30, 2023	Sep 30, 2022
Cash Flows from Operating Activities:		
Net income (loss)	\$ 52,874	\$ 2,813
Non-cash items, net	88,579	98,679
Accounts receivable and contract assets	(135,237)	(130,023)
Inventory	(23,825)	(14,079)
Current liabilities	61,015	14,562
Other changes	13,734	(10,535)
Net Cash Provided by (Used in) Operating Activities	\$ 57,140	\$ (38,583)

The decrease in cash related to accounts receivable and contract assets in the nine months ended September 30, 2023, reflects the timing of project milestones and customer payments. The decrease in cash related to inventory in the nine months ended September 30, 2023, was primarily due to higher activity and related increases in our Manufactured Products and Subsea Robotics inventory. The increase in cash related to current liabilities in the nine months ended September 30, 2023, reflects the timing of vendor payments.

Investing activities

Our capital expenditures of \$67 million were higher during the first nine months of 2023, as compared to \$55 million in the first nine months of 2022, primarily due to increased capital expenditures in our Subsea Robotics segment.

For 2023, we expect our organic capital expenditures to total between \$95 million to \$105 million. This includes approximately \$45 million to \$50 million of maintenance capital expenditures and \$50 million to \$55 million of growth capital expenditures.

Financing activities

In the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, we used \$5.1 million \$7.5 million and \$1.9 million \$4.9 million, respectively, of cash in financing activities primarily due to payment of tax withholding related to vesting of stock awards.

As of September 30, 2023 March 31, 2024, we had long-term debt in the principal amount of \$700 million \$500 million outstanding and \$215 million consisting of unused commitments under the Revolving Credit Agreement. On September 20, 2023, we entered into an Agreement and Amendment No. 1 to the Revolving Credit Agreement which extended the maturity of the commitments thereunder to April 8, 2027. As of September 30, 2023, we were in compliance with all the covenants set forth in the Revolving Credit Agreement.

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In November 2014, we completed the public offering of \$500 million aggregate principal amount of the 2024 our 2028 Senior Notes. We pay interest on the 2024 Senior Notes on May 15 and November 15 of each year. The 2024 Senior Notes are scheduled to mature on November 15, 2024.

In February 2018, we completed the public offering of \$300 million aggregate principal amount of 6.000% Senior Notes due 2028 (the "Existing 2028 Senior Notes"). We pay interest on the Existing 2028 Senior Notes on February 1 and August 1 of each year. The Existing 2028 Senior Notes are scheduled to mature on February 1, 2028.

We may redeem some or all of the Existing 2028 Senior Notes at specified redemption prices. In 2021, we repurchased \$100 million in aggregate principal amount of the 2024 Senior Notes in open-market transactions.

On October 2, 2023, we completed a private placement of \$200 million aggregate principal amount of additional 2028 Senior Notes (the "New 2028 Senior Notes" and, together with the Existing 2028 Senior Notes, the "2028 Senior Notes") to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and to non-U.S. persons outside the United States pursuant to Regulation S Under the Securities Act. The New 2028 Senior Notes constitute an additional issuance of the Existing 2028 Senior Notes and form a single series with such notes. We will pay interest on the New 2028 Senior Notes on February 1 and August 1 of each year, commencing on February 1, 2024. The New and the 2028 Senior Notes are scheduled to mature on February 1, 2028. We may In the three months ended March 31, 2024 and 2023, we did not repurchase or redeem some or any of the 2028 Senior Notes. For more on the 2028 Senior Notes, see Note 6—"Debt" in the Notes to Consolidated Financial Statements included in this quarterly report.

As of March 31, 2024, we had \$215 million of unused commitments under our Revolving Credit Facility. As of March 31, 2024, we were in compliance with all of the New 2028 Senior financial covenants set for in the Revolving Credit Agreement. For more on our Revolving Credit Facility (including the financial covenants thereunder), see Note 6—"Debt" in the Notes at specified redemption prices. We received net proceeds from the offering of the New 2028 Senior Notes of approximately \$179 million, after deducting the initial purchasers' discounts and offering expenses. to Consolidated Financial Statements included in this quarterly report.

On October 2, 2023, we used the net proceeds from the offering discussed above, together with cash on hand, to fund our offer to purchase (the "Tender Offer") for cash any and all of the \$400 million principal amount outstanding of the 2024 Senior Notes. We repurchased \$312 million principal amount of the 2024 Senior Notes at par plus accrued and unpaid interest of \$5.5 million for approximately \$318 million. The consummation of the Tender Offer was contingent upon the completion of the offering discussed above, which was satisfied on October 2, 2023.

On October 2, 2023, we delivered a notice to the holders of the 2024 Senior Notes that we have elected to redeem all of the remaining \$88 million principal amount outstanding of the 2024 Senior Notes on the Redemption Date pursuant to our optional redemption right under the indenture governing the 2024 Senior Notes. The redemption price will be equal to 100% of the principal amount of the 2024 Senior Notes plus accrued and unpaid interest up to but not including the Redemption Date plus a "make-whole premium." We intend to finance the redemption of the 2024 Senior Notes with cash on hand.

Share Repurchase Program. In December 2014, our Board of Directors approved a plan to repurchase up to 10 million shares of our common stock. In stock on a discretionary basis. Under this program, in 2015, we repurchased 2.0 million shares under this plan. of our common stock for \$100 million. We have not repurchased any shares under this plan since December 2015. We account for the shares we hold in treasury under the cost method, at average cost. The timing and amount of any future repurchases will be determined by our management. We expect that any additional shares repurchased under the plan will be held as treasury stock for possible future use. The plan does not obligate us to repurchase any particular number of shares.

Off-Balance Sheet Arrangements

We have not guaranteed any debt not reflected on our Consolidated Balance Sheets as of **September 30, 2023** **March 31, 2024**, and we do not have any off-balance sheet arrangements, as defined by Securities and Exchange Commission's rules.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States. These principles require us to make various estimates, judgments and assumptions that affect the reported amounts in our financial statements and accompanying notes. We disclose our significant accounting policies in Notes to Consolidated Financial Statements—Note 1—“Summary of **Major Significant Accounting Policies**” in this quarterly report and in our annual report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, in Part II. Item 7. “Financial Statements and Supplementary Data—Note 1—Summary of **Major Significant Accounting Policies**.”

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For information about our critical accounting policies and estimates, see Part II. Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our annual report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**. As of **September 30, 2023** **March 31, 2024**, there have been no material changes to the judgments, assumptions and estimates upon which our critical accounting policies and estimates are based.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain market risks arising from transactions we enter into in the normal course of business. These risks relate to interest rate changes and fluctuations in foreign exchange rates. **Except for our exposure in Angola, As of March 31, 2024, we do not believe these risks are material. However, with the expansion of our international operations, we could be exposed to additional market risks from fluctuations in foreign currency exchange rates in the future.** We have not entered into any market-risk-sensitive instruments for speculative or trading purposes. When we have a significant amount of borrowings, we typically manage our exposure to interest rate changes **through the use of using** a combination of fixed- and floating-rate debt. See Note 6—“Debt” in the Notes to Consolidated Financial Statements included in this quarterly report for a description of our **Revolving Credit Agreement revolving credit agreement** and interest rates on our borrowings. We believe significant interest rate changes would not have a material near-term impact on our future earnings or cash flows.

Because we operate in various regions in the world, we conduct a portion of our business in currencies other than the U.S. dollar. The functional currency for most of our international operations is the applicable local currency. A stronger U.S. dollar against the United Kingdom pound sterling, the Norwegian kroner and the Brazilian real could result in lower operating income. We manage our exposure to changes in foreign exchange rates by primarily denominating our contracts and providing for collections from our customers in U.S. dollars or freely convertible currency and endeavoring to match our contract costs with the denominated contractual currency. We use the exchange rates in effect as of the balance sheet date to translate assets and liabilities when the functional currency is the local currency, resulting in translation adjustments that we reflect as accumulated other comprehensive income or loss in the equity section of our Consolidated Balance Sheets. We recorded net adjustments to our equity accounts of **\$(11) \$(16.0) million and \$(21) \$(1.9) million in the three-month periods ended September 30, 2023 March 31, 2024 and 2022, respectively, and \$(10) million and \$(42) million in the nine-month periods ended September 30, 2023 and 2022, 2023, respectively.** Negative adjustments reflect the net impact of the strengthening of the U.S. dollar against various foreign currencies for locations where the functional currency is not the U.S. dollar. Conversely, positive adjustments reflect the effect of a weakening U.S. dollar.

We recorded foreign Foreign currency transaction gains (losses) of \$0.9 million were \$2.2 million and \$(1.1) million \$0.3 million in the three-month periods ended September 30, 2023 March 31, 2024 and 2022, respectively, and \$(3.6) million and \$0.2 million in the nine-month periods ended September 30, 2023 and 2022, 2023, respectively. We recorded foreign currency transaction gains (losses) related to the Angolan kwanza as a component of other income (expense), net in our Consolidated Statements of Operations in those respective periods. Foreign currency transaction gains (losses) related to the Angolan kwanza of \$0.8 million and \$(1.4) million in three-month periods ended September 30, 2023 and 2022, respectively, and \$(5.2) million and \$0.7 million in the nine-month periods ended September 30, 2023 and 2022, respectively, were primarily due to the remeasurement of our Angolan kwanza cash balances to U.S. dollars.

The Angolan kwanza was devalued against the U.S. dollar by 65% in the nine-month period ended September 30, 2023. Any conversion of cash balances from kwanza to U.S. dollars is controlled by the central bank in Angola. During 2023, we have repatriated \$1.8 million in cash from Angola. As of September 30, 2023 and December 31, 2022, we had the equivalent of approximately \$13 million and \$5.6 million, respectively, of kwanza cash balances in Angola reflected on our Consolidated Balance Sheets.

To mitigate our currency exposure risk in Angola, we used kwanza to purchase equivalent Angolan central bank (Banco Nacional de Angola) bonds. The bonds were denominated as U.S. dollar equivalents, so that, upon payment of semi-annual interest and principal upon maturity, payment was made in kwanza, equivalent to the respective U.S. dollars at the then-current exchange rate. Our remaining Angolan bonds matured on September 1, 2023, and we received cash proceeds of \$6.2 million. As of December 31, 2022, we had \$6.2 million of U.S. dollar equivalent Angolan bonds. These bonds were classified as available-for-sale securities; accordingly, they were recorded at fair market value in other current assets in our Consolidated Balance Sheets as of December 31, 2022. We did not sell any of our Angolan bonds in the three- and nine-month periods ended September 30, 2022.

We estimated the fair market value of the Angolan bonds to be \$6.4 million as of December 31, 2022, using quoted market prices. Since the market for the Angolan bonds was not an active market, the fair value of the Angolan bonds was classified within Level 2 in the fair value hierarchy under U.S. GAAP. As of December 31, 2022, we had \$0.1 million in unrealized gains, net of tax, related to these bonds as a component of accumulated other comprehensive loss on our Consolidated Balance Sheets.

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Item 4. Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we carried out an evaluation, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2023, March 31, 2024 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in our internal control over financial reporting that occurred during the three months ended September 30, 2023, March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal proceedings, see the discussion under the caption "Litigation" in Note 7—"Commitments and Contingencies" in the Notes to Consolidated Financial Statements included in this report, which discussion we incorporate by reference into this Item.

Item 1A. Risk Factors

With the exception of the following, there have been no other material changes in our risk factors from those disclosed in Part I, Item 1A, of our annual report on Form 10-K for the year ended December 31, 2022.

Difficulty in obtaining sufficient capital could adversely impact our business and financial condition.

A financial crisis or economic recession could have an adverse impact on our business and our financial condition. In particular, the cost of capital could increase substantially and the availability of funds from the capital markets could diminish significantly. Since the global recession in 2008, credit and capital markets have, from time to time, experienced unusual volatility. Our ability to access the capital markets in the future could be restricted or available on terms we do not consider favorable. Furthermore, if investors or financial institutions shift funding away from companies in the energy industry, our access to capital or the market for our securities could be negatively impacted. Limited access to the capital markets could adversely impact our ability to take advantage of business opportunities or react to changing economic and business conditions and could adversely impact our ability to continue our growth strategy. Ultimately, we could be required to reduce our future capital expenditures substantially. Such a reduction could have a material adverse effect on our business and our consolidated financial condition, results of operations and cash flows. A financial crisis or economic recession could also affect our suppliers and our customers, causing them to fail to meet their obligations to us, which could have a material adverse effect on our revenue, income from operations and cash flows.

If one or more of the lenders under our revolving credit facility were to become unable or unwilling to perform their obligations under that facility, our borrowing capacity could be reduced. Our inability to borrow under our revolving credit facility could limit our ability to fund our future operations and growth.

In addition, we maintain our cash balances and short-term investments primarily in accounts held by major banks and financial institutions located principally in North America, Europe, Africa and Asia, and some of those accounts hold deposits that exceed available insurance. It is possible that one or more of the financial institutions in which we hold our cash and investments could become subject to bankruptcy, receivership or similar proceedings. As a result, we could be at risk of not being able to access material amounts of our cash, which could result in a temporary liquidity crisis that could impede our ability to fund operations.

Item 5. Other Information

During the three-month period ended September 30, 2023, no director or officer of the Company 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.

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Item 6. Exhibits

Index to Exhibits						
			Registration or File			
			Number	Form of Report	Report Date	Exhibit Number
*	3.01	Restated Certificate of Incorporation	1-10945	10-K	Dec. 2000	3.01
*	3.02	Certificate of Amendment to Restated Certificate of Incorporation	1-10945	8-K	May 2008	3.1
*	3.03	Certificate of Amendment to Restated Certificate of Incorporation	1-10945	8-K	May 2014	3.1
*	3.04	Amended and Restated Bylaws	1-10945	8-K	Nov. 2022	3.01
*	4.01	Third Supplemental Indenture, dated October 2, 2023, between Oceaneering International, Inc. and Computershare Trust Company, N.A., as trustee, with respect to 6.000% Senior Notes due 2028	1-10945	8-K	Oct. 2023	4.3
*	4.02	Registration Rights Agreement, dated October 2, 2023, between Oceaneering International, Inc. and J.P. Morgan Securities LLC, as representative of the several initial purchasers	1-10945	8-K	Oct. 2023	4.5
*	10.01	Agreement and Amendment No. 1 to Credit Agreement, dated as of September 20, 2023, among Oceaneering International, Inc., as borrower, the guarantors party thereto, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent	1-10945	8-K	Sept. 2023	10.1
	31.01	Rule 13a – 14(a)/15d – 14(a) certification of principal executive officer				
	31.02	Rule 13a – 14(a)/15d – 14(a) certification of principal financial officer				
	32.01	Section 1350 certification of principal executive officer				
	32.02	Section 1350 certification of principal financial officer				
	101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.				
	101.SCH	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 Label Linkbase Document				
	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				
	104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				
*	Exhibit previously filed with the Securities and Exchange Commission, as indicated, and incorporated herein by reference.					

Index to Exhibits						
			Registration or File			
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*	3.01	Restated Certificate of Incorporation	1-10945	10-K	Dec. 2000	3.01
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*	3.03	Certificate of Amendment to Restated Certificate of Incorporation	1-10945	8-K	May 2014	3.1
*	3.04	Amended and Restated Bylaws	1-10945	8-K	Nov. 2022	3.01
	10.01†	2024 Annual Cash Bonus Award Program Summary				
	31.01	Rule 13a – 14(a)/15d – 14(a) certification of principal executive officer				
	31.02	Rule 13a – 14(a)/15d – 14(a) certification of principal financial officer				
	32.01	Section 1350 certification of principal executive officer				
	32.02	Section 1350 certification of principal financial officer				
	101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.				
	101.SCH	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 Label Linkbase Document				

101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
*	Exhibit previously filed with the Securities and Exchange Commission, as indicated, and incorporated herein by reference.
†	Management contract or compensatory plan or arrangement.

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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.

<div>October 27, 2023April 26, 2024</div> <div>Date</div>	<div>/S/ RODERICK A. LARSON</div> <div>Roderick A. Larson</div> <div>President and Chief Executive Officer</div> <div>(Principal Executive Officer)</div>
<div>October 27, 2023April 26, 2024</div> <div>Date</div>	<div>/S/ ALAN R. CURTIS</div> <div>Alan R. Curtis</div> <div>Senior Vice President and Chief Financial Officer</div> <div>(Principal Financial Officer)</div>
<div>April 26, 2024</div> <div>Date</div>	<div>/S/ CATHERINE E. DUNN</div> <div>Catherine E. Dunn</div> <div>Vice President and Chief Accounting Officer</div> <div>(Principal Accounting Officer)</div>

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Exhibit 10.01

OCEANEERING INTERNATIONAL, INC.
2024 ANNUAL CASH BONUS AWARD PROGRAM SUMMARY

The Compensation Committee (the “Committee”) of the Board of Directors of Oceaneering International, Inc. (“Oceaneering,” and together with its subsidiaries, the “Company”) approved a 2024 Annual Cash Bonus Award Program (the “Program”) for Employees selected by the Committee, under Oceaneering’s 2020 Incentive Plan (the “Incentive Plan”), that establishes certain goals for the Company or functional units or business segments thereof in 2024 (the “Program Goals”). The terms “Employee” and “Participant” have the respective meanings set forth in the Incentive Plan.

Under the Program, cash bonuses payable to Participants in the Program are determined by the Committee based on the level of achievement of the Program Goals approved by the Committee and, where applicable, individual goals, weighted as follows:

- (a) for Oceaneering’s executive officer Participants:
- 60% the Company’s consolidated earnings before interest, taxes, depreciation and amortization for the year ending December 31, 2024, adjusted to remove the net impact of: foreign currency gains and losses; sales of fixed assets and investments resulting in gains or

losses; impairments, write-downs and/or write-offs of assets; corporate restructuring expenses; and other unusual items; in each case, as may be approved by the Committee ("**Adjusted EBITDA**");

25% the Company's net cash provided by operating activities less purchases of property and equipment for the year ending December 31,

2024, as approved by the Committee ("**Free Cash Flow**");

10% safety goals for the Company; and

5% environmental goals for the Company; and

(b) for other corporate and functional staff Participants:

45% Adjusted EBITDA;

25% Free Cash Flow;

15% individual goals;

10% safety goals for the Company; and

5% quality goals for the relevant functional unit; and

(c) for other business segment Participants:

45% Adjusted EBITDA;

25% Free Cash Flow;

15% individual goals;

10% safety goals for the relevant segment; and

5% quality goals for the relevant segment.

For each Participant under the Program, the cash bonus achievable is an amount, determined in U.S. Dollars, payable on or before March 15, 2025, based on a percentage approved by the Committee or its delegate, applied to: (1) the 2023 annual base salary for each Participant serving as an executive officer of the Company during 2024; and (2) the annual base salary rate in effect on October 1, 2024 for each of the other Participants.

The foregoing notwithstanding, payments are subject to the Company's Clawback Policy, and the Committee has absolute discretion to approve payment of amounts other than those determined based on the level of achievement of Program Goals and, where applicable, individual goals. Further, the Committee has delegated full authority under the Program to Oceaneering's Chief Executive Officer, except with respect to any Participant who, at the time of award or payment, serves the Company as: (1) a member of the Board; (2) an executive officer or other officer appointed by the Board; (3) an Employee with the title of vice president or above; (4) the Director, Internal Audit (or an Employee with an equivalent position); or (5) the Chief Compliance Officer (or an Employee with an equivalent position).

In any event, to be eligible to receive a cash bonus under the Program, a Participant must be either: (1) an active Employee in good standing of the Company, as determined in the absolute discretion of the Committee or Oceaneering's Chief Executive Officer (within his delegated authority); or (2) a member of Oceaneering's Board of Directors, at the time cash bonuses are paid under the Program.

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Exhibit 31.01

CERTIFICATION

I, Roderick A. Larson, principal executive officer of Oceaneering International, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oceaneering International, Inc. for the quarter ended September 30, 2023 March 31, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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

October 27, 2023 April
26, 2024

Date

/s/ RODERICK A. LARSON

Roderick A. Larson
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.02

CERTIFICATION

I, Alan R. Curtis, principal financial officer of Oceaneering International, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oceaneering International, Inc. for the quarter ended September 30, 2023 March 31, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 27, 2023 April
26, 2024

Date

/s/ ALAN R. CURTIS

Alan R. Curtis
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.01

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

In connection with the Quarterly Report of Oceaneering International, Inc. ("Oceaneering") on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Roderick A. Larson, principal executive officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- 1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Oceaneering.

October 27, 2023 April
26, 2024

Date

/s/ RODERICK A. LARSON

Roderick A. Larson
President and Chief Executive Officer
(Principal Executive Officer)

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

In connection with the Quarterly Report of Oceaneering International, Inc. ("Oceaneering") on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alan R. Curtis, principal financial officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Oceaneering.

October 27, 2023 **April**
26, 2024

Date

/S/ ALAN R. CURTIS

Alan R. Curtis

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

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