UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ALTERA SHUTTLE TANKERS L.L.C.

Interim report for the quarterly period ended June 30, 2023

INDEX TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF ALTERA SHUTTLE TANKERS L.L.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

Altera Shuttle Tankers L.L.C (*Altera Shuttle Tankers* or the *Company*), is an owner and operator of shuttle tankers and was formed in 2017 by Altera Infrastructure Holdings L.L.C. A shuttle tanker is a specialized ship designed to transport crude oil and condensates from offshore oil field installations to onshore terminals and refineries and is an integral part to an oil company's value chain. Shuttle tankers are equipped with sophisticated loading systems and dynamic positioning systems that allow the vessels to load cargo safely and reliably from oil field installations, even in harsh weather conditions. Shuttle tankers were developed in the North Sea as an alternative to pipelines.

Our customer base primarily consists of oil majors and producers and our vessels operate under long-term, fixed-rate contracts of affreightment (or *CoAs*), time-charter contracts, bareboat charter contracts and voyage charter contracts. Our business strategy is primarily focused on implementing existing growth projects, extending assets on long-term charters and pursuing additional strategic growth projects.

As at June 30, 2023, our fleet was as follows:

	Number of Vessels		
	Owned Vessels	Chartered-in Vessels	Total
Shuttle Tankers	19	1	20

Significant Developments

Contract Updates

In June 2023, we signed a 5-year time-charter with Petrobras for *Lambada Spirit* for operation in Brazil.

Vessel Sales

In April 2023, we sold the 100% owned vessel, the *Petroatlantic* to a third party for conversion to an FSO for approximately $19 million. The vessel was delivered to its buyer in April 2023.

Results of Operations

The following table presents certain of the Company's consolidated operating results for the three and six months ended June 30, 2023 and 2022:

ALTERA SHUTTLE TANKERS L.L.C.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(in thousands of U.S. dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
IFRS:	$	$	$	$
Revenues	136,412	152,219	281,045	286,937
Direct operating costs	(72,931)	(77,028)	(142,631)	(141,188)
General and administrative expenses	(5,832)	(6,068)	(12,432)	(13,082)
Depreciation and amortization	(32,290)	(42,105)	(67,051)	(83,598)
Interest expense	(34,546)	(24,653)	(68,783)	(47,137)
Interest income	1,568	161	2,781	174
Impairment expense, net	—	(4,960)	—	(4,960)
Gain (loss) on dispositions, net	12,221	—	12,215	—
Realized and unrealized gain (loss) on derivative instruments	(548)	(2,594)	(2,690)	(2,053)
Foreign currency exchange gain (loss)	(1,549)	(1,498)	(3,870)	(559)
Gain (loss) on modification of financial liabilities, net	—	—	(2,595)	—
Other income (expenses), net	(74)	42	(99)	133
Income (loss) before income tax (expense) benefit	2,431	(6,484)	(4,110)	(5,333)
Income tax (expense) benefit				
Current	(215)	(3)	(636)	(95)
Net income (loss)	2,216	(6,487)	(4,746)	(5,428)
Attributable to:				
Members	2,187	(5,250)	(4,915)	(3,461)
Non-controlling interests in subsidiaries	29	(1,237)	169	(1,967)
	2,216	(6,487)	(4,746)	(5,428)
Non-IFRS:				
Adjusted EBITDA	57,622	69,494	125,854	133,084

Revenues

Revenues decreased to $136 million, from $152 million, for the three months ended June 30, 2023, compared to the same period last year, primarily due to:

- a decrease of $8 million due to the sale of the *Navion Gothenburg* and *Nordic Rio* in August 2022 and December 2022, respectively;
- a decrease of $8 million due to lower reimbursable bunker purchases (offset in direct operating costs below); and
- a decrease of $2 million due to the *Samba Spirit* contract ending in late May 2023;

partially offset by

- an increase of $2 million due to a stronger conventional tanker spot market.

Revenues decreased to $281 million, from $287 million, for the six months ended June 30, 2023, compared to the same period last year, primarily due to:

- a decrease of $12 million due to the sale of the *Navion Gothenburg* and *Nordic Rio* in August 2022 and December 2022, respectively; and
- a decrease of $2 million due to the *Samba Spirit* contract ending in late May 2023;

partially offset by

- an increase of $6 million due to a stronger conventional tanker spot market; and
- an increase of $3 million due to increased time-charter fleet revenue and rate escalations.

Direct Operating Cost

Direct operating costs decreased to $73 million, from $77 million, for the three months ended June 30, 2023, compared to the same period last year, primarily due to:

- a decrease of $9 million due to *Navion Gothenburg, Nordic Rio, Petronordic* and *Petroatlantic* leaving the fleet; and

- a decrease of $8 million due to reimbursable bunker purchases (offset in revenue above);

partially offset by

- an increase of $4 million due to increased time-charter hire expense due to higher activity in the CoA segment;
- an increase of $3 million due to the *Ingrid Knutsen* short-term in-charter, whereas lease accounting was applied to the same vessel in prior year;
- an increase of $3 million due to seasonal timing operating costs across the fleet; and
- an increase of $2 million due to the *Altera Thule* operating for a full quarter as compared to commencing operations in May 2022.

Direct operating costs increased to $143 million, from $141 million, for the six months ended June 30, 2023, compared to the same period last year, primarily due to:

- an increase of $5 million due to increased time-charter hire expense due to higher activity in the CoA segment;
- an increase of $3 million due to the *Ingrid Knutsen* short-term in-charter from March 2023, whereas lease accounting was applied to the same vessel in prior year;
- an increase of $3 million due to the *Altera Thule* operating for a full half year as compared to commencing operations in May 2022; and
- an increase of $3 million due to seasonal timing operating costs across the fleet;

partially offset by

- a decrease of $12 million due to *Navion Gothenburg, Nordic Rio, Petronordic* and *Petroatlantic* shuttle tankers leaving the fleet.

Depreciation and Amortization

Depreciation and amortization expense decreased to $32 million, from $42 million, for the three months ended June 30, 2023, compared to same period last year, primarily due to the *Ingrid Knutsen* long-term in charter-lease ending in early January 2023, and the sale of the *Petroatlantic, Petronordic, Navion Gothenburg* and *Nordic Rio*.

Depreciation and amortization expense decreased to $67 million, from $84 million, for the six months ended June 30, 2023, compared to same period last year, primarily due to the *Ingrid Knutsen* long-term in-charter lease ending in early January 2023, and the sale of the *Petroatlantic, Petronordic, Navion Gothenburg* and *Nordic Rio*; partially offset by the *Altera Thule* entering the fleet during the second quarter of 2022.

Interest Expense

Interest expense increased to $35 million and $69 million for the three and six months ended June 30, 2023, compared to $25 million and $47 million, for the same periods last year, primarily due to an increase in interest rates during the three and six months ended June 30, 2023.

Impairment Expense, Net

Impairment expense, net was $nil for the three and six months ended June 30, 2023, compared to $5 million for the same periods last year, due to impairment of the *Petronordic* during the second quarter of 2022, due to the expected sale of the vessel.

Gain (Loss) on Dispositions, Net

Gain (loss) on dispositions, net was $12 million for the three and six months ended June 30, 2023, compared to $nil for the same periods last year, primarily due to a recognized gain on disposition of the *Petroatlantic,* sold during the second quarter of 2023.

Adjusted EBITDA

Adjusted EBITDA decreased to $58 million, for the three months ended June 30, 2023, compared to $69 million, for the same period last year. The decrease of $11 million was primarily due to the *Samba Spirit* contract ending late May 2023 and the vessel being in transit to dry-docking during June 2023, offhire during a client's test period upon the arrival of the *Altera Thule* shuttle tanker in the North Sea, and higher operating costs on the *Ingrid Knutsen* shuttle tanker short-term in-charter which commenced March 2023, whereas lease accounting was applied to the same vessel in prior year.

Adjusted EBITDA decreased to $126 million, for the six months ended June 30, 2023, compared to $133 million, for the same period last year. The decrease of $7 million was primarily due to the *Samba Spirit* contract ending late May 2023 and the vessel being in transit to dry-docking during June 2023, offhire during a client's test period upon the arrival of the *Altera Thule* shuttle tanker in the North Sea, and higher operating costs on the *Ingrid Knutsen* shuttle tanker short-term in-charter which commenced March 2023, whereas lease accounting was applied to the same vessel in prior year.

Non-IFRS Financial Measures

To supplement the unaudited interim condensed consolidated financial statements, we use Adjusted EBITDA, which is a non-IFRS financial measure, as a measure of our performance. Adjusted EBITDA represents net income (loss) before interest expense, interest income, income tax (expense) benefit, and depreciation and amortization, and is adjusted to exclude certain items whose timing or amount cannot be reasonably estimated in advance or that are not considered representative of core operating performance. Such adjustments include impairment expenses, gain (loss) on dispositions, net, unrealized gain (loss) on derivative instruments, foreign currency exchange gain (loss) and certain other income or expenses. Adjusted EBITDA also excludes: realized gain or loss on interest rate swaps (as we, in assessing our performance, view these gains or losses as an element of interest expense); realized gain or loss on derivative instruments resulting from amendments or terminations of the underlying instruments; realized gain or loss on foreign currency forward contracts and other income (expense), net. Adjusted EBITDA excludes the non-controlling interests' proportionate share of Adjusted EBITDA.

Adjusted EBITDA is intended to provide additional information and should not be considered as the sole measures of our performance or as a substitute for net income (loss) or other measures of performance prepared in accordance with IFRS. In addition, this measure does not have a standardized meaning and may not be comparable to similar measures presented by other companies. This non-IFRS measure is used by our management, and we believe that this supplementary metric assists investors and other users of our financial reports in comparing our financial and operating performance across reporting periods and with other companies.

The following table reconciles Adjusted EBITDA to net income (loss) for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2023	**2022**	**2023**	**2022**
(in thousands of U.S. Dollars)	**$**	**$**	$	$
Net income (loss)	2,216	(6,487)	(4,746)	(5,428)
Less:				
Depreciation and amortization	(32,290)	(42,105)	(67,051)	(83,598)
Interest expense	(34,546)	(24,653)	(68,783)	(47,137)
Interest income	1,568	161	2,781	174
Income tax (expense) recovery:				
Current	(215)	(3)	(636)	(95)
	67,699	60,113	128,943	125,228
Less:				
Impairment expense, net	—	(4,960)	—	(4,960)
Gain (loss) on dispositions, net	12,221	—	12,215	—
Realized and unrealized gain (loss) on derivative instruments	(548)	(2,594)	(2,690)	(2,053)
Foreign currency exchange gain (loss)	(1,549)	(1,498)	(3,870)	(559)
Gain (loss) on modification of financial liabilities, net	—	—	(2,595)	—
Other income (expenses), net	(74)	42	(99)	133
Adjusted EBITDA attributable to non-controlling interests[(1)]	27	(371)	128	(417)
Adjusted EBITDA	57,622	69,494	125,854	133,084

(1) Adjusted EBITDA attributable to non-controlling interests, which is a non-IFRS financial measure and should not be considered as an alternative to net income (loss) attributable to non-controlling interests in subsidiaries or any other measure of financial performance presented in accordance with IFRS, represents the non-controlling interests' proportionate share of Adjusted EBITDA (as defined above) from our consolidated joint ventures. This measure does not have a standardized meaning, and may not be comparable to similar measures presented by other companies. Adjusted EBITDA attributable to non-controlling interests is summarized in the table below:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2023	**2022**	**2023**	**2022**
(in thousands of U.S. Dollars)	**$**	**$**	$	$
Net income (loss) attributable to non-controlling interests in subsidiaries	29	(1,238)	169	(1,967)
Less:				
Depreciation and amortization	—	(809)	—	(1,503)
Interest expense, net of interest income	2	4	39	5
Other income / expense	2	(9)	8	(9)
EBITDA	25	(424)	122	(460)
Less:				
Foreign currency exchange gain (loss)	(2)	(53)	(6)	(43)
Adjusted EBITDA attributable to non-controlling interests	27	(371)	128	(417)

Liquidity and Capital Resources

Liquidity is managed primarily through cash flows from operations, use of credit facilities and refinancing existing debt. We aim to maintain sufficient financial liquidity to meet our ongoing operating requirements.

The following table presents our liquidity as at June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
(in thousands of U.S. Dollars)	$	$
Cash and cash equivalents	145,242	128,900
Total liquidity[1]	145,242	128,900
Working capital surplus (deficit)	(140,093)	(139,040)

(1) Defined as cash, cash equivalents and undrawn revolving credit facilities

As at June 30, 2023, our working capital deficit was $140 million as compared to $139 million as at December 31, 2022. As at December 31, 2022, our working capital deficit was primarily due to the East Coast Canada term loan coming due within one year which has subsequently been refinanced (see Note 2b for further information). As at June 30, 2023, the working capital deficit was primarily due to the US private placement facilities which are due to mature in December 2023 with a $59 million balloon and the $450 million revolving credit facility which is due to mature in May 2024 with a $174 million balloon.

Our primary short-term liquidity needs for the next twelve months, are to repay or refinance scheduled debt obligations, to pay debt service costs, to pay operating expenses and dry-docking expenditures, to fund general working capital requirements, and to manage our working capital. Our long-term liquidity needs are to repay or refinance scheduled debt obligations and pursue additional growth projects.

As at June 30, 2023, our interest-bearing obligations include bonds, commercial bank debt, an unsecured PIK note provided by Brookfield and obligations related to leases. The contractual payments relating to these obligations for the next twelve months are $322 million, and $1.3 billion thereafter. Refer to Financial Statements: Note 9 - Borrowings, Note 10 - Related Party Transactions and Note 8 - Other Financial Liabilities for terms upon which future interest payments are determined.

As at June 30, 2023, our other financial liabilities consist of foreign currency forward contracts. The contractual payments relating these obligations for the next twelve months are $58 million, and $2.0 million thereafter. Refer to Financial Statements: Note 8 - Other Financial Liabilities for a summary of the terms of our derivative instruments which economically hedge certain of our floating rate interest-bearing obligations.

Our estimated dry dock expenditures for the next twelve months are $37 million, primarily related to our Samba class 10-year dry-dockings and final East Cost of Canada vessel's 5-year dry-docking, and $223 million thereafter.

As at June 30, 2023, we had total borrowings outstanding of $1.3 billion compared to $1.4 billion as at December 31, 2022. The borrowings consisted of the following:

	June 30, 2023	December 31, 2022
(in thousands of U.S. Dollars)	$	$
U.S. Dollar Revolving Credit Facilities	209,573	244,201
U.S. Dollar Term Loans	674,999	696,473
U.S. Dollar Bonds	380,000	380,000
U.S. Dollar Non-Public Bonds	58,532	68,623
Total principal [1]	1,323,104	1,389,297

(1) Total principal includes deferred financing costs and other.

The table below outlines our consolidated net debt to total capitalization as at June 30, 2023 and December 31, 2022:

(in thousands of U.S. Dollars)	June 30, 2023 $	December 31, 2022 $
Borrowings [(1)]	1,311,089	1,374,613
Obligations relating to finance leases	182,558	188,086
Less:		
Cash and cash equivalents	145,242	128,900
Net debt	1,348,405	1,433,799
Total equity	428,739	439,187
Total capitalization [(2)]	1,922,386	2,001,886
Net debt to total capitalization ratio [(3)]	70.1 %	71.6 %

(1) Borrowings excludes deferred financing costs and other.

(2) Total capitalization is calculated as the sum of borrowings, obligations relating to finance leases and total equity.

(3) Defined as net debt divided by total capitalization. The metric is relevant to certain financial covenants for the Company.

Cash Flows

The following table summarizes the Company's sources and uses of cash for the periods presented:

	Six Months Ended June 30,	
	2023	2022
(in thousands of U.S. Dollars)	$	$
Net operating cash flow	84,965	85,402
Net financing cash flow	(77,545)	6,887
Net investing cash flow	8,408	(73,886)
Change during the period	15,828	18,403

Operating Cash Flows

Net cash flow from operating activities generated a cash inflow of $85 million for the six months ended June 30, 2023, in line with the same period last year. Refer to "Consolidated Results of Operations" above.

Financing Cash Flows

Net cash flow from financing activities generated a cash outflow of $78 million for the six months ended June 30, 2023, compared to a cash inflow of $7 million during the same period last year.

Our proceeds from borrowings, net of financing costs, were $30 million for the six months ended June 30, 2023, and $63 million for the same period last year.

Our scheduled repayments of our borrowings were $96 million for the six months ended June 30, 2023, compared to $47 million for the same period last year. The increase in repayments is mainly due to the maturity of the $30 million junior tranche related to the East Coast of Canada financing in March 2023, which was refinanced with a corresponding upsizing to the commercial senior tranche related to the same vessels.

Distributions paid to non-controlling interests (joint venture partner - Stena) were $6 million and $nil million for the six months ended June 31, 2023 and 2022, respectively.

Investing Cash Flows

Net cash flow from investing activities generated a cash inflow of $8 million for the six months ended June 30, 2023, compared to a cash outflow of $74 million during the same period last year. The decrease is mainly related to $73 million of vessels and equipment additions which include installment payments for the delivery of the *Altera Thule* newbuilding during the six months ended June 30, 2022, as compared to $11 million in vessel additions resulting from dry-dockings conducted during the six months ended June 30, 2023; partially offset by the sale of the *Petroatlantic.*

Critical Accounting Estimates

The preparation of financial statements requires us to make critical judgments, estimates and assumptions in the application of the Company's accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses that are not readily apparent from other sources, during the reporting period. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The Company's management reviews its accounting policies, critical judgments, estimates and assumptions on a regular basis. However, because future events and their effects cannot be determined with certainty, actual results could differ from the Company's assumptions and estimates and such differences could be material. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

For further information on the Company's material accounting policies, critical accounting judgments and estimates see Note 2 - Critical accounting judgments and key sources of estimation uncertainty in our Annual Report for the year ended December 31, 2022.

Board of Director's Responsibility Statement

We confirm, to the best of our knowledge, that the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2023, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board, and give a true and fair view of the Company's consolidated assets, liabilities, financial position and results and that the MD&A includes a fair review of the development and performance and the position of the Company during the three and six months ended June 30, 2023, together with a description of the principal risks and uncertainties that it faces under Norwegian Securities Trading Act sections 5-6 fourth paragraph and contains relevant information on major related party transactions.

ALTERA SHUTTLE TANKERS L.L.C.

Date: August 25, 2023

By: Altera Shuttle Tankers L.L.C. - the Group

By:

Giles Mark Mitchell President and Director	William James Duthie Secretary and Director	David Cannon Director

ALTERA SHUTTLE TANKERS L.L.C.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of U.S. dollars)

	Notes	As at June 30, 2023 $	As at December 31, 2022 $
ASSETS			
Current assets			
Cash and cash equivalents	3	145,242	128,900
Financial assets	4	10,042	10,686
Accounts and other receivable, net		34,126	39,544
Inventory		15,216	19,084
Due from related parties	10	21,038	22,999
Other assets		16,296	23,138
Total current assets		241,960	244,351
Non-current assets			
Financial assets	4	20	—
Vessels and equipment	6	1,644,571	1,706,616
Deferred tax assets		14,183	15,624
Other assets		40,581	46,203
Goodwill		127,113	127,113
Total non-current assets		1,826,468	1,895,556
Total assets		2,068,428	2,139,907
LIABILITIES			
Current liabilities			
Accounts payable and other	7	55,449	48,235
Other financial liabilities	8	12,413	11,366
Borrowings	9	309,633	314,032
Due to related parties	10	4,558	9,758
Total current liabilities		382,053	383,391
Non-current liabilities			
Accounts payable and other	7	99	113
Other financial liabilities	8	171,512	177,041
Borrowings	9	1,001,456	1,060,581
Due to related parties	10	84,569	79,594
Total non-current liabilities		1,257,636	1,317,329
Total liabilities		1,639,689	1,700,720
EQUITY			
Paid-in capital		526,459	526,459
Retained earnings		(101,027)	(96,112)
Accumulated other comprehensive income (loss)		670	670
Member's equity		426,102	431,017
Non-controlling interests in subsidiaries		2,637	8,170
Total equity		428,739	439,187
Total liabilities and total equity		2,068,428	2,139,907

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

ALTERA SHUTTLE TANKERS L.L.C.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(in thousands of U.S. dollars)

		Three Months Ended June 30,		Six Months Ended June 30,	
		2023	**2022**	**2023**	**2022**
	Notes	**$**	**$**	**$**	**$**
Revenues	11	136,412	152,219	281,045	286,937
Direct operating costs	12	(72,931)	(77,028)	(142,631)	(141,188)
General and administrative expenses	10	(5,832)	(6,068)	(12,432)	(13,082)
Depreciation and amortization	6	(32,290)	(42,105)	(67,051)	(83,598)
Interest expense	9, 10	(34,546)	(24,653)	(68,783)	(47,137)
Interest income		1,568	161	2,781	174
Impairment expense, net	6	—	(4,960)	—	(4,960)
Gain (loss) on dispositions, net	5	12,221	—	12,215	—
Realized and unrealized gain (loss) on derivative instruments	8	(548)	(2,594)	(2,690)	(2,053)
Foreign currency exchange gain (loss)		(1,549)	(1,498)	(3,870)	(559)
Gain (loss) on modification of financial liabilities, net	13	—	—	(2,595)	—
Other income (expenses), net		(74)	42	(99)	133
Income (loss) before income tax (expense) benefit		2,431	(6,484)	(4,110)	(5,333)
Income tax (expense) benefit					
Current		(215)	(3)	(636)	(95)
Net income (loss)		2,216	(6,487)	(4,746)	(5,428)
Attributable to:					
Members		2,187	(5,250)	(4,915)	(3,461)
Non-controlling interests in subsidiaries		29	(1,237)	169	(1,967)
		2,216	(6,487)	(4,746)	(5,428)

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

ALTERA SHUTTLE TANKERS L.L.C.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of U.S. dollars)

		Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
	Notes	$	$	$	$
Net income (loss)		2,216	(6,487)	(4,746)	(5,428)
Other comprehensive income (loss)					
Items that may be reclassified subsequently to profit or loss:					
To interest expense:					
Realized gain on qualifying cash flow hedging instruments	8	—	(182)	—	(361)
Total other comprehensive income (loss)		—	(182)	—	(361)
Comprehensive income (loss)		2,216	(6,669)	(4,746)	(5,789)
Attributable to:					
Members		2,187	(5,432)	(4,915)	(3,822)
Non-controlling interests in subsidiaries		29	(1,237)	169	(1,967)
		2,216	(6,669)	(4,746)	(5,789)

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

ALTERA SHUTTLE TANKERS L.L.C.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of U.S. dollars)

	Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Non-Controlling Interest	Total
	$	$	$	$	$
Balance as at January 1, 2023	526,459	(96,112)	670	8,170	439,187
Net income (loss)	—	(4,915)	—	169	(4,746)
Other comprehensive income (loss)	—	—	—	—	—
Distributions declared:					
Distribution to non-controlling interests	—	—	—	(5,702)	(5,702)
Balance as at June 30, 2023	526,459	(101,027)	670	2,637	428,739
Balance as at January 1, 2022	511,459	(111,469)	1,202	19,645	420,837
Net income (loss)	—	(3,461)	—	(1,967)	(5,428)
Other comprehensive income (loss)	—	—	(361)	—	(361)
Distributions declared:					
Distribution to non-controlling interests	—	—	—	3,000	3,000
Balance as at June 30, 2022	511,459	(114,930)	841	20,678	418,048

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

ALTERA SHUTTLE TANKERS L.L.C.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)

	Notes	Six Months Ended June 30, 2023 $	Six Months Ended June 30, 2022 $
OPERATING ACTIVITIES			
Net income		(4,746)	(5,428)
Adjusted for the following items:			
Depreciation and amortization	6	67,051	83,598
(Gain) loss on dispositions, net	5	(12,215)	—
Unrealized (gain) loss on derivative instruments	8	1,336	336
Other non-cash items		8,299	6,737
Changes in non-cash working capital, net		25,240	159
Net operating cash flow		84,965	85,402
FINANCING ACTIVITIES			
Proceeds from borrowings	9	30,000	63,195
Repayments of borrowings	9	(96,194)	(47,310)
Repayments of borrowings related to sale and leaseback of vessels	8	(5,637)	(5,636)
Lease liability repayments		(12)	(6,362)
Capital contribution by non-controlling interests		—	3,000
Distribution to others who have interests in subsidiaries		(5,702)	—
Net financing cash flow		(77,545)	6,887
INVESTING ACTIVITIES			
Additions:			
Vessels and equipment	6	(11,363)	(71,064)
Dispositions:			
Vessels and equipment	6	19,418	—
Change in restricted cash	3, 4	353	(3,030)
Acquisition of company (net of cash acquired of $0.2 million)		—	208
Net investing cash flow		8,408	(73,886)
Cash and cash equivalents			
Change during the period		15,828	18,403
Impact of foreign exchange on cash		514	(340)
Balance, beginning of the period		128,900	124,257
Balance, end of the period		145,242	142,320

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

1. Nature and Description of the Company

Altera Shuttle Tankers L.L.C. and its wholly-owned or controlled subsidiaries (*Altera Shuttle Tankers* or the Company), a wholly-owned subsidiary of Altera Infrastructure L.P. (*Altera Infrastructure* or the *Partnership*) is an international midstream services provider of marine transportation to the offshore oil industry, focused on the ownership and operation of shuttle tankers in the North Sea, Brazil and the East Coast of Canada and expanding its operations in the shuttle tanker business.

The Company was formed in July 2017, under the laws of the Republic of the Marshall Islands, by Altera Infrastructure Holdings L.L.C., a 100% owned subsidiary of Altera Infrastructure. The registered head office of the Company is Altera House, Unit 3, Prospect Park, Arnhall Business Park, Westhill, Aberdeenshire, AB32 6FJ, United Kingdom.

Altera Infrastructure is a subsidiary of Brookfield Business Partners L.P. (NYSE: BBU) (TSX: BBU.UN) (or with its affiliates, *Brookfield*), while Brookfield Corporation (NYSE: BN WI and TSX: BN), previously known as Brookfield Asset Management Ltd, an entity incorporated in Ontario, Canada, is the ultimate parent of the Company.

2. Significant Accounting Policies

a. Basis of presentation

These unaudited interim condensed consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (or *IAS 34*), as issued by the International Accounting Standards Board (or *IASB*). These interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended December 31, 2022, which are included in the Company's Annual Report for the year ended December 31, 2022. The unaudited interim condensed consolidated financial statements have been prepared under the assumption that the Company operates on a going concern basis and have been presented in U.S. dollars rounded to the nearest thousand unless otherwise indicated.

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements as at and for the year ended December 31, 2022, except for the adoption of new standards and changes in the Company's accounting policies effective as of 1 January 2023, as described below in Note 2c. There have been no significant changes to the method of determining significant estimates and judgments since December 31, 2022.

These unaudited interim condensed consolidated financial statements were approved by the board and authorized for issue on August 25, 2023.

b. Going Concern

As at June 30, 2023, the Company had a working capital deficit of $140.1 million as compared to $139.0 million as at December 31, 2022. As at December 31, 2022, the working capital deficit was primarily due to $153.3 million in current borrowings related to the East Coast Canada term loan coming due within one year which has subsequently been refinanced (see below for additional information). As at June 30, 2023, the working capital deficit was primarily due to $59.5 million in current borrowings related to the US private placement facilities which are due to mature in December 2023 and $209.6 million in current borrowings related to the $450 million revolving credit facility which is due to mature in May 2024.

In March 2023, the Company refinanced certain tranches of its East Coast Canada term loans. These term loans are secured by four vessels on contract until 2030. The Company successfully completed an amendment and extension of this financing, which included a $30.0 million upsize to the commercial senior tranche to take out the junior financing related to the same vessels. Following the amendment, the outstanding amount of the commercial senior tranche is $153.3 million and matures in March 2026. The total amended financing amounts to $332.6 million, which reduces over time with semi-annual repayments and has varying maturities through March 2034. Please see Note 9 for additional information.

In addition to the successfully completed initiatives during early 2023, the Company will need to obtain refinancing in full or partly for its US private placement facilities and the $450 million revolving credit facility, which it considers probable of completion based on the Company's history of being able to raise and refinance borrowings for similar types of vessels and based on the Company's assessment of current conditions and estimated future conditions.

The Company may need to obtain additional sources of financing, in addition to amounts generated from operations, to meet its obligations and commitments and the minimum liquidity requirements under its financial covenants. The Company's minimum liquidity requirements under its financial covenants include but are not limited to maintaining a minimum liquidity in an amount equal to the greater of $35 million and 5% of total debt and a net debt to total capitalization ratio of no greater than 75%.

Based on the Company's liquidity at the date of these consolidated financial statements, and the liquidity it expects to generate from operations and financing over the following year, the Company expects that it will have sufficient liquidity to enable the Company to continue as a going concern for at least the one-year period to June 30, 2024.

c. New standards, interpretations, amendments and policies adopted by the Company

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

i. Estimation uncertainty

Climate Change

The Company could be affected by an accelerated energy transition driven by climate change. The Company's strategy, capital allocation and selection of projects are guided by the vision to lead the industry to a sustainable future, and climate-related risks are key drivers for this transition. The effect of these risks on the Company's compliance costs, capital expenditures, cash flow from operations and other assumptions are inherently uncertain and may differ from actual amounts. The Company did not experience any direct impact from an accelerated energy transition driven by climate change on its financial results as at June 30, 2023. The risks will, however, remain key considerations for impairment testing, estimation of remaining useful lives of assets in the Company's fleet and provisions for future periods.

The Invasion of Ukraine by Russia

Following Russia's invasion of Ukraine in February 2022, the U.S., several European Union nations, and other countries have announced sanctions against Russia. While it is difficult to anticipate the potential for any indirect impact the sanctions announced to date may have on the Company's business and the Company, any further sanctions imposed or actions taken by the U.S., EU nations or other countries, and any retaliatory measures by Russia in response, including restrictions on oil shipments from Russia, could lead to increased volatility in global oil demand, which could have a material adverse impact on the Company's business, results of operations and financial condition. The Company has no operations or contracts with counterparties in Ukraine, Belarus or Russia and did not experience any material impact from the invasion on its financial results as at June 30, 2023. The Company intends to continue to monitor the situation and review its critical estimates and judgments as circumstances evolve.

General economic conditions

Many industries, including the industry in which the Company operates, are impacted by adverse events in the broader economy and/or financial markets. A slowdown in the financial markets and/or the global economy or the local economies of the regions in which the Company operates, including, but not limited to, employment rates, business conditions, inflation, fuel and energy costs, commodity prices, lack of available credit, the state of the financial markets, government policies in the jurisdictions in which the Company operates, interest rates and tax rates may adversely affect the Company's growth and profitability. A worldwide recession, reduction in available skilled labor, a period of below-trend growth in developed countries, a slowdown in emerging markets or significant declines in commodity factors could have a material adverse effect on our business, financial condition and results of operations, if such increased levels of volatility and market turmoil were to persist for an extended duration. These and other unforeseen adverse events in the global economy could negatively impact the Company's operations. The Company intends to continue to monitor general economic conditions and review its critical estimates and judgments as circumstances evolve.

3. Fair Value of Financial Instruments

The following tables provide the details of financial instruments and their associated classifications as at June 30, 2023 and December 31, 2022:

(all tabular amounts stated in thousands of U.S. Dollars)

	June 30, 2023			December 31, 2022		
Measurement Basis	**FVTPL[5]** $	**Amortized cost** $	**Total** $	**FVTPL** $	**Amortized cost** $	**Total** $
Financial assets						
Cash and cash equivalents	—	145,242	145,242	—	128,900	128,900
Financial assets (current and non-current)	584	9,478	10,062	875	9,811	10,686
Accounts and other receivable, net (current and non-current) [1]	—	33,858	33,858	—	39,373	39,373
Due from related parties (current and non-current)	—	21,038	21,038	—	22,999	22,999
Other assets (current and non-current) [2]	—	39,163	39,163	—	43,996	43,996
Total	584	248,779	249,363	875	245,079	245,954
Financial liabilities						
Accounts payable and other [3]	—	2,097	2,097	—	4,015	4,015
Other financial liabilities (current and non-current) [4]	1,367	182,558	183,925	321	188,086	188,407
Due to related parties (current and non-current)	—	89,127	89,127	—	89,352	89,352
Borrowings (current and non-current)	—	1,311,089	1,311,089	—	1,374,613	1,374,613
Total	1,367	1,584,871	1,586,238	321	1,656,066	1,656,387

(1) Excludes sales tax receivable of $0.3 million as at June 30, 2023 (December 31, 2022 - $0.2 million).

(2) Includes investments in finance leases.

(3) Includes accounts payable and lease liabilities. Refer to Note 7 below.

(4) Includes derivative instruments, obligations relating to finance leases and other financial liabilities. Refer to Note 8 below.

(5) Fair value through profit or loss (or *FVTPL*)

Included in cash and cash equivalents as at June 30, 2023 is $145.2 million of cash (December 31, 2022 - $128.9 million) and $nil of cash equivalents (December 31, 2022 - $nil).

The fair value of all financial assets and liabilities as at June 30, 2023 approximated their carrying values, with the exception of the borrowings, where fair value which was determined using Level 1 and Level 2 inputs resulted in a fair value of $1.3 billion (December 31, 2022: $1.3 billion) versus a carrying value of $1.3 billion (December 31, 2022: $1.4 billion). The fair value of the Company's fixed-rate and variable-rate long-term debt is either based on quoted market prices or estimated using discounted cash flow analysis based on rates currently available for debt with similar terms and remaining maturities and the current credit worthiness of the Company.

Fair value hierarchical levels - financial instruments

There were no transfers between levels during the three and six months ended June 30, 2023, nor during the year ended December 31, 2022. Additionally, there were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the three and six months ended June 30, 2023. The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities measured at fair value through profit or loss on a recurring basis as at June 30, 2023 and December 31, 2022:

	June 30, 2023			December 31, 2022		
	Level 1 $	**Level 2** $	**Level 3** $	**Level 1** $	**Level 2** $	**Level 3** $
Financial assets						
Derivative instruments	—	584	—	—	875	—
Total	—	584	—	—	875	—
Financial liabilities						
Derivative instruments	—	1,367	—	—	321	—
Total	—	1,367	—	—	321	—

4. Financial Assets

(all tabular amounts stated in thousands of U.S. Dollars)

	June 30, 2023	December 31, 2022
	$	$
Current		
Restricted cash (1)	9,478	9,811
Derivative instruments (2)	564	875
Total current	10,042	10,686
Non-current		
Derivative instruments (2)	20	—
Total non-current	20	—

(1) Restricted cash as at June 30, 2023 consists of a guarantee for certain operating expenses and withholding taxes (December 31, 2022 - consists of a guarantee for certain operating expenses and withholding taxes).

(2) See Note 8 for additional information.

5. Gain on Dispositions, Net

Period	Vessel	Net Proceeds	Gain (Loss) on Dispositions, Net
Q2-23	*Petroatlantic*	19,418	12,201
Q2-23	*Nordic Rio*	—	20
Gain (loss) on dispositions, net for the three months ended June 30, 2023			12,221
Q1-23	*Nordic Rio*	—	(6)
Gain (loss) on dispositions, net for the three and six months ended June 30, 2023			12,215

6. Vessels and Equipment

	June 30, 2023	December 31, 2022
	$	$
Gross carrying amount:		
Opening balance at beginning of year	2,191,569	2,186,433
Additions (1)	11,363	17,626
Transferred from advances on newbuilding contracts	—	123,669
Vessels and equipment reclassified as held for sale	(54,971)	(136,159)
Closing balance at end of period	2,147,961	2,191,569
Accumulated Depreciation and Impairment:		
Opening balance at beginning of year	(484,953)	(422,407)
Depreciation and amortization (2)	(67,036)	(146,777)
Impairment expense, net (3)	—	(4,960)
Transferred to deferred mobilization costs	—	(840)
Vessels and equipment reclassified as held for sale	48,599	90,031
Closing balance at end of period	(503,390)	(484,953)
Net book value	1,644,571	1,706,616

(1) Additions include dry docks, overhauls and capital modifications.

(2) Excludes depreciation and amortization on the Company's right-of-use assets, office equipment and software.

(3) See below for additional information.

Impairment expense, net

Period	Vessel	Event	Fair Value Hierarchical Level	Valuation Techniques and Key Inputs	Impairment Expense $
Q2 2022 (1)	*Petronordic*	Sale of the vessel considered highly probable	Level 2	Fair value less cost to sell using an appraised valuation	4,960
Impairment expense, net for the three and six months ended June 30, 2022					4,960

(1) Vessels and equipment were sold during the year ended December 31, 2022.

(2) For the three and six months ended June 30, 2023, impairment expense, net was $nil and $nil, respectively.

The fair value of vessels and equipment, classified as such, measured on a non-recurring basis was $nil and $nil as at June 30, 2023 and December 31, 2022, respectively.

As at June 30, 2023, the Company has no commitments relating to shipbuilding contracts.

7. Accounts Payable and Other

	June 30, 2023 $	December 31, 2022 $
Current		
Accounts payable	1,965	3,871
Accrued liabilities	45,495	37,772
Deferred revenues	7,956	6,561
Lease liabilities	33	31
Total current	55,449	48,235
Non-current		
Lease liabilities	99	113
Total non-current	99	113

8. Other Financial Liabilities

	June 30, 2023 $	December 31, 2022 $
Current		
Derivative instruments	1,367	321
Obligations relating to leases	11,046	11,045
Total current	12,413	11,366
Non-current		
Obligations relating to leases	171,512	177,041
Total non-current	171,512	177,041

As at June 30, 2023, the undiscounted contractual maturities of the Company's obligations relating to the leases under the sale and leaseback transactions were as follows:

	Total	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter
	(in millions of U.S. Dollars)						
Obligations related to leases	184.8	11.3	11.3	11.3	11.3	11.3	128.3

The liability for the leases accrues interest at a variable rate of LIBOR plus a margin of 2.85%. As at June 30, 2023, the Company was in compliance with all covenant requirements of its leases.

Derivative Financial Instruments

The Company’s activities expose it to a variety of financial risks, including liquidity risk, interest rate risk, foreign currency risk and credit risk. The Company selectively uses derivative financial instruments principally to manage certain of these risks.

The aggregate amount of the Company's derivative financial instrument positions is as follows:

	June 30, 2023		December 31, 2022	
	Financial Asset	Financial Liability	Financial Asset	Financial Liability
	$	$	$	$
Foreign currency forward contracts	564	1,367	875	321
Total	564	1,367	875	321
Total current	564	1,367	875	321
Total non-current	20	—	—	—

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the impact of interest rate changes, primarily through its floating-rate borrowings that require it to make interest payments based on LIBOR and/or SOFR. Significant increases in interest rates could adversely affect operating margins, results of operations and the Company's ability to service its debt. The Company may use interest rate swaps to reduce its exposure to market risk from changes in interest rates. The principal objective of these contracts is to minimize the risks and costs associated with the Company's floating-rate debt.

As at June 30, 2023, the Company is not part of any interest rate swaps, as the previously entered interest rate swaps have been terminated. The Company has not designated, for accounting purposes, any interest rate swaps as hedges of variable rate debt during the six months ended June 30, 2023 and year ended December 31, 2022, respectively. Certain of the Company's interest rate swaps have historically been secured by vessels.

In September 2022, the Company terminated, on maturity, one of its interest rate swaps, which as at June 30, 2022, had a notional amount of $100.0 million and a total fair value asset of $nil.

Total realized and unrealized gain (loss) on the Company's derivative financial instruments that are not designated, for accounting purposes, as cash flow hedges are recognized in earnings and reported in realized and unrealized gain (loss) on derivative instruments in the unaudited interim condensed consolidated statements of income (loss) for the three and six months ended June 30, 2023 and 2022 as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Realized gain (loss) on derivative instruments				
Interest rate swap	—	(276)	—	(745)
Foreign currency forward contracts	(676)	(653)	(1,354)	(972)
	(676)	(929)	(1,354)	(1,717)
Unrealized gain (loss) on derivative instruments				
Interest rate swap	—	435	—	1,315
Foreign currency forward contracts	128	(2,100)	(1,336)	(1,651)
	128	(1,665)	(1,336)	(336)
Total realized and unrealized gain (loss) on derivative instruments	(548)	(2,594)	(2,690)	(2,053)

The following table presents the notional amounts underlying the Company's derivative financial instruments by term to maturity as at June 30, 2023:

	Total	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter
				(in millions of U.S. Dollars)			
Fair value through profit or loss							
Foreign currency forward contracts	60.0	58.0	2.0	—	—	—	—
Total	60.0	58.0	2.0	—	—	—	—

9. Borrowings

			Weighted average term		Weighted average rate	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
	$	$	(years)	(years)	(%)	(%)
Revolving Credit Facilities	209,573	244,201	0.90	1.39	7.96	7.24
Term Loans	674,999	696,473	5.50	5.39	6.72	5.94
Public Bonds	380,000	380,000	1.85	2.35	10.69	10.13
Non-Public Bonds	58,532	68,623	0.50	1.00	4.96	4.96
Total	1,323,104	1,389,297	3.50	3.64	7.98	7.27
Less: deferred financing costs and other	(12,015)	(14,684)				
Total borrowings	1,311,089	1,374,613				
Less current portion	(309,633)	(314,032)				
Long-term portion	1,001,456	1,060,581				

Revolving Credit Facilities

As at June 30, 2023, the Company had one revolving credit facility (December 31, 2022 - one), which, as at such date, provided for total borrowings of up to $209.6 million (December 31, 2022 - $244.2 million), and was fully drawn (December 31, 2022 - fully drawn).

Term Loans

As at June 30, 2023, the Company had term loans which totaled $675.0 million (December 31, 2022 - $696.5 million). The term loans reduce over time with quarterly or semi-annual payments and have varying maturities through 2034. As at June 30, 2023, all of these terms loans were guaranteed by the Company, a subsidiary of the Company or the other owner in the Company's non-wholly owned subsidiaries.

As at December 31, 2022, certain tranches of the financing for the shuttle tankers operating on the East Coast of Canada had an outstanding balance of $153.3 million and matured in March 2023. In March 2023, the Company successfully completed an amendment and extension of this financing, which included a $30.0 million upsize to the commercial senior tranche to take-out the junior financing related to the same vessels. Following the amendment, the outstanding amount of the commercial senior tranche is $153.3 million and matures in March 2026. The total amended financing amounts to $332.6 million, which reduces over time with semi annual repayments and has varying maturities through March 2034. The interest payments on the amended facility are based on SOFR (and includes credit adjustment spreads as a result of changing reference rate from LIBOR to SOFR) plus margins between 1.30% and 2.75% per annum.

Public and Non-Public Bonds

As at June 30, 2023, the Company had public bonds outstanding which totaled $380.0 million (December 31, 2022 - $380.0 million) and non-public bonds outstanding which totaled $58.5 million (December 31, 2022 - $68.6 million). The public bonds have varying maturities through 2025 and the non-public bonds reduce over time with semi-annual payments and mature in December 2023.

In July 2023, the Company repurchased $1.0 million of its $200.0 million five-year senior unsecured bonds that mature in October 2024, which were issued in October 2019.

As at June 30, 2023, the contractual maturities of the Company's borrowings were as follows:

	Total	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter
			(in millions of U.S. Dollars)				
Borrowings:							
Public Bonds	380.0	—	200.0	180.0	—	—	—
Secured debt - scheduled repayments	359.8	78.7	42.9	40.6	33.8	33.8	130.0
Secured debt - repayments on maturity	583.3	232.3	—	252.3	98.7	—	—
Total borrowings	1,323.1	311.0	242.9	472.9	132.5	33.8	130.0

See Note 10 for information regarding the Company's borrowings due to related parties.

As at June 30, 2023, the Company was in compliance with all covenant requirements of its revolving credit facilities, term loans and bonds.

Interest paid during the three and six months ended June 30, 2023 was $24.5 million and $55.2 million, respectively (three and six months ended June 30, 2022 - $21.1 million and $38.6 million, respectively).

10. Related Party Transactions

The Company has no key employees and does not remunerate key management personnel.

The key management personal of the Company are as follows:

Name	Position
Ingvild Sæther	President and Chief Executive Officer, Altera Infrastructure Group Ltd.
Jan Rune Steinsland	Chief Financial Officer, Altera Infrastructure Group Ltd.
Duncan Donaldson	General Counsel, Altera Infrastructure Group Ltd.

Altera Infrastructure and its wholly-owned subsidiaries provide a significant portion of the Company’s commercial, technical, crew training, strategic, business development and/or administrative service needs.

The Company is a party to the following transactions with related parties:

a) On December 14, 2021, the Company entered into an agreement with Brookfield to issue $70.0 million aggregate principal amount unsecured PIK notes (or *the 12.50% PIK Notes*), which contemporaneously discharged the then-existing $70.0 million unsecured revolving credit facility which was fully drawn, accrued interest at a rate equal to LIBOR plus a margin of 5.00% and was due to mature in February 2022. Interest under the 12.50% Notes is payable in kind, semi-annually, at a fixed rate of 12.50% and the facility matures in June 2026. The 12.50% PIK Notes are listed on The International Stock Exchange. Additional 12.50% PIK Notes may only be issued to satisfy the interest payable under the notes. As at June 30, 2023, the Company had recorded $14.6 million of PIK interest which was added to the outstanding principal amount of the 12.50% PIK Notes. Any outstanding principal balances are due on the maturity date. As at June 30, 2023, the Company was in compliance with the covenant requirements of this facility.

As at June 30, 2023, the contractual maturities of the Company's borrowings due to related parties were as follows:

	Total	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter
			(in millions of U.S. Dollars)				
Borrowings due to related parties:							
12.50% Unsecured PIK notes (1)	84.6	—	—	—	84.6	—	—
Total borrowings due to related parties	84.6	—	—	—	84.6	—	—

(1) Includes PIK interest of $14.6 million. See Note 10a for additional information.

b) During the year ended December 31, 2022, a common control transaction was undertaken, whereby the Company acquired Altera Shuttle Loading AS (formerly Navion Offshore Loading AS) from Altera Infrastructure Holdings L.L.C. The transaction was accounted for as a common control transaction by using the pooling of interest method.

The Company also reimburses its related parties for expenses incurred by the companies that are necessary or appropriate for the conduct of the Company’s business. The Company's related party transactions recognized in the consolidated statements of income (loss) were as follows for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
General and administrative (1)	(5,437)	(5,634)	(11,463)	(12,314)
Interest expense (2)	(2,488)	(2,205)	(4,975)	(4,422)

(1) Includes ship management and crew training services provided by Altera Infrastructure and its subsidiaries.

(2) Includes interest expense of $2.5 million and $5.0 million incurred on the 12.50% PIK Notes for the three and six months ended June 30, 2023, respectively (three and six months ended June 30, 2022 - $2.2 million and $4.4 million, respectively). See Note 10a for additional information.

At June 30, 2023, the carrying value of amounts due from related parties totaled $21.0 million (December 31, 2022 - $23.0 million) and the carrying value of amounts due to related parties totaled $89.1 million (December 31, 2022 - $89.4 million) and consisted of the 12.50% PIK Notes issued to Brookfield (See Note 10a for additional information), and other related party payables.

11. Revenues

The Company’s primary source of revenues is chartering its vessels and offshore units to its customers. The Company utilizes three primary forms of contracts, consisting of contract of affreightment (*CoAs*), time-charter contracts and voyage charter contracts. During the three and six months ended June 30, 2023, the Company also generated revenues from the operation of volatile organic compound (*VOC*) recovery systems on certain of the Company's vessels, and from the management of certain vessels on behalf of the disponent owners or charterers of those vessels.

(all tabular amounts stated in thousands of U.S. Dollars)

The following table contains the Company's revenues for the three and six months ended June 30, 2023 and 2022, by contract type:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues from contracts with customers	$	$	$	$
CoAs	27,936	30,227	61,127	56,605
Time charters	26,916	29,202	53,346	54,619
Management fees and other	975	1,031	1,981	2,362
	55,827	60,460	116,454	113,586
Other revenues				
CoAs	30,073	27,774	61,136	58,880
Time charters	42,099	46,282	84,691	88,065
Voyage charters	8,413	17,703	18,764	26,406
	80,585	91,759	164,591	173,351
Total revenues	136,412	152,219	281,045	286,937

Revenues from External Customers

The following tables contain the Company's revenues for the three and six months ended June 30, 2023 and 2022 by geography, based on the operating location of the Company's assets and by segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues from contracts with customers	$	$	$	$
Norway (1)	33,999	36,634	73,947	69,100
Brazil (1)	6,678	7,361	13,895	14,701
Canada	15,150	16,465	28,612	29,785
Total revenues from contracts with customers	55,827	60,460	116,454	113,586
Other revenues				
Norway (1)	48,528	45,112	101,005	88,323
Brazil (1)	13,831	14,431	28,548	28,630
Canada	18,226	20,011	35,038	36,712
Other	—	12,205	—	19,686
Total other revenues	80,585	91,759	164,591	173,351
Total revenues	136,412	152,219	281,045	286,937

(1) Reference to Norway and Brazil are to income from international shipping activities occurring on the Norwegian and Brazilian continental shelves, respectively.

12. Direct Operating Costs

Direct operating costs include all attributable expenses except interest, depreciation and amortization, impairment expense, other expenses and taxes, and primarily relate to cost of revenues. The following table lists direct operating costs for the three and six months ended June 30, 2023 and 2022 by nature:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Voyage expenses (1)	30,941	44,345	63,201	71,987
Operating expenses	18,654	15,944	36,798	32,559
Charter hire	10,129	2,096	15,411	6,490
Compensation	13,207	14,643	27,221	30,152
Total	72,931	77,028	142,631	141,188

(1) Expenses unique to a particular voyage, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions.

(all tabular amounts stated in thousands of U.S. Dollars)

13. Gain (loss) on modification of financial liabilities, net

The table below summarizes the company's gain (loss) on modification of financial liabilities, net for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Gain (loss) on modification of financial liabilities, net [1]	—	—	(2,595)	—
Total gain (loss) on modification of financial liabilities, net	—	—	(2,595)	—

(1) During the six months ended June 30, 2023, the Company recognized a loss on modification of financial liabilities of $2.6 million due to a modification related to the Company's East Coast of Canada term loan refinancing.

14. Subsequent Events

In July 2023, the Company repurchased $1.0 million of its $200.0 million five-year senior unsecured bonds that mature in October 2024, which were issued in October 2019.