UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K/A

(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 1, 2022**

HELIX ENERGY SOLUTIONS GROUP, INC.

(Exact name of registrant as specified in its charter)

Minnesota	**001-32936**	**95-3409686**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3505 West Sam Houston Parkway North
Suite 400
Houston, Texas — **77043**
(Address of principal executive offices) — (Zip Code)

Registrant's telephone number, including area code: **281-618-0400**

NOT APPLICABLE
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, no par value	HLX	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

EXPLANATORY NOTE

As previously reported, on July 1, 2022, Helix Energy Solutions Group, Inc. (“Helix”) completed the previously announced acquisition of the Alliance group of companies (collectively, “Alliance”), pursuant to which Helix purchased all of the equity interests of Alliance (the “Acquisition”). The Acquisition was made pursuant to an Equity Purchase Agreement (the “Purchase Agreement”), dated May 16, 2022, by and among Helix Alliance Decom, LLC, a Delaware limited liability company (“Purchaser”), a wholly owned subsidiary of Helix, Stephen J. Williams, an individual resident of the State of Louisiana (“Seller”), and Helix (solely for purposes of Sections 1.05(d) (earn out consideration) and 6.14 (guarantee of Purchaser’s obligation)).

This Current Report on Form 8-K/A (this “Amendment No. 1”) amends and supplements Item 9.01 of the Current Report on Form 8-K filed by Helix with the U.S. Securities and Exchange Commission on July 1, 2022 (the “Original Form 8-K”) to provide certain historical and pro forma financial information as required by Items 9.01(a) and 9.01(b) of Form 8-K and permitted to be filed by amendment to the Original Form 8-K pursuant to Items 9.01(a)(3) and 9.01(b)(2) of Form 8-K, respectively. Except for the filing of such information, this Amendment No. 1 does not modify or update other disclosures in, or exhibits to, the Original Form 8-K and accordingly should be read in conjunction with the Original Form 8-K. The pro forma financial information included in this Amendment No. 1 has been presented for informational purposes only and is not necessarily indicative of the combined financial position or results of operations that would have been realized had the Acquisition occurred as of the dates indicated, nor is it meant to be indicative of any anticipated combined financial position or future results of operations that Helix will experience after the Acquisition.

The information previously reported in or filed with the Original Form 8-K is hereby incorporated by reference into this Amendment No. 1.

Item 9.01 Financial Statements and Exhibits.

(a) *Financial Statements of Business Acquired.*

The audited combined consolidated financial statements of Alliance as of and for the year ended December 31, 2021 are filed as Exhibit 99.1 and incorporated by reference herein.

The unaudited condensed combined consolidated financial statements of Alliance as of and for the six months ended June 30, 2022 are filed as Exhibit 99.2 and incorporated by reference herein.

(b) *Pro Forma Financial Information.*

The unaudited pro forma condensed combined financial information of Helix as of and for the six months ended June 30, 2022 and for the year ended December 31, 2021, and notes related thereto, are filed as Exhibit 99.3 and incorporated by reference herein.

(d) *Exhibits.*

Exhibit Number	Description
23.1	Consent of KPMG LLP, independent auditors of Alliance.
99.1	Audited Combined Consolidated Financial Statements of Alliance as of and for the year ended December 31, 2021.
99.2	Unaudited Condensed Combined Consolidated Financial Statements of Alliance as of and for the six months ended June 30, 2022.
99.3	Unaudited Pro Forma Condensed Combined Financial Information of Helix as of and for the six months ended June 30, 2022 and for the year ended December 31, 2021.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 hereunto duly authorized.

Date: September 16, 2022

HELIX ENERGY SOLUTIONS GROUP, INC.

By: /s/ Erik Staffeldt
Erik Staffeldt
Executive Vice President and
Chief Financial Officer

EXHIBIT 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the registration statement (No. 333-234325) on Form S-3 and (Nos. 333-262174, 333-183532, 333-126248 and 333-58817) on Form S-8 of Helix Energy Solutions Group, Inc. of our report dated September 16, 2022, with respect to the combined consolidated financial statements of Alliance Maritime Holdings, LLC and related entities, which report appears in this Current Report on Form 8-K/A.

/s/ KPMG LLP

Houston, Texas
September 16, 2022

ALLIANCE MARITIME HOLDINGS, LLC AND RELATED ENTITIES

COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

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Independent Auditors' Report

To the Members
Alliance Maritime Holdings, LLC and Related Entities:

Opinion

We have audited the combined consolidated financial statements of Alliance Maritime Holdings, LLC and related entities (the Company), which comprise the combined consolidated balance sheet as of December 31, 2021, and the related combined consolidated statement of operations and members' deficit, and statement of cash flows for the year then ended, and the related notes to the combined consolidated financial statements.

In our opinion, the accompanying combined consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the combined consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the combined consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Combined Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the combined consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ KPMG LLP

Houston, Texas
September 16, 2022

ALLIANCE MARITIME HOLDINGS, LLC AND RELATED ENTITIES
COMBINED CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2021

		2021
ASSETS		
Current assets:		
Cash and cash equivalents	$	9,953,760
Restricted cash		344,678
Accounts receivable		24,363,724
Other current assets		2,646,153
Due from related parties		91,388
Total current assets		37,399,703
Property and equipment		146,976,075
Less accumulated depreciation		(81,000,992)
Property and equipment, net		65,975,083
Other assets, net		1,174,238
Total assets	$	104,549,024
LIABILITIES AND MEMBERS' DEFICIT		
Current liabilities:		
Accounts payable	$	9,341,477
Accrued liabilities		2,468,144
Current maturities of long-term debt		4,110,250
Total current liabilities		15,919,871
Long-term debt		41,031,000
Due to members		12,335,675
Due to related parties		71,130,739
Total liabilities		140,417,285
Members' deficit		(35,868,261)
Total members' deficit		(35,868,261)
Total liabilities and members' deficit	$	104,549,024

The accompanying notes are an integral part of the combined consolidated financial statements.

ALLIANCE MARITIME HOLDINGS, LLC AND RELATED ENTITIES
COMBINED CONSOLIDATED STATEMENT OF OPERATIONS AND MEMBERS' DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2021

		2021
Net revenues	$	114,322,684
Cost of sales		100,676,510
Gross profit		13,646,174
Gain on disposition of assets, net		1,499,500
Selling, general and administrative expenses		(5,618,247)
Income from operations		9,527,427
Net interest expense		(6,688,127)
Gain on extinguishment of long-term debt		1,394,333
Other expense, net		(485,068)
Net income	$	3,748,565
Members' deficit:		
Beginning of year	$	(74,297,490)
Net income		3,748,565
Members' contributions		35,493,514
Members' draws		(812,850)
End of year	$	(35,868,261)

The accompanying notes are an integral part of the combined consolidated financial statements.

ALLIANCE MARITIME HOLDINGS, LLC AND RELATED ENTITIES
COMBINED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

		2021
Cash flows from operating activities:		
Net income	$	3,748,565
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		12,313,688
Amortization of debt issuance costs		131,199
Gain on disposition of assets, net		(1,499,500)
Gain on extinguishment of debt		(1,394,333)
Changes in operating assets and liabilities:		
Accounts receivable, net		(12,425,339)
Other current assets		(184,584)
Accounts payable and accrued liabilities		6,842,915
Other, net		(1,423,162)
Net cash provided by operating activities		6,109,449
Cash flows from investing activities:		
Capital expenditures		(12,832,703)
Proceeds from sale of assets		2,150,000
Net cash used in investing activities		(10,682,703)
Cash flows from financing activities:		
Borrowings under long-term debt		47,000,000
Repayments of long-term debt		(23,500,000)
Debt issuance costs		(1,411,616)
Members' contributions		16,774
Members' draws		(812,850)
Increase in due to members		5,000,000
Decrease in due to related parties		(15,987,956)
Net cash provided by financing activities		10,304,352
Net increase in cash and cash equivalents and restricted cash		5,731,098
Cash and cash equivalents and restricted cash:		
Balance, beginning of year		4,567,340
Balance, end of year	$	10,298,438

The accompanying notes are an integral part of the combined consolidated financial statements.

ALLIANCE MARITIME HOLDINGS, LLC AND RELATED ENTITIES
NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 — Company Overview

Alliance Maritime Holdings, LLC and Related Entities (the “Company”) is a vertically integrated platform, specializing in comprehensive offshore oil field decommissioning and reclamation (“D&R”) services. Its D&R offering includes not only engineering, permitting and project management, but also in-house execution services such as well plugging and abandonment, subsea infrastructure flushing and abandonments (or removals), platform decommissioning and structure removals, and underwater site clearance. In addition to its end-of-life D&R services, the Company offers services to support the full life cycle of offshore upstream and midstream industries, including installations and construction, inspection, maintenance and repair, and oil and gas production (i.e., well intervention, reeled tubing, and pumping). The Company operates a diversified fleet of marine assets including crew boats, dive support vessels, liftboats, offshore supply vessels, coastal/spud barges and a 1760T heavy lift derrick barge, which support the aforementioned services primarily in the U.S. Gulf of Mexico. These services are carried out by three businesses: Alliance Energy Services (Energy Services), Alliance Offshore (Offshore), and Triton Diving and Heavy Lift (Triton).

The Company’s customer base includes major and independent oil & gas companies, pipeline companies and oil and gas service companies.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying combined consolidated financial statements include the accounts of Alliance Maritime Holdings, LLC and its wholly-owned subsidiaries, Alliance Vessel Leasing, LLC, Alliance Energy Services, LLC, Heavy Lift Holdings, LLC and its wholly-owned subsidiaries, Triton Diving Services, LLC, and Whitney Liftboats, LLC. These entities are under common ownership in the year ended December 31, 2021. The combined consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of acquisition to be cash equivalents.

Restricted Cash

Restricted cash is comprised of funds that are contractually restricted as to usage or withdrawal due to a contractual agreement with an insurer for the payment of worker’s compensation insurance claims.

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. The Company's estimate for the allowance for doubtful accounts is based on a review of the current status of accounts receivable. No allowance was provided for its accounts receivable as of December 31, 2021.

Property and Equipment

Expenditures for new property and equipment and amounts expended which substantially increase the estimated useful lives of existing assets, are capitalized and carried on the basis of cost. Maintenance and repairs are expensed as incurred. The carrying amounts and related accumulated depreciation of property and equipment sold are eliminated from the related accounts and any resulting gain or loss is included in the statement of operations. Depreciation is computed using primarily the straight-line method over estimated useful lives as follows:

Vessels	7 - 18 years
Machinery and equipment	2 - 10 years
Buildings and improvements	5 - 39 years

Impairment of Long-Lived Assets

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The Company did not recognize any impairment losses for 2021.

Deferred Dry Dock Costs

The Company's vessels are required by regulation to be recertified after certain periods of time. These recertification costs are incurred while the vessel is in dry dock. In addition, routine repairs and maintenance are performed, and at times, major replacements and improvements are performed. The Company defers and depreciates recertification costs over the length of time in which the recertification is expected to last, which is generally 24 to 36 months. Major replacements and improvement, which extend the vessel's economic life or functional operating capability are capitalized and depreciated over the vessel's remaining life.

Revenue Recognition

Revenue from the Company's Energy Services business is generated with the provision of plug and abandonment systems, coiled tubing systems, other equipment and personnel to provide decommissioning and intervention services. Revenue from the Company's Offshore business is generated with the provision of offshore vessels, liftboats and crewboats to provide marine access to offshore facilities in order to perform decommissioning, intervention, diving and other workscopes. The Company's vessels and systems are used together to perform services for its customers. Revenue from the Company's Triton business is generated with the provision of diving vessels and personnel and with the heavy lift barge to provide diving and platform decommissioning services.

Revenues are generated primarily from short-term projects pursuant to service contracts, such as master service agreements and purchase orders or other contractual arrangements with the Company's customers. Its service contracts generally contain provisions for specific time, material and equipment charges that are billed in accordance with the terms of such contracts (time and materials contracts). Less frequently, its service contracts may contain lump sum payment provisions (lump sum contracts).

The Company accounts for its services under contracts with customers as a single performance obligation satisfied over time. The single performance obligation in time and materials contracts is comprised of a series of distinct time increments in which the Company provides services.

Time and Materials Contracts. Revenues generated from time and materials contracts provide for payment according to the rates per time increment (e.g., hours or days) and as stipulated in the contract (e.g., operating rate or standby rate). Invoices billed to the customer are typically based on the applicable rates for that time period. Time and materials consideration is allocated to the distinct hourly time increment to which it relates and is therefore recognized in line with the contractual rate billed for the services provided for any time period.

The Company receives reimbursements from its customers for the purchase of supplies, equipment, personnel services and other services provided at their request. Reimbursable revenues are variable and not recognized until the related costs are incurred on behalf of the customer.

Lump Sum Contracts. Revenues generated from lump sum contracts are recognized over time. Revenue is recognized based on the extent of progress towards completion of the performance obligation. Consideration for lump sum contracts is generally due from the customer based on the achievement of milestones.

The Company records revenues net of taxes collected from customers and remitted to governmental authorities.

The following table provides information about disaggregated revenue by service line for the year ended December 31, 2021:

		2021
Alliance Energy Services	$	39,388,212
Alliance Offshore		28,969,045
Triton Diving and Heavy Lift		47,397,532
Intercompany eliminations		(1,432,105)
Total	$	114,322,684

Income Taxes

The Company, with the consent of its members, has elected to have its income or loss reported directly to the members under provisions of the Internal Revenue Code. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities beyond three years from the filling of those returns.

Contingencies

Liabilities for loss contingencies arising from claims and litigation are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. Legal costs incurred in connection with claims and litigation are expensed as incurred.

Fair Value of Financial Instruments

The Company's consolidated financial instruments primarily consist of cash, accounts receivable, accounts payable, and debt instruments. The carrying amounts of financial instruments, other than debt instruments, are representative of their fair values due to their short maturities. The Company's debt agreements bear interest at market rates, and management believes their carrying amounts approximate fair value.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits and trade receivables. The Company at times has cash on deposit at financial institutions that is in excess of federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to federally insured limits. The Company has not experienced any losses in such accounts. The Company has no policy requiring collateral or other security to support its deposits.

Concentrations of credit risk with respect to trade receivables results from its customers, substantially all of whom are involved in oil and gas activities. The Company performs credit evaluations of new customers and existing customers whenever necessary. The Company has no policy requiring collateral or other security to support its deposits or accounts receivable.

At December 31, 2021, major customer receivables (those representing 10% or more of the Company's total accounts receivable) are as follows: QuarterNorth Energy (25%), Talos Energy (12%) and Cantium LLC (11%).

Major Customers

In 2021, revenues from major customers (those representing 10% or more of the Company's total revenues) are as follows: Talos Energy (29%) and Fieldwood Energy (11%).

New Accounting Standards

In February 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)" ("ASC 842"), which was updated by subsequent amendments. ASC 842 requires that a lessee recognize the right-of-use ("ROU") assets and lease liabilities that arise from leases classified as finance or operating. ASC 842 also changes the definition of a lease and requires expanded quantitative and qualitative disclosures for both lessees and lessors. The Company adopted ASC 842 as of January 1, 2022. The adoption of this standard resulted in the recognition of operating lease liabilities of $1,477,874 and corresponding ROU assets of $1,477,874 as of January 1, 2022.

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments," which was updated by subsequent amendments. The credit loss standard replaces the current incurred loss model for measurement of credit losses on financial assets (including trade receivables) with a forward-looking expected loss model based on historical experience, current conditions, and reasonable and supportable forecasts. ASU No. 2016-13 will be effective for the Company's fiscal year beginning January 1, 2023. The Company is continuing to evaluate the impact the adoption of ASU No. 2016-13 will have on the Company's combined consolidated financial statements.

The Company does not expect any other recent accounting standards to have a material impact on its financial position, results of operations or cash flows when they become effective.

Note 3 — Details of Certain Accounts

Other current assets as of December 31, 2021 consist of the following:

	2021
Prepaids	$ 1,265,239
Inventory	485,286
Other receivables	562,409
Deposits	207,749
Other	125,470
Total other current assets	$ 2,646,153

Other assets, net as of December 31, 2021 consist of the following:

	2021
Deferred recertification and dry dock costs, net	$ 1,174,238
Total other assets, net	$ 1,174,238

Accrued liabilities as of December 31, 2021 consist of the following:

	2021
Accrued payroll and related benefits	$ 1,231,337
Other	1,236,807
Total accrued liabilities	$ 2,468,144

Note 4 — Property and Equipment

The following is a summary of the gross components of property and equipment at December 31, 2021:

	2021
Vessels	$ 114,371,620
Machinery and equipment	30,211,986
Buildings and improvements	2,392,469
Total property and equipment	$ 146,976,075

In 2021, the Company sold two liftboats for net proceeds of $2,150,000 and recognized a gain totaling $1,500,000 on the sale.

Note 5 — Long-Term Debt

Long-term debt as of December 31, 2021 consists of the following:

	2021
Notes payable to Squadron Capital bearing interest at 11%. The notes mature on June 8, 2026 and are secured by all Company assets (1)	$ 46,421,667
Total long-term debt	46,421,667
Less unamortized debt issuance costs	(1,280,417)
Less current maturities	(4,110,250)
Long-term debt	$ 41,031,000

(1) Notes payable to Squadron Capital were paid in full on July 1, 2022 due to the acquisition of the Company. See Note 11 for further discussion.

Scheduled maturities of long-term debt outstanding as of December 31, 2021 are as follows:

		2021
Less than one year	$	4,110,250
One to two years		5,950,817
Two to three years		5,537,392
Three to four years		5,181,890
Four to five years		25,641,318
Total long-term debt	$	46,421,667

During 2021, the Company entered into a credit agreement with Squadron Capital. Proceeds from the credit agreement were used to pay off debt with White Oak Global Advisors, LLC which had a principal balance of $23,894,333. The debt was settled for $22,500,000 and as a result the Company recorded a gain on extinguishment of long-term debt of $1,394,333 in the accompanying combined consolidated statement of operations and members' deficit.

Note 6 — Employee Benefit Plans

The Company sponsors a defined contribution 401(k) retirement plan (the "Plan") to provide retirement and incidental benefits for its employees. Employees may contribute up to 100% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Plan provides for discretional matching contributions on elective deferrals in an amount to be determined by the Company on an annual basis. There was no Company match for 2021.

Note 7 — Related Parties Transactions

Due from related parties

Due from related parties represents amounts that the Company was owed from entities owned by a member or an officer of the Company as of December 31, 2021.

Due to members

The Company borrowed $6,000,000 from a member to finance the purchase of property and equipment and repaid $1,000,000 during 2021. The remaining amount owed to that member was $9,700,000 as of December 31, 2021. The Company accrues interest at 6%. As of December 31, 2021, $2,494,007 of interest was accrued.

Due to related parties

Due to related parties represents amounts that the Company owed to entities owned by a member or an officer of the Company as of December 31, 2021.

The Company entered into a promissory note with an entity owned by a member. The note payable bears interest at LIBOR plus 7% and matures on July 31, 2026. As of December 31, 2021, the note had a remaining principal amount of $674,622 and accrued interest payable of $1,203,692.

The Company entered into a promissory note with an individual who owns indirectly a portion of the Company. The note payable of $1,000,000 bears interest at LIBOR plus 7%. The balance of all accrued and unpaid interest and outstanding principal was due on or before November 18, 2016. The issuer granted a verbal extension of time at the same interest rate. As of December 31, 2021, the note had accrued interest payable of $493,683.

The Company has five promissory notes with an entity owned by a member. One note payable with an original principal of $17,000,000 bears interest at 3.85% and matures on November 29, 2027. The other four notes with an aggregate original principal of $35,150,000 bear interest at 6%. According to an intercreditor agreement dated June 8, 2021 among lender parties to the Company, these notes are subordinate and junior in right of payment to the notes payable to Squadron Capital and no payment shall be made with respect to these notes until the discharge of the Squadron debt. As of December 31, 2021, the remaining amounts owed on these notes totaled $35,044,007 and these notes had accrued interest payable of $15,114,844.

A loan with a third-party financial institution was purchased by an entity owned by a member in August 2020. The remaining carrying amount of the loan at the time of purchase was $50,785,472. During 2021, new financing was obtained with Squadron Capital (Note 5), which was used to repay $15,308,732 of the existing loan amount, and the remaining amount of $35,476,740 was forgiven by the entity owned by the member. The forgiven amount was recognized as members' contributions in the accompanying combined consolidated statement of operations and members' deficit.

The Company leases plane time from an entity owned by a member. As of December 31, 2021, the Company owed this entity a total of $789,007 for plane time.

The Company leases, on a month-to-month basis, an office building from an entity owned by a member. Rent expense for the year ended December 31, 2021 was $180,000.

All related party balances were settled on July 1, 2022 as part of the acquisition of the Company. See Note 11 for further discussion.

Note 8 — Commitments and Contingencies and Other Matters

Commitments

The Company leases facilities under long-term operating lease agreements that expire at various dates through March 2025. Rent expense related to facility leases was approximately $1,017,000 for the year ended December 31, 2021. Future minimum rental payments as of December 31, 2021 are as follows:

	2021
2022	$ 534,880
2023	459,969
2024	275,000
Total	$ 1,269,849

Contingencies and Claims

The Company believes that there are currently no contingencies that would have a material adverse effect on its financial position, results of operations or cash flows.

Litigation

The Company is involved in various legal proceedings. In addition, from time to time the Company receives other claims, such as contract and employment-related disputes, in the normal course of business.

Note 9 — Statement of Cash Flow Information

The following table provides supplemental cash flow information for the year ended December 31, 2021:

		2021
Interest paid	$	2,614,012
Noncash financing of insurance premiums		656,291

Note 10 — Coronavirus (COVID-19) and CARES Act

The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's customers, suppliers, and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. Even after the COVID-19 pandemic has subsided, the Company may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time.

In response to the COVID-19 pandemic, Congress signed into law on March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act permits the deferral of payment of the Company's portion of social security taxes between March 27, 2020 and December 31, 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. The Company deferred $1,106,185 in total and repaid $546,447 during 2021. As of December 31, 2021, the Company owes $559,738, which is included in accrued payroll and related benefits (Note 3).

Note 11 — Subsequent Events

In January 2022, the Company borrowed an additional $6,500,000 under the credit agreement with Squadron Capital. See Note 5 for additional information regarding the terms.

On July 1, 2022, Helix Energy Solutions Group, Inc. acquired all of the equity interests of the Company. As part of the transaction, the remaining balances on notes payable to Squadron Capital were fully repaid and all related party balances were settled.

The Company has evaluated subsequent events through the date of the auditors' report, the date which the combined consolidated financial statements were available to be issued. There were no other material subsequent events that required recognition or additional disclosures in these combined consolidated financial statements.

EXHIBIT 99.2

ALLIANCE MARITIME HOLDINGS, LLC AND RELATED ENTITIES

CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

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ALLIANCE MARITIME HOLDINGS, LLC AND RELATED ENTITIES
CONDENSED COMBINED CONSOLIDATED BALANCE SHEET (UNAUDITED)
JUNE 30, 2022

		2022
ASSETS		
Current assets:		
Cash and cash equivalents	$	6,335,894
Restricted cash		344,678
Accounts receivable		44,187,507
Other current assets		3,977,367
Due from related parties		114,143
Total current assets		54,959,589
Property and equipment		151,804,559
Less accumulated depreciation		(86,780,829)
Property and equipment, net		65,023,730
Operating lease right-of-use assets		1,204,798
Other assets, net		2,133,652
Total assets	$	123,321,769
LIABILITIES AND MEMBERS' DEFICIT		
Current liabilities:		
Accounts payable	$	20,370,193
Accrued liabilities		3,128,158
Current maturities of long-term debt		8,121,860
Current operating lease liabilities		611,424
Total current liabilities		32,231,635
Long-term debt		43,603,498
Operating lease liabilities		593,374
Due to members		6,492,826
Due to related parties		71,263,327
Total liabilities		154,184,660
Members' deficit		(30,862,891)
Total members' deficit		(30,862,891)
Total liabilities and members' deficit	$	123,321,769

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

ALLIANCE MARITIME HOLDINGS, LLC AND RELATED ENTITIES
CONDENSED COMBINED CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)
AND MEMBERS' DEFICIT
FOR THE SIX MONTHS ENDED JUNE 30, 2022

		2022
Net revenues	$	79,737,331
Cost of sales		65,022,730
Gross profit		14,714,601
Gain on disposition of assets, net		15,163
Selling, general and administrative expenses		(2,504,798)
Income from operations		12,224,966
Net interest expense		(4,452,994)
Other expense, net		(104,046)
Net income	$	7,667,926
Members' deficit:		
Beginning of year	$	(35,868,261)
Net income		7,667,926
Members' draws		(2,662,556)
End of period	$	(30,862,891)

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

ALLIANCE MARITIME HOLDINGS, LLC AND RELATED ENTITIES
CONDENSED COMBINED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2022

		2022
Cash flows from operating activities:		
Net income	$	7,667,926
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		6,552,729
Amortization of debt issuance costs		84,108
Gain on disposition of assets, net		(15,163)
Changes in operating assets and liabilities:		
Accounts receivable, net		(19,823,783)
Other current assets		(1,331,214)
Due from related parties		(22,755)
Accounts payable and accrued liabilities		11,145,332
Other, net		(1,703,580)
Net cash provided by operating activities		2,553,600
Cash flows from investing activities:		
Capital expenditures		(4,857,210)
Proceeds from sale of assets		15,163
Proceeds from insurance recovery		1,782,298
Net cash used in investing activities		(3,059,749)
Cash flows from financing activities:		
Borrowings under long-term debt		6,500,000
Members' draws		(2,662,556)
Decrease in due to members		(6,000,000)
Decrease in due to related parties		(949,161)
Net cash used in financing activities		(3,111,717)
Net decrease in cash and cash equivalents and restricted cash		(3,617,866)
Cash and cash equivalents and restricted cash:		
Balance, beginning of year		10,298,438
Balance, end of period	$	6,680,572

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

ALLIANCE MARITIME HOLDINGS, LLC AND RELATED ENTITIES
NOTES TO CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Note 1 — Company Overview

Alliance Maritime Holdings, LLC and Related Entities (the “Company”) is a vertically integrated platform, specializing in comprehensive offshore oil field decommissioning and reclamation (“D&R”) services. Its D&R offering includes not only engineering, permitting and project management, but also in-house execution services such as well plugging and abandonment, subsea infrastructure flushing and abandonments (or removals), platform decommissioning and structure removals, and underwater site clearance. In addition to its end-of-life D&R services, the Company offers services to support the full life cycle of offshore upstream and midstream industries, including installations and construction, inspection, maintenance and repair, and oil and gas production (i.e., well intervention, reeled tubing, and pumping). The Company operates a diversified fleet of marine assets including crew boats, dive support vessels, liftboats, offshore supply vessels, coastal/spud barges and a 1760T heavy lift derrick barge, which support the aforementioned services primarily in the U.S. Gulf of Mexico. These services are carried out by three businesses: Alliance Energy Services (Energy Services), Alliance Offshore (Offshore), and Triton Diving and Heavy Lift (Triton).

The Company’s customer base includes major and independent oil & gas companies, pipeline companies and oil and gas service companies.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed combined consolidated financial statements include the accounts of Alliance Maritime Holdings, LLC and its wholly-owned subsidiaries, Alliance Vessel Leasing, LLC, Alliance Energy Services, LLC, Heavy Lift Holdings, LLC and its wholly-owned subsidiaries, Triton Diving Services, LLC, and Whitney Liftboats, LLC. These entities are under common ownership in the six months ended June 30, 2022. The unaudited condensed combined consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of acquisition to be cash equivalents.

Restricted Cash

Restricted cash is comprised of funds that are contractually restricted as to usage or withdrawal due to a contractual agreement with an insurer for the payment of worker’s compensation insurance claims.

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. The Company's estimate for the allowance for doubtful accounts is based on a review of the current status of accounts receivable. No allowance was provided for its accounts receivable as of June 30, 2022.

Property and Equipment

Expenditures for new property and equipment and amounts expended which substantially increase the estimated useful lives of existing assets, are capitalized and carried on the basis of cost. Maintenance and repairs are expensed as incurred. The carrying amounts and related accumulated depreciation of property and equipment sold are eliminated from the related accounts and any resulting gain or loss is included in the statement of operations. Depreciation is computed using primarily the straight-line method over estimated useful lives as follows:

Vessels	7 - 18 years
Machinery and equipment	2 - 10 years
Buildings and improvements	5 - 39 years

Impairment of Long-Lived Assets

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The Company did not recognize any impairment losses during the six months ended June 30, 2022.

Deferred Dry Dock Costs

The Company's vessels are required by regulation to be recertified after certain periods of time. These recertification costs are incurred while the vessel is in dry dock. In addition, routine repairs and maintenance are performed, and at times, major replacements and improvements are performed. The Company defers and depreciates recertification costs over the length of time in which the recertification is expected to last, which is generally 24 to 36 months. Major replacements and improvement, which extend the vessel's economic life or functional operating capability are capitalized and depreciated over the vessel's remaining life.

Leases

Leases with a term greater than one year are recognized in the condensed combined consolidated balance sheet as right-of-use ("ROU") assets and lease liabilities. The Company has not recognized in the condensed combined consolidated balance sheet leases with an initial term of one year or less. Lease liabilities and their corresponding ROU assets are recorded at the commencement date based on the present value of lease payments over the expected lease term. The lease term may include the option to extend or terminate the lease when it is reasonably certain that the Company will exercise the option. The Company uses its incremental borrowing rate, which would be the rate incurred to borrow on a collateralized basis over a similar term in a similar economic environment, to calculate the present value of lease payments. ROU assets are adjusted for any initial direct costs paid or incentives received.

The Company recognizes operating lease cost on a straight-line basis over the lease term for both (i) leases that are recognized in the condensed combined consolidated balance sheet and (ii) short-term leases. The Company recognizes lease cost related to variable lease payments that are not recognized in the condensed combined consolidated balance sheet in the period in which the obligation is incurred.

Revenue Recognition

Revenue from the Company’s Energy Services business is generated with the provision of plug and abandonment systems, coiled tubing systems, other equipment and personnel to provide decommissioning and intervention services. Revenue from the Company’s Offshore business is generated with the provision of offshore vessels, liftboats and crewboats to provide marine access to offshore facilities in order to perform decommissioning, intervention, diving and other workscopes. The Company’s vessels and systems are used together to perform services for its customers. Revenue from the Company’s Triton business is generated with the provision of diving vessels and personnel and with the heavy lift barge to provide diving and platform decommissioning services.

Revenues are generated primarily from short-term projects pursuant to service contracts, such as master service agreements and purchase orders or other contractual arrangements with the Company’s customers. Its service contracts generally contain provisions for specific time, material and equipment charges that are billed in accordance with the terms of such contracts (time and materials contracts). Less frequently, its service contracts may contain lump sum payment provisions (lump sum contracts).

The Company accounts for its services under contracts with customers as a single performance obligation satisfied over time. The single performance obligation in time and materials contracts is comprised of a series of distinct time increments in which the Company provides services.

Time and Materials Contracts. Revenues generated from time and materials contracts provide for payment according to the rates per time increment (e.g., hours or days) and as stipulated in the contract (e.g., operating rate or standby rate). Invoices billed to the customer are typically based on the applicable rates for that time period. Time and materials consideration is allocated to the distinct hourly time increment to which it relates and is therefore recognized in line with the contractual rate billed for the services provided for any time period.

The Company receives reimbursements from its customers for the purchase of supplies, equipment, personnel services and other services provided at their request. Reimbursable revenues are variable and not recognized until the related costs are incurred on behalf of the customer.

Lump Sum Contracts. Revenues generated from lump sum contracts are recognized over time. Revenue is recognized based on the extent of progress towards completion of the performance obligation. Consideration for lump sum contracts is generally due from the customer based on the achievement of milestones.

The Company records revenues net of taxes collected from customers and remitted to governmental authorities.

The following table provides information about disaggregated revenue by service line for the six months ended June 30, 2022:

		2022
Alliance Energy Services	$	42,551,193
Alliance Offshore		25,064,813
Triton Diving and Heavy Lift		19,799,073
Intercompany eliminations		(7,677,748)
Total	$	79,737,331

Income Taxes

The Company, with the consent of its members, has elected to have its income or loss reported directly to the members under provisions of the Internal Revenue Code. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities beyond three years from the filling of those returns.

Contingencies

Liabilities for loss contingencies arising from claims and litigation are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. Legal costs incurred in connection with claims and litigation are expensed as incurred.

Fair Value of Financial Instruments

The Company's consolidated financial instruments primarily consist of cash, accounts receivable, accounts payable, and debt instruments. The carrying amounts of financial instruments, other than debt instruments, are representative of their fair values due to their short maturities. The Company's debt agreements bear interest at market rates, and management believes their carrying amounts approximate fair value.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits and trade receivables. The Company at times has cash on deposit at financial institutions that is in excess of federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to federally insured limits. The Company has not experienced any losses in such accounts. The Company has no policy requiring collateral or other security to support its deposits.

Concentrations of credit risk with respect to trade receivables results from its customers, substantially all of whom are involved in oil and gas activities. The Company performs credit evaluations of new customers and existing customers whenever necessary. The Company has no policy requiring collateral or other security to support its deposits or accounts receivable.

At June 30, 2022, major customer receivables (those representing 10% or more of the Company's total accounts receivable) are as follows: Apache Corporation (29%) and Talos Energy (15%).

Major Customers

For the six months ended June 30, 2022, revenues from major customers (those representing 10% or more of the Company's total revenues) are as follows: Talos Energy (25%) and Apache Corporation (20%).

New Accounting Standards

In February 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)" ("ASC 842"), which was updated by subsequent amendments. ASC 842 requires that a lessee recognize the ROU assets and lease liabilities that arise from leases classified as finance or operating. ASC 842 also changes the definition of a lease and requires expanded quantitative and qualitative disclosures for both lessees and lessors. The Company adopted ASC 842 as of January 1, 2022. The Company elected the package of practical expedients permitted under the transition guidance that, among other things, allows companies to carry forward their historical lease classification. The adoption of this standard resulted in the recognition of operating lease liabilities of $1,477,874 and corresponding ROU assets of $1,477,874 as of January 1, 2022.

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments," which was updated by subsequent amendments. The credit loss standard replaces the current incurred loss model for measurement of credit losses on financial assets (including trade receivables) with a forward-looking expected loss model based on historical experience, current conditions, and reasonable and supportable forecasts. ASU No. 2016-13 will be effective for the Company's fiscal year beginning January 1, 2023. The Company is continuing to evaluate the impact the adoption of ASU No. 2016-13 will have on the Company's combined consolidated financial statements.

The Company does not expect any other recent accounting standards to have a material impact on its financial position, results of operations or cash flows when they become effective.

Note 3 — Details of Certain Accounts

Other current assets as of June 30, 2022 consist of the following:

		2022
Prepaids	$	1,629,675
Inventory		827,541
Other receivables		1,312,402
Deposits		207,749
Total other current assets	$	3,977,367

Other assets, net as of June 30, 2022 consist of the following:

		2022
Deferred recertification and dry dock costs, net	$	2,133,652
Total other assets, net	$	2,133,652

Accrued liabilities as of June 30, 2022 consist of the following:

		2022
Accrued payroll and related benefits	$	2,447,940
Other		680,218
Total accrued liabilities	$	3,128,158

Note 4 — Leases

The Company leases facilities under long-term operating lease agreements that expire on various dates through March 2025.

The following table details the components of the Company's lease cost:

		2022
Operating lease cost	$	375,000
Short-term lease cost		269,892
Net lease cost	$	644,892

Maturities of the Company's operating lease liabilities as of June 30, 2022 are as follows:

		Facilities
Less than one year	$	750,000
One to two years		517,339
Two to three years		125,000
Total lease payments	$	1,392,339
Less: imputed interest		(187,541)
Total operating lease liabilities	$	1,204,798
Current operating lease liabilities	$	611,424
Non-current operating lease liabilities		593,374
Total operating lease liabilities	$	1,204,798

The following table presents the weighted average remaining lease term and discount rate as of June 30, 2022:

	2022
Weighted average remaining lease term	1.95 years
Weighted average discount rate	15.85 %

The following table presents other information related to the Company's operating leases for the six months ended June 30, 2022:

		2022
Cash paid for operating lease liabilities	$	375,000

Note 5 — Long-Term Debt

Long-term debt as of June 30, 2022 consists of the following:

		2022
Notes payable to Squadron Capital bearing interest at 11%. The notes mature on June 8, 2026 and are secured by all Company assets (1)	$	52,921,667
Total long-term debt		52,921,667
Less unamortized debt issuance costs		(1,196,309)
Less current maturities		(8,121,860)
Long-term debt	$	43,603,498

(1) Notes payable to Squadron Capital were paid in full on July 1, 2022 due to the acquisition of the Company. See Note 11 for further discussion.

Scheduled maturities of long-term debt outstanding as of June 30, 2022 are as follows:

		2022
Less than one year	$	8,121,860
One to two years		6,509,612
Two to three years		6,017,897
Three to four years		32,272,298
Total long-term debt	$	52,921,667

Note 6 — Employee Benefit Plans

The Company sponsors a defined contribution 401(k) retirement plan (the "Plan") to provide retirement and incidental benefits for its employees. Employees may contribute up to 100% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Plan provides for discretional matching contributions on elective deferrals in an amount to be determined by the Company on an annual basis. There was no Company match for the six months ended June 30, 2022.

Note 7 — Related Parties Transactions

Due from related parties

Due from related parties represents amounts that the Company was owed from entities owned by a member or an officer of the Company as of June 30, 2022.

Due to members

The Company paid $6,000,000 to a member in January 2022 and the remaining amount owed to that member was $3,700,000 as of June 30, 2022. The Company accrues interest at 6%. As of June 30, 2022, $2,651,158 of interest was accrued.

Due to related parties

Due to related parties represents amounts that the Company owed to entities owned by a member or an officer of the Company as of June 30, 2022.

The Company entered into a promissory note with an entity owned by a member. The note payable bears interest at LIBOR plus 7% and matures on July 31, 2026. As of June 30, 2022, the note had a remaining principal amount of $574,622 and accrued interest payable of $1,228,371.

The Company entered into a promissory note with an individual who owns indirectly a portion of the Company. The note payable of $1,000,000 bears interest at LIBOR plus 7%. The balance of all accrued and unpaid interest and outstanding principal was due on or before November 18, 2016. The issuer granted a verbal extension of time at the same interest rate. As of June 30, 2022, the note had accrued interest payable of $509,339.

The Company has five promissory notes with an entity owned by a member. One note payable with an original principal of $17,000,000 bears interest at 3.85% and matures on November 29, 2027. The other four notes with an aggregate original principal of $35,150,000 bear interest at 6%. According to an intercreditor agreement dated June 8, 2021 among lender parties to the Company, these notes are subordinate and junior in right of payment to the notes payable to Squadron Capital and no payment shall be made with respect to these notes until the discharge of the Squadron debt. As of June 30, 2022, the remaining amounts owed on these notes totaled $35,044,007 and these notes had accrued interest payable of $16,156,259.

The Company leases plane time from an entity owned by a member. As of June 30, 2022, the Company owed this entity a total of $415,083 for plane time.

The Company leases an office building from an entity owned by a member. Rent expense for the six months ended June 30, 2022 was $150,000.

All related party balances were settled on July 1, 2022 as part of the acquisition of the Company. See Note 11 for further discussion.

Note 8 — Commitments and Contingencies and Other Matters

Commitments

The Company leases facilities under long-term operating lease agreements. See Note 4 for disclosures related to leases.

Contingencies and Claims

The Company believes that there are currently no contingencies that would have a material adverse effect on its financial position, results of operations or cash flows.

Litigation

The Company is involved in various legal proceedings. In addition, from time to time the Company receives other claims, such as contract and employment-related disputes, in the normal course of business.

Note 9 — Statement of Cash Flow Information

The following table provides supplemental cash flow information for the six months ended June 30, 2022:

	2022
Interest paid	$ 3,214,094

Note 10 — Coronavirus (COVID-19) and CARES Act

The COVID-19 pandemic has impacted and could further impact the Company’s operations and the operations of the Company’s suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company’s business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company’s customers, suppliers, and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. Even after the COVID-19 pandemic has subsided, the Company may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time.

In response to the COVID-19 pandemic, Congress signed into law on March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The CARES Act permits the deferral of payment of the Company’s portion of social security taxes between March 27, 2020 and December 31, 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. The Company did not make any payment during the six months ended June 30, 2022. As of June 30, 2022, the Company owes $559,738, which is included in accrued payroll and related benefits (Note 3).

Note 11 — Subsequent Events

On July 1, 2022, Helix Energy Solutions Group, Inc. acquired all of the equity interests of the Company. As part of the transaction, the remaining balances on notes payable to Squadron Capital were fully repaid and all related party balances were settled.

The Company has evaluated subsequent events through the date which the condensed combined consolidated financial statements were available to be issued. There were no other material subsequent events that required recognition or additional disclosures in these condensed combined consolidated financial statements.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On July 1, 2022, Helix Energy Solutions Group, Inc. ("Helix") completed the previously announced acquisition of the Alliance group of companies (collectively, "Alliance"), pursuant to which Helix purchased all of the equity interests of Alliance (the "Acquisition"). The Acquisition was made pursuant to an Equity Purchase Agreement (the "Purchase Agreement"), dated May 16, 2022, by and among Helix Alliance Decom, LLC, a Delaware limited liability company ("Purchaser"), a wholly owned subsidiary of Helix, Stephen J. Williams, an individual resident of the State of Louisiana ("Seller"), and Helix.

The unaudited pro forma combined financial information has been derived from:

- audited consolidated financial statements and related notes of Helix as of and for the year ended December 31, 2021, as included in Helix's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 24, 2022;
- interim unaudited condensed consolidated financial statements and related notes of Helix as of and for the six months ended June 30, 2022, as included in Helix's Quarterly Report on Form 10-Q filed with the SEC on July 27, 2022;
- audited combined consolidated financial statements and related notes of Alliance Maritime Holdings, LLC and related entities as of and for the year ended December 31, 2021, included as Exhibit 99.1 in Helix's Current Report on Form 8-K/A to which this Exhibit 99.3 is attached; and
- interim unaudited condensed combined consolidated financial statements and related notes of Alliance Maritime Holdings, LLC and related entities as of and for the six months ended June 30, 2022, included as Exhibit 99.2 in Helix's Current Report on Form 8-K/A to which this Exhibit 99.3 is attached.

The unaudited pro forma condensed combined financial information should be read in conjunction with the historical financial statements of Helix and Alliance as well as the accompanying notes to the unaudited pro forma condensed combined financial information.

The pro forma adjustments are based on available information and certain assumptions that management believes are reasonable. The unaudited pro forma condensed combined financial information is provided for illustrative purposes only and does not purport to represent Helix's actual consolidated financial position or results of operations had the Acquisition been completed as of the dates presented, nor should it be considered indicative of Helix's future consolidated financial position or results of operations.

The unaudited pro forma condensed combined financial information does not reflect any cost savings, operating synergies or revenue enhancements that the combined entity may achieve as a result of the acquisition or the costs necessary to achieve any such cost savings, operating synergies or revenue enhancements.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
JUNE 30, 2022
(in thousands)

	Historical		Pro Forma		
	Helix	Alliance	Transaction Accounting Adjustments	Notes	Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 260,595	$ 6,336	$ (118,887)	A	$ 148,044
Restricted cash	2,505	345	—		2,850
Accounts receivable, net	153,314	44,188	(810)	B	196,692
Other current assets	68,990	3,977	—		72,967
Due from related parties	—	114	(114)	C	—
Total current assets	485,404	54,960	(119,811)		420,553
Property and equipment	2,860,872	151,805	(33,292)	D	2,979,385
Less accumulated depreciation	(1,321,699)	(86,781)	86,781	D	(1,321,699)
Property and equipment, net	1,539,173	65,024	53,489		1,657,686
Operating lease right-of-use assets	139,262	1,205	—		140,467
Other assets, net	49,814	2,133	1,500	E	53,447
Total assets	$ 2,213,653	$ 123,322	$ (64,822)		$ 2,272,153
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 99,716	$ 20,370	$ —		$ 120,086
Accrued liabilities	85,180	3,128	1,446	F	89,754
Current maturities of long-term debt	8,133	8,122	(8,122)	G	8,133
Current operating lease liabilities	39,697	612	—		40,309
Total current liabilities	232,726	32,232	(6,676)		258,282
Long-term debt	258,977	43,604	(43,604)	G	258,977
Operating lease liabilities	103,548	593	—		104,141
Deferred tax liabilities	86,416	—	6,713	H	93,129
Other non-current liabilities	196	—	26,700	I	26,896
Due to members	—	6,493	(6,493)	C	—
Due to related parties	—	71,263	(71,263)	C	—
Total liabilities	681,863	154,185	(94,623)		741,425
Equity:					
Common stock, no par	1,295,016	—	—		1,295,016
Members' deficit	—	(30,863)	30,863	C	—
Retained earnings	339,342	—	(1,062)	F	338,280
Accumulated other comprehensive loss	(102,568)	—	—		(102,568)
Total equity	1,531,790	(30,863)	29,801		1,530,728
Total liabilities and equity	$ 2,213,653	$ 123,322	$ (64,822)		$ 2,272,153

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(in thousands, except per share amounts)

	Historical		Pro Forma		
	Helix	Alliance	Transaction Accounting Adjustments	Notes	Pro Forma Combined
Net revenues	$ 312,737	$ 79,737	$ —		$ 392,474
Cost of sales	332,700	65,022	192	A	397,914
Gross profit (loss)	(19,963)	14,715	(192)		(5,440)
Gain on disposition of assets, net	—	15	—		15
Selling, general and administrative expenses	(31,990)	(2,505)	—		(34,495)
Income (loss) from operations	(51,953)	12,225	(192)		(39,920)
Equity in earnings of investment	8,184	—	—		8,184
Net interest expense	(9,973)	(4,453)	4,453	B	(9,973)
Other expense, net	(17,352)	(104)	—		(17,456)
Royalty income and other	2,938	—	—		2,938
Income (loss) before income taxes	(68,156)	7,668	4,261		(56,227)
Income tax provision	3,574	—	2,505	C	6,079
Net income (loss)	$ (71,730)	$ 7,668	$ 1,756		$ (62,306)
Loss per share of common stock:					
Basic	$ (0.47)				$ (0.41)
Diluted	$ (0.47)				$ (0.41)
Weighted average common shares outstanding:					
Basic	151,174				151,174
Diluted	151,174				151,174

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(in thousands, except per share amounts)

	Historical		Pro Forma		
	Helix	Alliance	Transaction Accounting Adjustments	Notes	Pro Forma Combined
Net revenues	$ 674,728	$ 114,323	$ —		$ 789,051
Cost of sales	659,335	100,677	1,404	A	761,416
Gross profit (loss)	15,393	13,646	(1,404)		27,635
Gain (loss) on disposition of assets, net	(631)	1,500	—		869
Selling, general and administrative expenses	(63,449)	(5,618)	(1,446)	D	(70,513)
Income (loss) from operations	(48,687)	9,528	(2,850)		(42,009)
Equity in losses of investment	(1)	—	—		(1)
Net interest expense	(23,201)	(6,688)	6,688	B	(23,201)
Gain (loss) on extinguishment of long-term debt	(136)	1,394	—		1,258
Other expense, net	(1,490)	(485)	—		(1,975)
Royalty income and other	2,873	—	—		2,873
Income (loss) before income taxes	(70,642)	3,749	3,838		(63,055)
Income tax provision (benefit)	(8,958)	—	1,593	C	(7,365)
Net income (loss) attributable to redeemable noncontrolling interests	(61,684)	3,749	2,244		(55,691)
Net loss attributable to redeemable noncontrolling interests	(146)	—	—		(146)
Net income (loss) attributable to common shareholders	$ (61,538)	$ 3,749	$ 2,244		$ (55,545)
Loss per share of common stock:					
Basic	$ (0.41)				$ (0.37)
Diluted	$ (0.41)				$ (0.37)
Weighted average common shares outstanding:					
Basic	150,056				150,056
Diluted	150,056				150,056

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1 — Basis of Presentation

The unaudited pro forma condensed combined financial information and related notes have been prepared in accordance with Article 11 of Regulation S-X as amended and are based on the historical consolidated financial statements of Helix and the historical combined financial statements of Alliance as adjusted to give effect to the Acquisition. The unaudited pro forma condensed combined balance sheet as of June 30, 2022 gives effect to the Acquisition as if it had been consummated on June 30, 2022. The unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2022 and the year ended December 31, 2021 give effect to the Acquisition as if it had been consummated on January 1, 2021.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with Accounting Standards Codification Topic 805, Business Combinations, ("ASC 805"). For purposes of the unaudited pro forma condensed combined balance sheet, the purchase price consideration has been allocated to the assets acquired and liabilities assumed of Alliance based upon preliminary estimate of their fair values as of the acquisition date. Accordingly, the purchase price allocation and related adjustments reflected in the unaudited pro forma condensed combined financial information are preliminary and subject to revision as further analyses are completed and additional information becomes available. The purchase price consideration as well as the estimated fair values of the assets acquired and liabilities assumed will be finalized as soon as practicable, but no later than one year from the closing of the Acquisition.

Management believes that the assumptions used provide a reasonable basis for presenting the significant effects of the Acquisition, and that the pro forma adjustments in the unaudited pro forma condensed combined financial information give appropriate effect to those assumptions.

Note 2 — Preliminary Purchase Price Allocation

The following table summarizes the components of the preliminary estimated purchase price and related allocation (in thousands):

Cash consideration	$	118,887
Contingent consideration		26,700
Total fair value of consideration transferred	$	145,587
Assets acquired:		
Cash and cash equivalents	$	6,336
Restricted cash		345
Accounts receivable		43,378
Other current assets		3,977
Property and equipment		118,513
Operating lease right-of-use assets		1,205
Intangible assets		1,500
Other assets		2,133
Total assets acquired	$	177,387
Liabilities assumed:		
Accounts payable	$	20,370
Accrued liabilities		3,128
Operating lease liabilities		1,205
Deferred tax liabilities		7,097
Total liabilities assumed		31,800
Net assets acquired	$	145,587

Note 3 — Transaction Accounting Adjustments

The following describes the transaction accounting adjustments related to the Acquisition that are necessary to account for the adjustment and have been included in the unaudited pro forma condensed combined financial information. The pro forma adjustments are based on preliminary estimates and valuations that could change significantly as additional information is obtained.

Balance Sheet Adjustments

A. Represents the cash consideration transferred at the closing of the Acquisition.

B. Represents the adjustment to reflect the preliminary fair value of accounts receivable acquired.

C. Represent the elimination of historical due from/to related parties, due to members and members' deficit balances of Alliance that were settled as part of the Acquisition.

D. Represent the adjustments to reflect the preliminary fair value of property and equipment acquired, consisting of the following (in thousands):

	Preliminary Fair Value	Preliminary Estimated Weighted Average Useful Life (in years)
Total preliminary fair value of acquired property and equipment	$ 118,513	10
Less: historical property and equipment of Alliance	65,024	
Transaction accounting adjustment	$ 53,489	

E. Represents the preliminary fair value of intangible assets acquired, consisting of the following (in thousands):

	Preliminary Fair Value	Preliminary Estimated Useful Life (in years)
Trade names	$ 1,500	10
Transaction accounting adjustment	$ 1,500	

F. Represents the accrual of transaction costs incurred after June 30, 2022.

G. Represents the elimination of long-term debt that was paid off as part of the Acquisition.

H. Represents the adjustment to deferred income taxes at a statutory rate of 21%, consisting of the following (in thousands):

	Preliminary Estimated Amount
Deferred taxes from book tax difference of acquired assets and liabilities	$ 7,097
Deferred taxes related to transaction cost accrual	(384)
Transaction accounting adjustment	$ 6,713

I. Represents the preliminary fair value of the contingent consideration included in consideration transferred. The Acquisition requires an earn-out payment be made in 2024 based on the Earnings Before Interest, Taxes and Depreciation (EBITDA) for 2022 and 2023 relative to certain amounts as defined and established in the Purchase Agreement. The earn-out is not capped and could be zero if those targets are not achieved.

Statements of Operations Adjustments

A. Represents adjustments to increase depreciation and amortization related to the preliminary fair value estimates of acquired property and equipment and intangible assets, consisting of the following (in thousands):

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Depreciation expense based on preliminary fair value of acquired property and equipment	$ 5,926	$ 11,851
Amortization expense based on preliminary fair value of acquired intangible assets	75	150
Less: historical depreciation expense of property and equipment of Alliance	(5,809)	(10,597)
Transaction accounting adjustment	$ 192	$ 1,404

B. Represents the elimination of historical interest expense on long-term debt of Alliance that was paid off as part of the Acquisition.

C. Represents the income tax impact of the transaction accounting adjustments at a statutory rate of 21%.

D. Represents the adjustment related to Purchaser’s transaction costs incurred after June 30, 2022. These costs will not affect the statement of operations beyond 12 months from the acquisition date.