UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ALTERA SHUTTLE TANKERS L.L.C.

Interim report for the three months ended March 31, 2024

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 wholly-owned subsidiary of Altera Infrastructure L.P. (*Altera Infrastructure* or the *Partnership*). 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 *CoA*), 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 March 31, 2024, our fleet was as follows:

	Number of Owned Vessels
Shuttle Tankers [1]	19
Total	**19**

(1) Includes one wholly-owned shuttle tanker undergoing conversion to an FSO in Dubai.

Significant Developments

Financings

In March 2024, we issued $200 million in senior unsecured bonds in the Norwegian bond market that mature in March 2028. These bonds will be listed on the Oslo Stock Exchange. The interest payments on the bonds are fixed at a rate of 9.0% and are payable semi-annually. The proceeds plus cash on hand were used to repurchase $180 million of its $200 million five-year unsecured bonds that mature in October 2024, which were issued in October 2019 and $27 million of its $180 million four-year senior unsecured bonds that mature in December 2025, which were issued in December 2021.

In March 2024, we entered into an agreement with Brookfield to amend and extend the PIK Notes due June 2026. Per the amendment terms, interest under the PIK Notes is payable in kind at a fixed rate of 12.00% and the facility matures in September 2028.

In January 2024, we entered into three-year and five-year-year interest rate swap agreements, with an aggregate notional amount of $125 million and $225 million, respectively, which are payable quarterly over the term of the agreements. These interest rate swap agreements exchange the receipt of SOFR-based interest for the payment of a weighted average fixed rate of 4.2% and 4.0%, respectively. These interest rate swap agreements are not designated as qualifying cash flow hedging relationships for accounting purposes.

Fleet

In May 2024, we completed the sale of the *Nordic Brasilia* to a wholly-owned subsidiary of Altera Infrastructure L.P. for $40 million, structured as a related party note which incurs interest at 10.0%.

In March 2024, we redelivered the in-chartered Ingrid Knutsen shuttle tanker to owners Knutsen.

Results of Operations

The following table presents certain of the Company's consolidated operating results for the three months ended March 31, 2024 and 2023:

ALTERA SHUTTLE TANKERS L.L.C.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(in thousands of U.S. dollars)

	Three Months Ended March 31,	
	2024	**2023**
IFRS:	**$**	**$**
Revenues	122,737	144,633
Direct operating costs	(63,338)	(69,700)
General and administrative expenses	(4,589)	(6,600)
Depreciation and amortization	(33,943)	(34,761)
Interest expense	(35,175)	(34,237)
Interest income	1,012	1,213
Gain (loss) on dispositions, net	—	(6)
Realized and unrealized gain (loss) on derivative instruments	(552)	(2,142)
Foreign currency exchange gain (loss)	408	(2,321)
Gain (loss) on modification of financial liabilities, net	1,358	(2,595)
Other income (expenses), net	(7,084)	(25)
Income (loss) before income tax (expense) benefit	(19,166)	(6,541)
Income tax (expense) benefit		
Current	(18)	(421)
Net income (loss)	(19,184)	(6,962)
Attributable to:		
Members	(19,184)	(7,102)
Non-controlling interests in subsidiaries	—	140
	(19,184)	(6,962)
Non-IFRS:		
Adjusted EBITDA	54,810	68,233

Revenues

Revenues decreased to $123 million, from $145 million, for the three months ended March 31, 2024, compared to the same period last year, primarily due to:

- a decrease of $9 million due to lower revenue on the *Nordic Brasilia* that in 2023 traded in the conventional tanker market, moving to the Baleine project to be converted to an FSO;
- a decrease of $9 million due to two of the Samba class vessels commencing their new contracts towards the end of the first quarter of 2024 following their mid-life dry-dockings and upgrades; and
- a decrease of $5 million due to lower revenues in the North Sea CoA fleet, mainly due to fewer CoA days;

partially offset by

- an increase of $2 million due lower repair offhire in the first quarter of 2024.

Direct Operating Cost

Direct operating costs decreased to $63 million, from $70 million, for the three months ended March 31, 2024, compared to the same period last year, primarily due to:

- a decrease of $7 million due to *Navion Gothenburg, Petroatlantic, Nordic Rio* and *Nordic Brasilia* leaving the fleet in 2023;

partially offset by

- an increase of $2 million due to the *Ingrid Knutsen* in-charter hire from March 2023, whereas lease accounting was applied to the same vessel in prior year and where a portion of the in-charter costs were charged to depreciation and financing costs.

Gain (loss) on modification of financial liabilities, net

Gain (loss) on modification of financial liabilities, net was $1 million, for the three months ended March 31, 2024, compared to $(3) million, for the same period last year, primarily due to a gain on modification of financial liabilities related to the Company's amendment and extension of the PIK Notes during the three months ended March 31, 2024, compared to a loss on modification of financial liabilities related to the Company's East Coast of Canada term loan refinancing during the same period last year.

Other income (expense), net

Other income (expense), net was $(7) million, for the three months ended March 31, 2024, compared to $nil, for the same period last year, primarily due to a bond repurchase above par.

Adjusted EBITDA

Adjusted EBITDA decreased to $55 million for the three months ended March 31, 2024, compared to $68 million for the same period last year. This decrease was primarily due to the absence of the Nordic Brasilia trading in the conventional tanker market and the off-hire related to the Samba class midlife dry-docking and upgrades.

Adjusted EBITDA is a non-IFRS financial measure. Please refer to "Non-IFRS Financial Measures" below for definitions of this measure and for the reconciliations of this measure with the most directly comparable financial measure calculated and presented in accordance with IFRS.

Non-IFRS Financial Measures

To supplement the 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 months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
	2024	2023
(in thousands of U.S. Dollars)	$	$
Net income (loss)	(19,184)	(6,962)
Less:		
Depreciation and amortization	(33,943)	(34,761)
Interest expense	(35,175)	(34,237)
Interest income	1,012	1,213
Income tax (expense) recovery:		
Current	(18)	(421)
	48,940	61,244
Less:		
Gain (loss) on dispositions, net	—	(6)
Realized and unrealized gain (loss) on derivative instruments	(552)	(2,142)
Foreign currency exchange gain (loss)	408	(2,321)
Gain (loss) on modification of financial liabilities, net	1,358	(2,595)
Other income (expenses), net	(7,084)	(25)
Adjusted EBITDA attributable to non-controlling interests[1]	—	100
Adjusted EBITDA	54,810	68,233

(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 the 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 March 31,	
	2024	2023
(in thousands of U.S. Dollars)	$	$
Net income (loss) attributable to non-controlling interests in subsidiaries	—	140
Less:		
Depreciation and amortization	—	37
EBITDA	—	103
Less:		
Other income / expenses	—	6
Foreign currency exchange gain (loss)	—	(3)
Adjusted EBITDA attributable to non-controlling interests	—	100

Liquidity and Capital Resources

Liquidity is managed primarily through optimizing working capital, 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 March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
(in thousands of U.S. Dollars)	$	$
Cash and cash equivalents	92,245	98,424
Undrawn revolving credit facilities	93,700	120,000
Total liquidity[1]	185,945	218,424

(1) Defined as cash, cash equivalents and undrawn revolving credit facilities (excluding cash deposits with third-party restrictions).

As at March 31, 2024, the Company had a working capital surplus of $36 million as compared to a working capital deficit of $138 million as at December 31, 2023. The increase in working capital surplus was primarily due to the partial refinancing of $199 million in current borrowings related to the five-year senior unsecured bonds that mature in October 2024.

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 March 31, 2024, 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 $73 million, including $19 million of remaining bonds due October 2024, and $1.3 billion thereafter. Refer to Financial Statements: Note 8 - Other Financial Liabilities for terms upon which future interest payments are determined, Note 9 - Borrowings and Note 10 - Related Party Transactions.

As at March 31, 2024, our other financial liabilities consist of interest rate swaps and foreign currency forward contracts. The contractual payments relating to these obligations for the next twelve months are $55 million, and $350 million thereafter. Refer to Financial Statements: Note 8 - Other Financial Liabilities for a summary of the terms of our derivative instruments.

Our estimated dry dock expenditures for the next twelve months are $18 million, and $281 million thereafter.

As at March 31, 2024, we had total borrowings outstanding of $1.2 billion compared to $1.3 billion as at December 31, 2023. The reduction in total borrowings was primarily due to the repurchase of bonds and scheduled repayments, partially offset by the issuance of new bonds. The borrowings consisted of the following:

	March 31, 2024	December 31, 2023
(in thousands of U.S. Dollars)	$	$
U.S. Dollar Revolving Credit Facilities	235,000	220,000
U.S. Dollar Term Loans	635,777	653,526
U.S. Dollar Bonds	370,700	377,500
Total principal [(1)]	1,241,477	1,251,026

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

The table below outlines our consolidated net debt to total capitalization as at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
(in thousands of U.S. Dollars)	$	$
Borrowings [(1)]	1,227,077	1,237,517
Obligations relating to finance leases	174,254	177,032
Total debt	1,401,331	1,414,549
Less:		
Cash and cash equivalents	92,245	98,424
Net debt	1,309,086	1,316,125
Total equity	371,036	390,220
Total capitalization [(2)]	1,772,367	1,804,769
Net debt to total capitalization ratio [(3)(4)]	73.9 %	72.9 %

(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 covenants for the Company.

(4) If the Company had been fully drawn on its revolving credit facility the net debt to total capitalization ratio would have been 70.2% as at March 31, 2024 (December 31, 2023 - 68.4%).

Cash Flows

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

	Three months ended March 31,	
	2024	2023
(in thousands of U.S. Dollars)	$	$
Net operating cash flow	24,488	49,532
Net financing cash flow	(15,050)	(37,382)
Net investing cash flow	(15,385)	(4,543)
Change during the period	(5,947)	7,607

Operating Cash Flows

Net cash flow from operating activities generated a cash inflow of $24 million for the three months ended March 31, 2024, compared to an inflow of $50 million for the same period last year. The decrease is primarily due to lower revenue, lower direct operating costs and a loss on bond repurchases during the current period. Refer to "Consolidated Results of Operations" above.

Financing Cash Flows

Net cash flow from financing activities generated a cash outflow of $15 million for the three months ended March 31, 2024, compared to a cash outflow of $37 million during the same period last year.

Our proceeds from borrowings, net of financing costs, were $212 million for the three months ended March 31, 2024, and $30 million for the same period last year. The increase in proceeds from borrowings is mainly due to the issuance of $200 million senior unsecured bonds in the Norwegian bond market and a drawdown of $15 million of the $340 million revolving credit facility.

Our repayments of our borrowings were $225 million for the three month ended March 31, 2024, compared to $59 million for the same period last year. The increase in repayments is mainly due to the partial repurchase of unsecured bonds.

Distributions paid to non-controlling interests (joint venture partner - Stena) were $nil and $6 million for the three months ended March 31, 2024 and 2023, respectively.

Investing Cash Flows

During the three months ended March 31, 2024, net cash flow used for investing activities was $15 million compared to $5 million for the same period last year. The increase is mainly related to $16 million of vessels and equipment additions resulting from the Samba class dry dockings conducted during the three month ended March 31, 2024.

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, 2023.

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 months ended March 31, 2024, 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 months ended March 31, 2024, 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: May 30, 2024

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 March 31, 2024 $	As at December 31, 2023 $
ASSETS			
Current assets			
Cash and cash equivalents	3	92,245	98,424
Financial assets	4	4,176	4,859
Accounts and other receivable, net		24,024	29,106
Vessels and equipment classified as held for sale	5	9,620	9,620
Inventory		11,874	13,386
Due from related parties	10	474	5,195
Other assets		20,831	26,551
Total current assets		163,244	187,141
Non-current assets			
Vessels and equipment	6	1,589,396	1,607,534
Deferred tax assets		15,283	15,060
Other assets		30,074	32,822
Goodwill		127,113	127,113
Total non-current assets		1,761,866	1,782,529
Total assets		1,925,110	1,969,670
LIABILITIES			
Current liabilities			
Accounts payable and other	7	50,538	70,807
Other financial liabilities	8	11,555	11,045
Borrowings	9	61,333	240,855
Due to related parties	10	3,726	2,154
Total current liabilities		127,152	324,861
Non-current liabilities			
Accounts payable and other	7	2,277	82
Other financial liabilities	8	165,615	165,987
Borrowings	9	1,165,744	996,662
Due to related parties	10	91,282	89,854
Deferred tax liabilities		2,004	2,004
Total non-current liabilities		1,426,922	1,254,589
Total liabilities		1,554,074	1,579,450
EQUITY			
Paid-in capital		526,459	526,459
Retained earnings		(159,053)	(139,869)
Accumulated other comprehensive income (loss)		670	670
Member's equity		368,076	387,260
Non-controlling interests in subsidiaries		2,960	2,960
Total equity		371,036	390,220
Total liabilities and total equity		1,925,110	1,969,670

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 March 31,	
		2024	2023
	Notes	$	$
Revenues	11	122,737	144,633
Direct operating costs	12	(63,338)	(69,700)
General and administrative expenses	10	(4,589)	(6,600)
Depreciation and amortization	6	(33,943)	(34,761)
Interest expense	9, 10	(35,175)	(34,237)
Interest income		1,012	1,213
Gain (loss) on dispositions, net		—	(6)
Realized and unrealized gain (loss) on derivative instruments	8	(552)	(2,142)
Foreign currency exchange gain (loss)		408	(2,321)
Gain (loss) on modification of financial liabilities, net	13	1,358	(2,595)
Other income (expenses), net	14	(7,084)	(25)
Income (loss) before income tax (expense) benefit		(19,166)	(6,541)
Income tax (expense) benefit			
Current		(18)	(421)
Net income (loss)		(19,184)	(6,962)
Attributable to:			
Members		(19,184)	(7,102)
Non-controlling interests in subsidiaries		—	140
		(19,184)	(6,962)

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)

	Notes	Three Months Ended March 31, 2024 $	2023 $
Net income (loss)		(19,184)	(6,962)
Comprehensive income (loss)		(19,184)	(6,962)
Attributable to:			
Members		(19,184)	(7,102)
Non-controlling interests in subsidiaries		—	140
		(19,184)	(6,962)

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, 2024	526,459	(139,869)	670	2,960	390,220
Net income (loss)	—	(19,184)	—	—	(19,184)
Balance as at March 31, 2024	526,459	(159,053)	670	2,960	371,036
Balance as at January 1, 2023	526,459	(96,112)	670	8,170	439,187
Net income (loss)	—	(7,102)	—	140	(6,962)
Contributions received:					
Contributions to non-controlling interests	—	—	—	(5,702)	(5,702)
Balance as at March 31, 2023	526,459	(103,214)	670	2,608	426,523

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	Three Months Ended March 31, 2024 $	Three Months Ended March 31, 2023 $
OPERATING ACTIVITIES			
Net income		(19,184)	(6,962)
Adjusted for the following items:			
Depreciation and amortization	6	33,943	34,761
(Gain) loss on dispositions, net		—	6
Unrealized (gain) loss on derivative instruments	8	3,185	1,464
Other non-cash items		(791)	6,248
Changes in non-cash working capital, net		7,335	14,015
Net operating cash flow		24,488	49,532
FINANCING ACTIVITIES			
Proceeds from borrowings	9	215,000	30,000
Repayments of borrowings	9	(224,549)	(58,854)
Financing costs related to borrowings	9	(2,716)	—
Repayments of borrowings related to sale and leaseback of vessels	8	(2,774)	(2,819)
Lease liability repayments		(11)	(7)
Distribution to others who have interests in subsidiaries		—	(5,702)
Net financing cash flow		(15,050)	(37,382)
INVESTING ACTIVITIES			
Additions:			
Vessels and equipment	6	(15,798)	(4,955)
Change in restricted cash	3, 4	413	412
Net investing cash flow		(15,385)	(4,543)
Cash and cash equivalents			
Change during the period		(5,947)	7,607
Impact of foreign exchange on cash		(232)	(122)
Balance, beginning of the period		98,424	128,900
Balance, end of the period		92,245	136,385

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, 2023, which are included in the Company's Annual Report for the year ended December 31, 2023. 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, 2023, except for the adoption of new standards and changes in the Company's accounting policies effective as of 1 January 2024, as described below in Note 2c. There have been no significant changes to the method of determining significant estimates and judgments since December 31, 2023.

These unaudited interim condensed consolidated financial statements were approved by the board and authorized for issue on May 30, 2024.

b. Going Concern

As at March 31, 2024, the Company had a working capital surplus of $36.1 million as compared to a working capital deficit of $137.7 million as at December 31, 2023. The increase in working capital surplus was primarily due to the partial refinancing of $199.0 million in current borrowings related to the five-year senior unsecured bonds that mature in October 2024.

In March 2024, the Company issued $200.0 million in senior unsecured bonds in the Norwegian bond market that mature in March 2028. These bonds will be listed on the Oslo Stock Exchange. The interest payments on the bonds are fixed at a rate of 9.0% and are payable semi-annually. The proceeds plus cash on hand were used to repurchase $179.8 million of its $200.0 million five-year unsecured bonds that mature in October 2024, which were issued in October 2019 and $27.0 million of its $180.0 million four-year senior unsecured bonds that mature in December 2025, which were issued in December 2021. Please see Note 18 for additional information. Please see Note 9 for additional information.

The Company's minimum 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 (March 31, 2024 - $70.1 million) 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, it's undrawn lines under the revolving credit facility, the successful bond refinancing 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 March 31, 2025.

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 March 31, 2024. 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.

(all tabular amounts stated in thousands of U.S. Dollars, except unit and per unit data)

The shipping industry will become incrementally subject to the EU Emission Trading System (EU ETS) in 2024 which will require the Company to purchase carbon-offset credits. As a consequence, the Company's voyage expenses will increase and could negatively impact the profitability and cash flows unless offset by an increase in revenue. As at March 31, 2024, the Company did not hold any material EU allowances.

The Invasion of Ukraine by Russia and conflict in the Middle East

The Company has no operations or contracts with counterparties in Ukraine, Belarus or Russia and did not experience any material impact from the invasion of Ukraine by Russia on its financial results as at March 31, 2024. The Company intends to continue to monitor the situation and review its critical estimates and judgments as circumstances evolve.

Additionally, since December 2023, there have been multiple drone and missile attacks on commercial vessels transiting international waters in the southern Red Sea by groups believed to be affiliated with the Yemen-based Houthi rebel group purportedly in response to the ongoing military conflict between Israel and Hamas. The continued military actions by the U.S., Israel, Iran and their associated allies and/or rebel military groups continue to threaten the political stability of the Middle East and may lead to further military conflicts. The Company cannot predict the severity or length of the current conditions impacting international shipping in this region and the continuing disruption of the trade routes in the region of the Red Sea. The Company has no operations or commitments to operate in the Red Sea region and did not experience any material impact from the conflict on its financial results as at March 31, 2024. 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 March 31, 2024 and December 31, 2023:

	March 31, 2024			December 31, 2023		
Measurement Basis	**FVTPL[5] $**	**Amortized cost $**	**Total $**	**FVTPL $**	**Amortized cost $**	**Total $**
Financial assets						
Cash and cash equivalents	—	92,245	92,245	—	98,424	98,424
Financial assets (current and non-current)	3,761	415	4,176	4,031	828	4,859
Accounts and other receivable, net (current and non-current) [1]	—	23,640	23,640	—	28,740	28,740
Due from related parties (current and non-current)	—	474	474	—	5,195	5,195
Other assets (current and non-current) [2]	—	32,495	32,495	—	34,762	34,762
Total	3,761	149,269	153,030	4,031	167,949	171,980
Financial liabilities						
Accounts payable and other [3]	—	2,778	2,778	—	6,513	6,513
Other financial liabilities (current and non-current) [4]	2,916	174,254	177,170	—	177,032	177,032
Due to related parties (current and non-current)	—	95,009	95,009	—	92,008	92,008
Borrowings (current and non-current)	—	1,227,076	1,227,076	—	1,237,517	1,237,517
Total	2,916	1,499,117	1,502,033	—	1,513,070	1,513,070

(all tabular amounts stated in thousands of U.S. Dollars, except unit and per unit data)

(1) Excludes sales tax receivable of $0.4 million as at March 31, 2024 (December 31, 2023 - $0.4 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 March 31, 2024 is $92.2 million of cash (December 31, 2023 - $98.4 million) and $nil of cash equivalents (December 31, 2023 - $nil).

The fair value of all financial assets and liabilities as at March 31, 2024 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 $1.2 billion (December 31, 2023 - $1.3 billion) versus a carrying value of $1.2 billion (December 31, 2023 - $1.2 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 months ended March 31, 2024, nor during the year ended December 31, 2023. 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 months ended March 31, 2024. 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 March 31, 2024 and December 31, 2023:

	March 31, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	$	$	$	$	$	$
Financial assets						
Derivative instruments	—	3,761	—	—	4,031	—
Total	—	3,761	—	—	4,031	—
Financial liabilities						
Derivative instruments	—	2,916	—	—	—	—
Total	—	2,916	—	—	—	—

4. Financial Assets

	March 31, 2024	December 31, 2023
	$	$
Current		
Restricted cash (1)	415	828
Derivative instruments (2)	3,761	4,031
Total current	4,176	4,859

(1) Restricted cash as at March 31, 2024 consists of withholding taxes (December 31, 2023 - consists of withholding taxes).
(2) See Note 8 for additional information.

5. Vessels and Equipment Classified as Held for Sale

	March 31, 2024	December 31, 2023
Vessel	$	$
Nordic Brasilia (1)	9,620	9,620
	9,620	9,620

(1) Classification as a result of the highly probable sale of the vessel to a wholly-owned subsidiary of Altera Infrastructure L.P. as at March 31, 2024. See Note 15 for additional information.

The fair value of vessels and equipment classified as held for sale measured on a non-recurring basis was $9.6 million and $9.6 million as at March 31, 2024 and December 31, 2023, respectively.

(all tabular amounts stated in thousands of U.S. Dollars, except unit and per unit data)

6. Vessels and Equipment

	March 31, 2024 $	December 31, 2023 $
Gross carrying amount:		
Opening balance at beginning of year	2,165,760	2,191,569
Additions (1)	15,798	50,458
Vessels and equipment reclassified as held for sale (2)	—	(76,267)
Closing balance at end of period	2,181,558	2,165,760
Accumulated Depreciation and Impairment:		
Opening balance at beginning of year	(558,226)	(484,953)
Depreciation and amortization (3)	(33,936)	(133,549)
Vessels and equipment reclassified as held for sale (2)	—	60,276
Closing balance at end of period	(592,162)	(558,226)
Net book value	1,589,396	1,607,534

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

(2) See Note 5 for additional information.

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

The fair value of vessels and equipment measured on a non-recurring basis was $nil and $nil as at March 31, 2024 and December 31, 2023, respectively.

As at March 31, 2024, the Company has no commitments relating to shipbuilding contracts.

7. Accounts Payable and Other

	March 31, 2024 $	December 31, 2023 $
Current		
Accounts payable	2,673	6,397
Accrued liabilities	43,072	55,856
Deferred revenues	4,759	8,520
Lease liabilities	34	34
Total current	50,538	70,807
Non-current		
Deferred revenues	2,206	—
Lease liabilities	71	82
Total non-current	2,277	82

8. Other Financial Liabilities

	March 31, 2024 $	December 31, 2023 $
Current		
Derivative instruments	514	—
Obligations relating to leases	11,041	11,045
Total current	11,555	11,045
Non-current		
Derivative instruments	2,402	—
Obligations relating to leases	163,213	165,987
Total non-current	165,615	165,987

As at March 31, 2024, the 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	176.3	11.3	11.3	11.3	11.3	11.3	119.8

The liability for the leases accrues interest at a variable rate of SOFR plus a margin of 2.85%. As at March 31, 2024, 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:

	March 31, 2024		December 31, 2023	
	Financial Asset $	Financial Liability $	Financial Asset $	Financial Liability $
Interest rate swaps	3,487	—	—	—
Foreign currency forward contracts	274	514	4,031	—
Total	3,761	514	4,031	—
Total current	3,761	514	4,031	—
Interest rate swaps	—	2,402		
Total non-current	—	2,402	—	—

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 reduce the risks and costs associated with the Company's floating-rate debt.

The Company enters into interest rate swaps, which exchange a receipt of floating interest for a payment of fixed interest, to reduce the Company’s exposure to interest rate variability on its outstanding floating-rate debt. The Company has not designated, for accounting purposes, any of its interest rate swaps as hedges of variable rate debt. Certain of the Company's interest rate swaps are secured by vessels.

In January 2024, the Company entered into three-year and five-year interest rate swap agreements, with an aggregate notional amount of $125.0 million and $225.0 million, respectively, which are payable quarterly over the term of the agreements. These interest rate swap agreements exchange the receipt of SOFR-based interest for the payment of a weighted average fixed rate of 4.2% and 4.0%, respectively. These interest rate swap agreements are not designated as qualifying cash flow hedging relationships for accounting purposes.

As at March 31, 2024, the Company was committed to the following interest rate swap agreements:

	Interest Rate Index	Notional Amount $	Fair Value / Carrying Amount of Asset (Liability) $	Weighted-Average Remaining Term (years)	Fixed Interest Rate (%)[1]
U.S. Dollar-denominated interest rate swap [2][3]	SOFR	350,000	1,086	3.87	4.1 %

(1) Excludes the margin the Company pays on its variable-rate debt, which at March 31, 2024, ranged from 1.30% to 6.50%.

(2) Notional amount remains constant over the term of the swap, unless the swap is partially terminated.

(3) Includes four interest rate swaps, which as at March 31, 2024, had a total current notional amount of $350.0 million and a total fair value asset of $1.1 million. Two of the interest rate swaps are due to terminate in the fourth quarter of 2026 and two of the interest rate swaps are due to terminate in the fourth quarter of 2028.

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 months ended March 31, 2024 and 2023 as follows:

	Three Months Ended March 31,	
	2024	2023
	$	$
Realized gain (loss) on derivative instruments		
Interest rate swap	1,895	—
Foreign currency forward contracts	738	(678)
	2,633	(678)
Unrealized gain (loss) on derivative instruments		
Interest rate swap	1,086	—
Foreign currency forward contracts	(4,271)	(1,464)
	(3,185)	(1,464)
Total realized and unrealized gain (loss) on derivative instruments	(552)	(2,142)

The following table presents the notional amounts underlying the Company's derivative financial instruments by term to maturity as at March 31, 2024:

	Total	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter
				(in millions of U.S. Dollars)			
Fair value through profit or loss							
Interest rate swaps	350.0	—	—	125.0	—	225.0	—
Foreign currency forward contracts	55.3	55.3	—	—	—	—	—
Total	405.3	55.3	—	125.0	—	225.0	—

9. Borrowings

			Weighted average term		Weighted average rate	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
	$	$	(years)	(years)	(%)	(%)
Revolving Credit Facilities	235,000	220,000	4.59	4.84	8.07	8.14
Term Loans	635,777	653,526	4.63	4.94	7.16	7.34
Public Bonds	370,700	377,500	2.86	1.35	4.51	10.85
Total	1,241,477	1,251,026	4.09	3.84	6.54	8.54
Less: deferred financing costs and other	(14,400)	(13,509)				
Total borrowings	1,227,077	1,237,517				
Less current portion	(61,333)	(240,855)				
Long-term portion	1,165,744	996,662				

Revolving Credit Facilities

As at March 31, 2024, the Company had one revolving credit facility (December 31, 2023 - one), which, as at such date, provided for total borrowings of up to $235.0 million (December 31, 2023 - $220.0 million), with an undrawn balance of $93.7 million (December 31, 2023 - $120.0 million).

In October 2023, the Company closed a $340.0 million revolving credit facility, as referred to in the paragraph above, 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 maximum available credit is reduced quarterly by $11.3 million.

Term Loans

As at March 31, 2024, the Company had term loans which totaled $635.8 million (December 31, 2023 - $653.5 million). The term loans reduce over time with quarterly or semi-annual payments and have varying maturities through 2034. As at March 31, 2024, all of these terms loans were guaranteed by the Company or a subsidiary of the Company.

In March 2023, the Company successfully completed an amendment and extension of the financing for its shuttle tankers operating on the East Coast of Canada, 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 Bonds

As at March 31, 2024, the Company had public bonds outstanding which totaled $370.7 million (December 31, 2023 - $377.5 million). The public bonds have varying maturities through 2028.

In March 2024, the Company issued $200.0 million in senior unsecured bonds in the Norwegian bond market that mature in March 2028. These bonds will be listed on the Oslo Stock Exchange. The interest payments on the bonds are fixed at a rate of 9.0% and are payable semi-annually. The proceeds plus cash on hand were used to repurchase $179.8 million of its $200.0 million five-year unsecured bonds that mature in October 2024, which were issued in October 2019 and $27.0 million of its $180.0 million four-year senior unsecured bonds that mature in December 2025, which were issued in December 2021.

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. In November 2023, the Company repurchased $1.5 million of its $180.0 million four-year senior unsecured bonds that mature in December 2025, which were issued December 2021.

As at March 31, 2024, 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	370.7	19.2	151.5	—	200.0	—	—
Secured debt - scheduled repayments	394.5	42.9	40.6	75.7	79.0	56.4	99.9
Secured debt - repayments on maturity	476.3	—	252.3	98.7	—	125.3	—
Total borrowings	1,241.5	62.1	444.4	174.4	279.0	181.7	99.9

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

As at March 31, 2024, the Company was in compliance with all covenant requirements of its revolving credit facilities, term loans and bonds.

Interest paid during the three months ended March 31, 2024 was $40.1 million (three months ended March 31, 2023 - $30.7 million).

10. Related Party Transactions

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

The key management personnel 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.

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 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 PIK Notes is payable in kind, semi-annually, at a fixed rate of 12.50% and the facility matures in June 2026. The PIK Notes are listed on The International Stock Exchange. Additional PIK Notes may only be issued to satisfy the interest payable under the notes. As at March 31, 2024, the Company had recorded $22.6 million of PIK interest which was added to the outstanding principal amount of the PIK Notes. Any outstanding principal balances are due on the maturity date. As at March 31, 2024, the Company was in compliance with the covenant requirements of this facility.

In March 2024, the Company entered into an agreement with Brookfield to amend and extend the PIK Notes. Per the amendment terms, interest under the PIK Notes is payable in kind at a fixed rate of 12.00% and the facility matures in September 2028.

As at March 31, 2024, 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:							
Unsecured PIK notes (1)	92.6	—	—	—	—	92.6	—
Total borrowings due to related parties	92.6	—	—	—	—	92.6	—

(1) Includes PIK interest of $22.6 million. See Note 11a for additional information.

b) 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* arrived in Drydocks World-Dubai where FSO conversion work has commenced. As at March 31, 2024, the Company considered that it is highly probable that a related party sale will be signed in the near-term future and therefore classified the vessel as held for sale as at March 31, 2024, and December 31, 2023. In May 2024, the Company completed the sale of the *Nordic Brasilia* to a wholly-owned subsidiary of Altera Infrastructure L.P. for $40.0 million, structured as a related party note which incurs interest at 10.0%. See Note 5 and Note 15 for additional information.

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 March 31, 2024	Three Months Ended March 31, 2023
	$	$
General and administrative (1)	(4,226)	(6,026)
Interest expense (2)	(2,785)	(2,487)
Gain (loss) on modification of financial liabilities, net (3)	1,358	—

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

(2) Includes interest expense of $2.8 million incurred on the PIK Notes for the three months ended March 31, 2024 (three months ended March 31, 2023 - $2.5 million). See Note 10a for additional information.

(3) During the three months ended March 31, 2024, the Company recognized a gain on modification of financial liabilities of $1.4 million due to a modification related to the Company's amendment and extension of the PIK Notes.

As at March 31, 2024, the carrying value of amounts due from related parties totaled $0.5 million (December 31, 2023 - $5.2 million). The carrying value of amounts due to related parties totaled $95.0 million (December 31, 2023 - $92.0 million) and consisted partially of $91.3 million (December 31, 2023 - $89.9 million) of the PIK Notes issued to Brookfield (see Note 10a for additional information). The remaining amounts due to and from related parties are non-interest bearing and unsecured and relate to amounts due to and from Altera Infrastructure and certain of its subsidiaries.

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 months ended March 31, 2024, the Company also generated revenues from the operation of volatile organic compound (*VOC*) systems on certain of the Company's shuttle tankers, 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, except unit and per unit data)

The following table contains the Company's revenues for the three months ended March 31, 2024 and 2023, by contract type:

	Three Months Ended March 31,	
	2024	2023
Revenues from contracts with customers	$	$
CoAs	29,645	33,191
Time charters	25,447	26,430
Management fees and other	1,179	1,006
	56,271	60,627
Other revenues		
CoAs	24,369	31,063
Time charters	36,778	42,592
Voyage charters	5,319	10,351
	66,466	84,006
Total revenues	122,737	144,633

Revenues from External Customers

The following tables contain the Company's revenues for the three months ended March 31, 2024 and 2023 by geography, based on the operating location of the Company's assets and by segment:

	Three Months Ended March 31,	
	2024	2023
Revenues from contracts with customers	$	$
Norway (1)	37,322	39,948
Brazil (1)	4,108	7,217
Canada	14,841	13,462
Total revenues from contracts with customers	56,271	60,627
Other revenues		
Norway (1)	40,352	52,477
Brazil (1)	7,584	14,717
Canada	18,530	16,812
Total other revenues	66,466	84,006
Total revenues	122,737	144,633

(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 months ended March 31, 2024 and 2023 by nature:

	Three Months Ended March 31,	
	2024	2023
	$	$
Voyage expenses (1)	27,054	32,260
Operating expenses	15,606	18,144
Charter hire	7,305	5,282
Compensation	13,373	14,014
Total	63,338	69,700

(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, except unit and per unit data)

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 months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
	2024	2023
	$	$
Gain (loss) on modification of financial liabilities, net [1]	1,358	(2,595)
Total gain (loss) on modification of financial liabilities, net	1,358	(2,595)

(1) During the three months ended March 31, 2024, the Company recognized a gain on modification of financial liabilities of $1.4 million due to a modification related to the Company's amendment and extension of the PIK Notes.

(2) During the three month ended March 31, 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. Other income (expense), net

The table below summarizes the Company's other income (expenses), net for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
	2024	2023
	$	$
Restructuring costs	—	(28)
Gain (loss) on bond repurchase [1]	(7,238)	—
Other, net	154	3
Total other income (expenses), net	(7,084)	(25)

(1) During the year ended March 31, 2024, the Company recognized a loss on bond repurchase of $7.2 million (March 31, 2023 - $nil), primarily related to the repurchase of $179.8 million of its $200.0 million five-year unsecured bonds that mature in October 2024, which were issued in October 2019 and $27.0 million of its $180.0 million four-year senior unsecured bonds that mature in December 2025, which were issued in December 2021. See Note 9 for additional information.

15. Subsequent Events

In May 2024, the Company completed the sale of the *Nordic Brasilia* to a wholly-owned subsidiary of Altera Infrastructure L.P. for $40.0 million, structured as a related party note which incurs interest at 10.0%.