UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ALTERA SHUTTLE TANKERS L.L.C.

Interim report for the quarterly period ended September 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 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 September 30, 2023, our fleet was as follows:

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

Significant Developments

Financings

In October 2023, we closed a $340 million revolving credit facility secured by eight shuttle tankers, refinancing a revolving credit facility dated May 2019, which bore interest at SOFR plus a margin of 2.50% and was scheduled to mature in May 2024, and a US private placement dated September 2013, which bore fixed interest at 4.96% and was scheduled to mature in December 2023. The new revolving credit facility bears interest at SOFR plus a margin of 2.75% and matures in October 2028. We have drawn $220 million of the available $340 million.

Contract Updates

In September 2023, a wholly-owned subsidiary of Altera Infrastructure entered into a 15-year firm contract which includes the deployment of the *Nordic Brasilia* to Eni on the Baleine field phase II in Côte d'Ivoire as a floating storage and off-take (or *FSO*) unit. During September 2023, the *Nordic Brasilia,* sailed to Drydocks World-Dubai where client-funded FSO conversion work has commenced. We consider it highly probable that a related-party sale or lease contract will be signed in the near-term future.

In November 2023, we entered into an agreement with TotalEnergies to utilize the *Bossa Nova Spirit* shuttle tanker on a 1-year firm time-charter contract with extension options for an additional one year.

Results of Operations

The following table presents certain of the Company's consolidated operating results for the three and nine months ended September 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 September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
IFRS:	**$**	**$**	**$**	**$**
Revenues	114,109	152,072	395,154	439,009
Direct operating costs	(61,393)	(77,933)	(204,024)	(219,121)
General and administrative expenses	(4,986)	(6,114)	(17,418)	(19,196)
Depreciation and amortization	(32,760)	(36,836)	(99,811)	(120,434)
Interest expense	(35,169)	(28,121)	(103,952)	(75,258)
Interest income	1,647	485	4,428	659
Impairment expense, net	—	—	—	(4,960)
Gain (loss) on dispositions, net	—	(112)	12,215	(112)
Realized and unrealized gain (loss) on derivative instruments	685	(3,542)	(2,005)	(5,595)
Foreign currency exchange gain (loss)	(304)	(1,817)	(4,174)	(2,376)
Gain (loss) on modification of financial liabilities, net	—	—	(2,595)	—
Other income (expenses), net	29	(53)	(70)	80
Income (loss) before income tax (expense) benefit	(18,142)	(1,971)	(22,252)	(7,304)
Income tax (expense) benefit				
Current	3	—	(633)	(95)
Net income (loss)	(18,139)	(1,971)	(22,885)	(7,399)
Attributable to:				
Members	(18,139)	(2,936)	(23,054)	(6,397)
Non-controlling interests in subsidiaries	—	965	169	(1,002)
	(18,139)	(1,971)	(22,885)	(7,399)
Non-IFRS:				
Adjusted EBITDA	47,730	67,218	173,584	200,302

Revenues

Revenues decreased to $114 million, from $152 million, for the three months ended September 30, 2023, compared to the same period last year, primarily due to:

- a decrease of $17 million due to lower reimbursable bunker purchases (offset in direct operating costs below);
- a decrease of $10 million due to lower contribution from the *Samba Spirit* and *Lambada Spirit* due to their mid-life dry-docking;
- a decrease of $9 million due to the sale of the *Navion Gothenburg* and *Nordic Rio,* that operated in the conventional tanker market, in August 2022 and December 2022, respectively; and
- a decrease of $5 million due to the *Nordic Brasilia*, that operated in the conventional tanker market, being delivered for an FSO conversion project mid-August for the Baleine field development in Côte d'Ivoire;

partially offset by

- an increase of $3 million due to reduction of repair off-hire days compared to the same period last year.

Revenues decreased to $395 million, from $439 million, for the nine months ended September 30, 2023, compared to the same period last year, primarily due to:

- a decrease of $21 million due to the sale of the *Navion Gothenburg* and *Nordic Rio*, that operated in the conventional tanker market, in August 2022 and December 2022, respectively;
- a decrease of $18 million due to lower reimbursable bunker purchases (offset in direct operating costs below); and

- a decrease of $12 million due to the *Samba Spirit* and *Lambada Spirit* entering their mid-life dry-docking;

partially offset by

- an increase of $3 million due to increased time-charter fleet revenue and rate escalations; and
- an increase of $3 million due to reduction of repair off-hire days compared to the same period last year.

Direct Operating Cost

Direct operating costs decreased to $61 million, from $78 million, for the three months ended September 30, 2023, compared to the same period last year, primarily due to:

- a decrease of $17 million due to reimbursable bunker purchases (offset in revenue above); and
- a decrease of $9 million due to *Navion Gothenburg, Nordic Rio, Petronordic* and *Petroatlantic* leaving the fleet;

partially offset by

- an increase of $4 million due to the *Ingrid Knutsen* short-term in-charter, whereas lease accounting was applied to the same vessel in prior year, where a smaller portion of the in-charter costs are charged to operating costs under lease accounting; and
- an increase of $3 million due to higher operating costs across the fleet.

Direct operating costs decreased to $204 million, from $219 million, for the nine months ended September 30, 2023, compared to the same period last year, primarily due to:

- a decrease of $22 million due to *Navion Gothenburg, Nordic Rio, Petronordic* and *Petroatlantic* shuttle tankers leaving the fleet; and
- a decrease of $18 million due to reimbursable bunker purchases (offset in revenue above);

partially offset by

- an increase of $6 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 $6 million due to increased time-charter hire expense due to higher activity in the CoA segment;
- an increase of $6 million due to higher operating costs across the fleet; and
- an increase of $4 million due to the *Altera Thule* commencing operations in May 2022.

Depreciation and Amortization

Depreciation and amortization expense decreased to $33 million, from $37 million, for the three months ended September 30, 2023, compared to same period last year, primarily due to the *Ingrid Knutsen* long-term in charter-lease, where a portion of the lease was charged to depreciation, ending in early January 2023, and the sale of the *Petroatlantic.*

Depreciation and amortization expense decreased to $100 million, from $120 million, for the nine months ended September 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 $104 million for the three and nine months ended September 30, 2023, compared to $28 million and $75 million, for the same periods last year, primarily due to an increase in interest rates during the three and nine months ended September 30, 2023.

Impairment Expense, Net

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

Gain (Loss) on Dispositions, Net

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

Adjusted EBITDA

Adjusted EBITDA decreased to $48 million, for the three months ended September 30, 2023, compared to $67 million, for the same period last year. The decrease of $19 million was primarily due to lower contribution from the *Samba Spirit* and *Lambada Spirit* shuttle tankers due to their mid-life dry-docking, the *Nordic Brasilia* being delivered for an FSO conversion project, 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 $174 million, for the nine months ended September 30, 2023, compared to $200 million, for the same period last year. The decrease of $26 million was primarily due to lower contribution from the *Samba Spirit* and *Lambada Spirit* shuttle tankers due to their mid-life dry-docking from June 2023, offhire in June 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 nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2023	**2022**	**2023**	**2022**
(in thousands of U.S. Dollars)	**$**	**$**	$	$
Net income (loss)	(18,139)	(1,971)	(22,885)	(7,399)
Less:				
Depreciation and amortization	(32,760)	(36,836)	(99,811)	(120,434)
Interest expense	(35,169)	(28,121)	(103,952)	(75,258)
Interest income	1,647	485	4,428	659
Income tax (expense) recovery:				
Current	3	—	(633)	(95)
	48,140	62,501	177,083	187,729
Less:				
Impairment expense, net	—	—	—	(4,960)
Gain (loss) on dispositions, net	—	(112)	12,215	(112)
Realized and unrealized gain (loss) on derivative instruments	685	(3,542)	(2,005)	(5,595)
Foreign currency exchange gain (loss)	(304)	(1,817)	(4,174)	(2,376)
Gain (loss) on modification of financial liabilities, net	—	—	(2,595)	—
Other income (expenses), net	29	(53)	(70)	80
Adjusted EBITDA attributable to non-controlling interests(1)	—	807	128	390
Adjusted EBITDA	47,730	67,218	173,584	200,302

(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:

(in thousands of U.S. Dollars)	Three Months Ended September 30, 2023 $	Three Months Ended September 30, 2022 $	Nine Months Ended September 30, 2023 $	Nine Months Ended September 30, 2022 $
Net income (loss) attributable to non-controlling interests in subsidiaries	—	965	169	(1,002)
Less:				
Depreciation and amortization	—	(93)	—	(1,596)
Interest expense, net of interest income	—	28	39	33
Other income / expense	—	243	8	234
EBITDA	—	787	122	327
Less:				
Foreign currency exchange gain (loss)	—	(20)	(6)	(63)
Adjusted EBITDA attributable to non-controlling interests	—	807	128	390

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 September 30, 2023 and December 31, 2022:

(in thousands of U.S. Dollars)	September 30, 2023 $	December 31, 2022 $
Cash and cash equivalents	117,570	128,900
Total liquidity[1]	117,570	128,900
Working capital surplus (deficit)	(155,811)	(139,040)

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

As at September 30, 2023, our working capital deficit was $156 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 September 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. In October 2023, we closed a $340 million revolving credit facility secured by eight shuttle tankers, refinancing a revolving credit facility scheduled to mature in May 2024, and the US private placement scheduled to mature in December 2023. As a result of this refinancing, our liquidity position increased from $118 million at September 30, 2023, to $202 million at October 31, 2023. Please see Note 2b and 9 for additional information.

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 September 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 $310 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 September 30, 2023, our other financial liabilities consist of foreign currency forward contracts. The contractual payments relating these obligations for the next twelve months are $74 million, and $4.0 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 $29 million, primarily related to our Samba class 10-year dry-dockings and final East Cost of Canada vessel's 5-year dry-docking, and $268 million thereafter.

As at September 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:

	September 30, 2023	December 31, 2022
(in thousands of U.S. Dollars)	$	$
U.S. Dollar Revolving Credit Facilities	197,653	244,201
U.S. Dollar Term Loans	657,251	696,473
U.S. Dollar Bonds	379,000	380,000
U.S. Dollar Non-Public Bonds	58,532	68,623
Total principal (1)	1,292,436	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 September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
(in thousands of U.S. Dollars)	$	$
Borrowings (1)	1,281,714	1,374,613
Obligations relating to finance leases	179,795	188,086
Less:		
Cash and cash equivalents	117,570	128,900
Net debt	1,343,939	1,433,799
Total equity	410,578	439,187
Total capitalization (2)	1,872,087	2,001,886
Net debt to total capitalization ratio (3)	71.8 %	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:

	Nine Months Ended September 30,	
	2023	2022
(in thousands of U.S. Dollars)	$	$
Net operating cash flow	105,795	152,589
Net financing cash flow	(110,954)	(90,292)
Net investing cash flow	(6,487)	(54,587)
Change during the period	(11,646)	7,710

Operating Cash Flows

Net cash flow from operating activities generated a cash inflow of $106 million for the nine months ended September 30, 2023, compared to a cash inflow of $153 million during the same period last year. The decrease is mainly due to decrease in revenue and increase in interest expenses, partially offset by decrease in direct operating cost. Refer to "Consolidated Results of Operations" above.

Financing Cash Flows

Net cash flow from financing activities generated a cash outflow of $111 million for the nine months ended September 30, 2023, compared to a cash inflow of $90 million during the same period last year.

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

Our scheduled repayments of our borrowings were $127 million for the nine months ended September 30, 2023, compared to $154 million for the same period last year. The decrease in repayments is mainly due to the repayment of the 7.125% senior unsecured bonds during the third quarter of 2022.

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

Investing Cash Flows

Net cash flow from investing activities generated a cash outflow of $6 million for the nine months ended September 30, 2023, compared to a cash outflow of $55 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 nine months ended September 30, 2022, as compared to $26 million in vessel additions resulting from dry-dockings conducted during the nine months ended September 30, 2023; partially offset by the sale of the *Petroatlantic* at $19 million.

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 nine months ended September 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 nine months ended September 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: November 21, 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 September 30, 2023 $	As at December 31, 2022 $
ASSETS			
Current assets			
Cash and cash equivalents	3	117,570	128,900
Financial assets	4	10,086	10,686
Accounts and other receivable, net		25,104	39,544
Inventory		18,958	19,084
Due from related parties	10	21,632	22,999
Other assets		18,575	23,138
Total current assets		211,925	244,351
Non-current assets			
Vessels and equipment	6	1,626,785	1,706,616
Deferred tax assets		14,321	15,624
Other assets		37,723	46,203
Goodwill		127,113	127,113
Total non-current assets		1,805,942	1,895,556
Total assets		2,017,867	2,139,907
LIABILITIES			
Current liabilities			
Accounts payable and other	7	53,575	48,235
Other financial liabilities	8	11,819	11,366
Borrowings	9	298,127	314,032
Due to related parties	10	4,215	9,758
Total current liabilities		367,736	383,391
Non-current liabilities			
Accounts payable and other	7	—	113
Other financial liabilities	8	168,769	177,041
Borrowings	9	983,587	1,060,581
Due to related parties	10	87,197	79,594
Total non-current liabilities		1,239,553	1,317,329
Total liabilities		1,607,289	1,700,720
EQUITY			
Paid-in capital		526,459	526,459
Retained earnings		(119,166)	(96,112)
Accumulated other comprehensive income (loss)		670	670
Member's equity		407,963	431,017
Non-controlling interests in subsidiaries		2,615	8,170
Total equity		410,578	439,187
Total liabilities and total equity		2,017,867	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 September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
	Notes	$	$	$	$
Revenues	11	114,109	152,072	395,154	439,009
Direct operating costs	12	(61,393)	(77,933)	(204,024)	(219,121)
General and administrative expenses	10	(4,986)	(6,114)	(17,418)	(19,196)
Depreciation and amortization	6	(32,760)	(36,836)	(99,811)	(120,434)
Interest expense	9, 10	(35,169)	(28,121)	(103,952)	(75,258)
Interest income		1,647	485	4,428	659
Impairment expense, net	6	—	—	—	(4,960)
Gain (loss) on dispositions, net	5	—	(112)	12,215	(112)
Realized and unrealized gain (loss) on derivative instruments	8	685	(3,542)	(2,005)	(5,595)
Foreign currency exchange gain (loss)		(304)	(1,817)	(4,174)	(2,376)
Gain (loss) on modification of financial liabilities, net	13	—	—	(2,595)	—
Other income (expenses), net		29	(53)	(70)	80
Income (loss) before income tax (expense) benefit		(18,142)	(1,971)	(22,252)	(7,304)
Income tax (expense) benefit					
Current		3	—	(633)	(95)
Net income (loss)		(18,139)	(1,971)	(22,885)	(7,399)
Attributable to:					
Members		(18,139)	(2,936)	(23,054)	(6,397)
Non-controlling interests in subsidiaries		—	965	169	(1,002)
		(18,139)	(1,971)	(22,885)	(7,399)

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 September 30,		Nine Months Ended September 30,	
		2023	**2022**	**2023**	**2022**
	Notes	**$**	**$**	**$**	**$**
Net income (loss)		(18,139)	(1,971)	(22,885)	(7,399)
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	—	(172)	—	(532)
Total other comprehensive income (loss)		—	(172)	—	(532)
Comprehensive income (loss)		(18,139)	(2,143)	(22,885)	(7,931)
Attributable to:					
Members		(18,139)	(3,108)	(23,054)	(6,929)
Non-controlling interests in subsidiaries		—	965	169	(1,002)
		(18,139)	(2,143)	(22,885)	(7,931)

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)	—	(23,054)	—	169	(22,885)
Other comprehensive income (loss)	—	—	—	—	—
Distributions declared:					
Distribution to non-controlling interests	—	—	—	(5,724)	(5,724)
Balance as at September 30, 2023	526,459	(119,166)	670	2,615	410,578

Balance as at January 1, 2022	511,459	(111,469)	1,202	19,645	420,837
Net income (loss)	—	(6,397)	—	(1,002)	(7,399)
Other comprehensive income (loss)	—	—	(532)	—	(532)
Contributions received:					
Contribution of capital from Altera Infrastructure Holdings L.L.C.	15,000	—	—	—	15,000
Distribution from non-controlling interests	—	—	—	3,000	3,000
Balance as at September 30, 2022	526,459	(117,866)	670	21,643	430,906

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	Nine Months Ended September 30, 2023 $	Nine Months Ended September 30, 2022 $
OPERATING ACTIVITIES			
Net income		(22,885)	(7,399)
Adjusted for the following items:			
Depreciation and amortization	6	99,811	120,434
Impairment expense, net	6	—	4,960
(Gain) loss on dispositions, net	5	(12,215)	112
Unrealized (gain) loss on derivative instruments	8	647	3,163
Other non-cash items		8,367	8,411
Changes in non-cash working capital, net		32,070	22,908
Net operating cash flow		105,795	152,589
FINANCING ACTIVITIES			
Proceeds from borrowings	9	30,000	63,195
Repayments of borrowings	9	(126,862)	(153,701)
Repayments of borrowings related to sale and leaseback of vessels	8	(8,344)	(8,454)
Financing costs related to borrowings from sale and leaseback of vessels	9	—	39
Lease liability repayments		(24)	(9,371)
Capital provided by member		—	15,000
Capital contribution by non-controlling interests		—	3,000
Distribution to others who have interests in subsidiaries		(5,724)	—
Net financing cash flow		(110,954)	(90,292)
INVESTING ACTIVITIES			
Additions:			
Vessels and equipment	6	(26,330)	(84,583)
Dispositions:			
Vessels and equipment	6	19,418	32,630
Change in restricted cash	3, 4	425	(2,842)
Acquisition of company (net of cash acquired of $0.2 million)		—	208
Net investing cash flow		(6,487)	(54,587)
Cash and cash equivalents			
Change during the period		(11,646)	7,710
Impact of foreign exchange on cash		316	(1,605)
Balance, beginning of the period		128,900	124,257
Balance, end of the period		117,570	130,362

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 November 21, 2023.

b. Going Concern

As at September 30, 2023, the Company had a working capital deficit of $155.8 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 September 30, 2023, the working capital deficit was primarily due to $58.5 million in current borrowings related to the US private placement facilities which are due to mature in December 2023 and $197.7 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 October 2023, the Company closed a $340.0 million revolving credit facility secured by eight shuttle tankers, refinancing a revolving credit facility dated May 2019, which bore interest at SOFR plus a margin of 2.50% and was scheduled to mature in May 2024, and a US private placement dated September 2013, which bore fixed interest at 4.96% and was scheduled to mature in December 2023. The new revolving credit facility bears interest at SOFR plus a margin of 2.75% and matures in October 2028. The Company has drawn $220 million of the available $340 million. Please see Note 9 for additional information.

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 September 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 September 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 September 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.

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

3. Fair Value of Financial Instruments

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

	September 30, 2023			December 31, 2022		
Measurement Basis	FVTPL[5] $	Amortized cost $	Total $	FVTPL $	Amortized cost $	Total $
Financial assets						
Cash and cash equivalents	—	117,570	117,570	—	128,900	128,900
Financial assets (current and non-current)	700	9,386	10,086	875	9,811	10,686
Accounts and other receivable, net (current and non-current) [1]	—	24,895	24,895	—	39,373	39,373
Due from related parties (current and non-current)	—	21,632	21,632	—	22,999	22,999
Other assets (current and non-current) [2]	—	36,985	36,985	—	43,996	43,996
Total	700	210,468	211,168	875	245,079	245,954
Financial liabilities						
Accounts payable and other [3]	—	9,019	9,019	—	4,015	4,015
Other financial liabilities (current and non-current) [4]	793	179,795	180,588	321	188,086	188,407
Due to related parties (current and non-current)	—	91,412	91,412	—	89,352	89,352
Borrowings (current and non-current)	—	1,281,714	1,281,714	—	1,374,613	1,374,613
Total	793	1,561,940	1,562,733	321	1,656,066	1,656,387

(1) Excludes sales tax receivable of $0.2 million as at September 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 September 30, 2023 is $117.6 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 September 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 nine months ended September 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 nine months ended September 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 September 30, 2023 and December 31, 2022:

	September 30, 2023			December 31, 2022		
	Level 1 $	Level 2 $	Level 3 $	Level 1 $	Level 2 $	Level 3 $
Financial assets						
Derivative instruments	—	700	—	—	875	—
Total	—	700	—	—	875	—
Financial liabilities						
Derivative instruments	—	793	—	—	321	—
Total	—	793	—	—	321	—

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

4. Financial Assets

	September 30, 2023 $	December 31, 2022 $
Current		
Restricted cash (1)	9,386	9,811
Derivative instruments (2)	700	875
Total current	10,086	10,686

(1) Restricted cash as at September 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
Q1-23	*Nordic Rio*	—	(6)
Gain (loss) on dispositions, net for the three and nine months ended September 30, 2023			12,215
Q3-22	*Navion Gothenburg*	25,638	(120)
Q3-22	*Petronordic*	6,992	8
Gain (loss) on dispositions, net for the three and nine months ended September 30, 2022			(112)

6. Vessels and Equipment

	September 30, 2023 $	December 31, 2022 $
Gross carrying amount:		
Opening balance at beginning of year	2,191,569	2,186,433
Additions (1)	26,330	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	2,162,928	2,191,569
Accumulated Depreciation and Impairment:		
Opening balance at beginning of year	(484,953)	(422,407)
Depreciation and amortization (2)	(99,789)	(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	(536,143)	(484,953)
Net book value	1,626,785	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 nine months ended September 30, 2022					4,960

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

(2) For the three and nine months ended September 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 September 30, 2023 and December 31, 2022, respectively.

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

7. Accounts Payable and Other

	September 30, 2023 $	December 31, 2022 $
Current		
Accounts payable	8,898	3,871
Accrued liabilities	39,027	37,772
Deferred revenues	5,529	6,561
Lease liabilities	121	31
Total current	53,575	48,235
Non-current		
Lease liabilities	—	113
Total non-current	—	113

8. Other Financial Liabilities

	September 30, 2023 $	December 31, 2022 $
Current		
Derivative instruments	773	321
Obligations relating to leases	11,046	11,045
Total current	11,819	11,366
Non-current		
Derivative instruments	20	—
Obligations relating to leases	168,749	177,041
Total non-current	168,769	177,041

As at September 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	181.9	11.3	11.3	11.3	11.3	11.3	125.4

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

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

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:

	September 30, 2023		December 31, 2022	
	Financial Asset	Financial Liability	Financial Asset	Financial Liability
	$	$	$	$
Foreign currency forward contracts	700	773	875	321
Total current	700	773	875	321
Foreign currency forward contracts	—	20	—	—
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 SOFR (historically LIBOR). 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 September 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 nine months ended September 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 September 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 nine months ended September 30, 2023 and 2022 as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	$	$	$	$
Realized gain (loss) on derivative instruments				
Interest rate swap	—	39	—	(706)
Foreign currency forward contracts	(4)	(753)	(1,358)	(1,726)
	(4)	(714)	(1,358)	(2,432)
Unrealized gain (loss) on derivative instruments				
Interest rate swap	—	(39)	—	1,277
Foreign currency forward contracts	689	(2,789)	(647)	(4,440)
	689	(2,828)	(647)	(3,163)
Total realized and unrealized gain (loss) on derivative instruments	685	(3,542)	(2,005)	(5,595)

The following table presents the notional amounts underlying the Company's derivative financial instruments by term to maturity as at September 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	77.9	73.9	4.0	—	—	—	—
Total	77.9	73.9	4.0	—	—	—	—

9. Borrowings

			Weighted average term		Weighted average rate	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
	$	$	(years)	(years)	(%)	(%)
Revolving Credit Facilities	197,653	244,201	0.65	1.39	8.18	7.24
Term Loans	657,251	696,473	5.19	5.39	7.31	5.94
Public Bonds	379,000	380,000	1.60	2.35	10.88	10.13
Non-Public Bonds	58,532	68,623	0.25	1.00	4.96	4.96
Total	1,292,436	1,389,297	3.22	3.64	8.39	7.27
Less: deferred financing costs and other	(10,722)	(14,684)				
Total borrowings	1,281,714	1,374,613				
Less current portion	(298,127)	(314,032)				
Long-term portion	983,587	1,060,581				

Revolving Credit Facilities

As at September 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 $197.7 million (December 31, 2022 - $244.2 million), and was fully drawn (December 31, 2022 - fully drawn).

In October 2023, the Company closed a $340.0 million revolving credit facility secured by eight shuttle tankers, refinancing a revolving credit facility dated May 2019, which bore interest at SOFR plus a margin of 2.50% and was scheduled to mature in May 2024, and a US private placement dated September 2013, which bore fixed interest at 4.96% and was scheduled to mature in December 2023. The new revolving credit facility bears interest at SOFR plus a margin of 2.75% and matures in October 2028. The Company has drawn $220 million of the available $340 million.

Term Loans

As at September 30, 2023, the Company had term loans which totaled $657.3 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 September 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 September 30, 2023, the Company had public bonds outstanding which totaled $379.0 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 September 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	379.0	—	199.0	180.0	—	—	—
Secured debt - scheduled repayments	330.1	66.8	42.9	36.0	33.8	33.8	116.8
Secured debt - repayments on maturity	583.3	232.3	—	351.0	—	—	—
Total borrowings	1,292.4	299.1	241.9	567.0	33.8	33.8	116.8

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

As at September 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 nine months ended September 30, 2023 was $31.3 million and $86.5 million, respectively (three and nine months ended September 30, 2022 - $21.5 million and $60.1 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 September 30, 2023, the Company had recorded $17.2 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 September 30, 2023, the Company was in compliance with the covenant requirements of this facility.

   As at September 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)	87.2	—	—	—	87.2	—	—
Total borrowings due to related parties	87.2	—	—	—	87.2	—	—

(1) Includes PIK interest of $17.2 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.

c) A wholly-owned subsidiary of Altera Infrastructure has entered into a 15-year firm contract which includes the deployment of the *Nordic Brasilia* on the Baleine field as a floating storage and off-take (or *FSO*) unit. During September 2023, the *Nordic Brasilia,* sailed to

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

Dubai drydocks where FSO conversion work has commenced. The Company considers it highly probable that a related party sale or lease contract will be signed in the near term future.

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	$	$	$	$
General and administrative (1)	(4,463)	(5,908)	(15,926)	(18,222)
Interest expense (2)	(2,628)	(2,395)	(7,603)	(6,817)

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

(2) Includes interest expense of $2.6 million and $7.6 million incurred on the 12.50% PIK Notes for the three and nine months ended September 30, 2023, respectively (three and nine months ended September 30, 2022 - $2.4 million and $6.8 million, respectively). See Note 10a for additional information.

At September 30, 2023, the carrying value of amounts due from related parties totaled $21.6 million (December 31, 2022 - $23.0 million) and the carrying value of amounts due to related parties totaled $91.4 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 nine months ended September 30, 2023, the Company also generated revenues from the operation of volatile organic compound (*VOC*) recovery systems on certain of the Company's vessels.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues from contracts with customers	$	$	$	$
CoAs	22,262	32,273	83,389	88,878
Time charters	23,814	26,832	77,160	81,451
Management fees and other	1,205	1,259	3,187	3,621
	47,281	60,364	163,736	173,950
Other revenues				
CoAs	23,474	20,743	82,477	79,623
Time charters	36,358	43,395	121,048	131,460
Voyage charters	6,996	27,570	27,893	53,976
	66,828	91,708	231,418	265,059
Total revenues	114,109	152,072	395,154	439,009

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

Revenues from External Customers

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues from contracts with customers	$	$	$	$
Norway [(1)]	28,430	39,389	102,377	108,489
Brazil [(1)]	4,256	7,381	18,151	22,082
Canada	14,595	13,594	43,208	43,379
Total revenues from contracts with customers	47,281	60,364	163,736	173,950
Other revenues				
Norway [(1)]	40,256	47,429	141,261	135,752
Brazil [(1)]	8,795	14,660	37,343	43,290
Canada	17,777	16,807	52,814	53,519
Other	—	12,812	—	32,498
Total other revenues	66,828	91,708	231,418	265,059
Total revenues	114,109	152,072	395,154	439,009

(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 nine months ended September 30, 2023 and 2022 by nature:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	$	$	$	$
Voyage expenses [(1)]	21,811	44,088	85,012	116,074
Operating expenses	16,959	17,177	53,757	49,737
Charter hire	9,735	2,280	25,146	8,770
Compensation	12,888	14,388	40,109	44,540
Total	61,393	77,933	204,024	219,121

(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.

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 nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 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 nine months ended September 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 October 2023, the Company closed a $340.0 million revolving credit facility secured by eight shuttle tankers, refinancing a revolving credit facility dated May 2019, which bore interest at SOFR plus a margin of 2.50% and was scheduled to mature in May 2024, and a US private placement dated September 2013, which bore fixed interest at 4.96% and was scheduled to mature in December 2023. The new revolving credit facility bears interest at SOFR plus a margin of 2.75% and matures in October 2028. The Company has drawn $220 million of the available $340 million.

In November 2023, the Company entered into an agreement with TotalEnergies to utilize the *Bossa Nova Spirit* shuttle tanker on a 1-year firm time-charter contract with extension options for an additional one year.