UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ALTERA SHUTTLE TANKERS L.L.C.

Interim report for the quarterly period ended June 30, 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 *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 June 30, 2024, our fleet consisted of 18 Shuttle Tankers owned by us.

Significant Developments

<u>Fleet</u>

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 earns interest at 10.0%. We recorded a gain on sale of the vessel of $30 million during the second quarter of 2024.

<u>Disputes</u>

In June 2024, a wholly-owned subsidiary of Altera Infrastructure L.P. and an affiliated subsidiary of the Company, Altera Infrastructure Norway AS, with regard to potential violations of Norwegian pollution and export laws in connection with the export of two shuttle tankers from the Norwegian Continental Shelf in 2018, received notice from the Norwegian authorities that they will, in court, pursue a total fine of NOK 9.6 million (approx. $0.9 million), together with potential associated legal costs. The Partnership has, together with its advisors, reviewed relevant materials connected with such shuttle tanker export and, having not identified any breach of relevant export laws, denies the allegations. The case is expected to be heard in the Sør Rogaland District Court (Stavanger) early in 2025. The Partnership intends to defend all such claims.

<u>Tax Matters</u>

In July 2024, the Norwegian Tax authorities informed us that they are challenging three of our asset owning subsidiaries with regards to the methodology adopted to calculate the tax value of the subsidiaries' assets when the subsidiaries became Norwegian tax residents. The subsidiaries are Marshall Islands formed entities that established tax residency in Norway through effective management and control of the companies taking place in Norway in 2022. One additional entity has entered Norwegian tax jurisdiction during 2023, and the matter would apply similarly for this entity. We, together with our advisors, believe we have correctly applied the local Norwegian tax legislation and we will vigorously dispute the view of the Tax Authorities. The potential impact of this is that it will materially reduce the tax asset value which result in a reduced tax depreciation. Based on our preliminary calculations, we have assessed that there are sufficient tax losses carried forward to absorb any such changes to the tax basis of the vessels, and as such that there will be no tax payable in the current or prior years as a result of a potential change in values, and it will not lead to an impairment of the deferred tax asset on the balance sheet. However, there would be a reduction in tax losses carried forward.

Results of Operations

The following table presents certain of the Company's consolidated operating results for the three and six months ended June 30, 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 June 30,		**Six Months Ended June 30,**	
	2024	**2023**	**2024**	**2023**
IFRS:	**$**	**$**	**$**	**$**
Revenues	124,400	136,412	247,137	281,045
Direct operating costs	(51,127)	(72,931)	(114,465)	(142,631)
General and administrative expenses	(4,412)	(5,832)	(9,001)	(12,432)
Depreciation and amortization	(33,694)	(32,290)	(67,637)	(67,051)
Interest expense	(32,298)	(34,546)	(67,473)	(68,783)
Interest income	886	1,568	1,898	2,781
Gain (loss) on dispositions, net	30,380	12,221	30,380	12,215
Realized and unrealized gain (loss) on derivative instruments	2,157	(548)	1,605	(2,690)
Foreign currency exchange gain (loss)	(218)	(1,549)	190	(3,870)
Gain (loss) on modification of financial liabilities, net	(90)	—	1,268	(2,595)
Other income (expenses), net	86	(74)	(6,998)	(99)
Income (loss) before income tax (expense) benefit	36,070	2,431	16,904	(4,110)
Income tax (expense) benefit				
Current	—	(215)	(18)	(636)
Deferred	(2,198)	—	(2,198)	—
Net income (loss)	33,872	2,216	14,688	(4,746)
Attributable to:				
Members	33,872	2,187	14,688	(4,915)
Non-controlling interests in subsidiaries	—	29	—	169
	33,872	2,216	14,688	(4,746)
Non-IFRS:				
Adjusted EBITDA	68,861	57,622	123,671	125,854

Revenues

Revenues decreased to $124 million, from $136 million, for the three months ended June 30, 2024, compared to the same period last year, primarily due to:

- a decrease of $8 million due to lower reimbursable bunker purchases (offset in direct operating costs below);
- a decrease of $7 million due to the absence of the *Nordic Brasilia* that in 2023 traded in the conventional tanker market;
- a decrease of $3 million due to the chartering back of *Altera Thule* from the East Coast Canada clients to the North Sea CoA fleet; and
- a decrease of $3 million due to fewer CoA days;

partially offset by

- an increase of $5 million due to lower repair-related offhire in the second quarter of 2024; and
- an increase of $4 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.

Revenues decreased to $247 million, from $281 million, for the six months ended June 30, 2024, compared to the same period last year, primarily due to:

- a decrease of $16 million due to the absence of the *Nordic Brasilia* that in 2023 traded in the conventional tanker market;
- a decrease of $9 million due to lower reimbursable bunker purchases (offset in direct operating costs below);
- a decrease of $7 million due to fewer CoA days;
- a decrease of $6 million due to the chartering back of *Altera Thule* from the East Coast Canada clients to the North Sea CoA fleet; and
- a decrease of $5 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;

partially offset by

- an increase of $6 million due lower repair-related offhire during the first half of 2024; and
- an increase of $3 million due to higher activity in the conventional spot tanker market.

Direct Operating Cost

Direct operating costs decreased to $51 million, from $73 million, for the three months ended June 30, 2024, compared to the same period last year, primarily due to:

- a decrease of $8 million due to reimbursable bunker purchases (offset in revenue above);
- a decrease of $5 million due to the *Ingrid Knutsen* in-charter vessel being redelivered to its owner in March 2024;
- a decrease of $4 million of other in-charter costs, primarily reflecting the chartering back of the *Altera Thule* from the East Coast Canada clients to the North Sea CoA fleet;
- a decrease of $3 million due to *Petroatlantic* and *Nordic Brasilia* leaving the fleet in 2023; and
- a decrease of $2 million due to insurance claim settlements.

Direct operating costs decreased to $114 million, from $143 million, for the six months ended June 30, 2024, compared to the same period last year, primarily due to:

- a decrease of $10 million due to *Petroatlantic* and *Nordic Brasilia* leaving the fleet in 2023;
- a decrease of $9 million due to reimbursable bunker purchases (offset in revenue above);
- a decrease of $5 million of other in-charter costs, other than the *Ingrid Knutsen* in-charter, primarily reflecting the chartering back of the *Altera Thule* from the East Coast Canada clients to the North Sea CoA fleet;
- a decrease of $3 million due to insurance claim settlements; and
- a decrease of $2 million due to the *Ingrid Knutsen* in-charter vessel being redelivered to its owner in March 2024.

Interest expense

Interest expense was $32 million, for the three months ended June 30, 2024, compared to $35 million, for the same period last year. The decrease was primarily due to a decrease in outstanding borrowings during the second quarter of 2024 as compared to same period last year.

Gain (loss) on dispositions, net

Gain (loss) on dispositions, net was $30 million and $30 million, for the three and six months ended June 30, 2024, compared to $12 million and $12 million, for the same periods last year. This was primarily due to the recognized gain on the sale of the *Nordic Brasilia* to a wholly-owned subsidiary of Altera Infrastructure L.P. during the second quarter of 2024, compared to the recognized gain on sale of the *Petroatlantic* during the second quarter of 2023.

Realized and unrealized gain (loss) on derivative instruments

Realized and unrealized gain (loss) on derivative instruments was $2 million and $2 million, for the three and six months ended June 30, 2024, compared to $(1) million and $(3) million, for the same periods last year. The positive movements was primarily due to more favorable FX movements in relation to our foreign exchange hedges during the three and six months ended June 30, 2024, as compared to same periods last year.

Gain (loss) on modification of financial liabilities, net

Gain (loss) on modification of financial liabilities, net was $1 million, for the six months ended June 30, 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 Brookfield PIK Notes during the six months ended June 30, 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 (expenses), net

Other income (expenses), net was $(7) million, for the six months ended June 30, 2024, compared to $nil, for the same period last year, primarily due to repurchases of the 2024 and 2025 bonds above par in relation to the issuance of the new 2028 bonds in March 2024.

Income tax (expense) benefit

Income tax (expense) benefit was $(2) million, for the three months ended June 30, 2024, compared to $nil, for the same period last year primarily due to deferred tax expense in Canada.

Adjusted EBITDA

Adjusted EBITDA increased to $69 million for the three months ended June 30, 2024, compared to $58 million for the same period last year. This increase was primarily due to all four Samba class shuttle tankers being on their new contracts in the second quarter of 2024, while the *Samba Spirit* was partially offhire in the second quarter of 2023 partially offset by the absence of the *Nordic Brasilia* that in 2023 traded in the conventional tanker market.

Adjusted EBITDA was $124 million for the six months ended June 30, 2024, compared to $126 million for the same period last year. The decrease was primarily due to the *Nordic Brasilia* leaving the fleet and fewer CoA days, partially offset by lower repair offhire during the first half of 2024.

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

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

The following table reconciles Adjusted EBITDA to net income (loss) for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(in thousands of U.S. Dollars)	$	$	$	$
Net income (loss)	33,872	2,216	14,688	(4,746)
Less:				
Depreciation and amortization	(33,694)	(32,290)	(67,637)	(67,051)
Interest expense	(32,298)	(34,546)	(67,473)	(68,783)
Interest income	886	1,568	1,898	2,781
Income tax (expense) recovery:				
Current	—	(215)	(18)	(636)
Deferred	(2,198)	—	(2,198)	—
EBITDA	101,176	67,699	150,116	128,943
Less:				
Gain (loss) on dispositions, net	30,380	12,221	30,380	12,215
Realized and unrealized gain (loss) on derivative instruments	2,157	(548)	1,605	(2,690)
Foreign currency exchange gain (loss)	(218)	(1,549)	190	(3,870)
Gain (loss) on modification of financial liabilities, net	(90)	—	1,268	(2,595)
Other income (expenses), net	86	(74)	(6,998)	(99)
Adjusted EBITDA attributable to non-controlling interests(1)	—	27	—	128
Adjusted EBITDA	68,861	57,622	123,671	125,854

(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:

Liquidity and Capital Resources

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

The following table presents our liquidity as at June 30, 2024 and December 31, 2023:

(in thousands of U.S. Dollars)	June 30, 2024 $	December 31, 2023 $
Cash and cash equivalents	76,991	98,424
Undrawn revolving credit facilities	132,400	120,000
Total liquidity	209,391	218,424

(in thousands of U.S. Dollars)	June 30, 2024 $	December 31, 2023 $
Total current assets	157,493	187,141
Total current liabilities	131,238	324,861
Working capital surplus (deficit)	26,255	(137,720)

As at June 30, 2024, our working capital surplus of $26 million as compared to a working capital deficit of $(138) million as at December 31, 2024. 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 June 30, 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 $1.4 billion thereafter. Refer to Financial Statements: Note 9 - Other Financial Liabilities for terms upon which future interest payments are determined, Note 10 - Borrowings and Note 11 - Related Party Transactions.

As at June 30, 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 $46 million, and $nil thereafter. The majority of the contractual payments is related to the foreign currency forward contracts, where we will receive NOK in return. Refer to Financial Statements: Note 9 - Other Financial Liabilities for a summary of the terms of our derivative instruments.

Our estimated dry dock expenditures for the next twelve months are $21 million, and $276 million thereafter.

As at June 30, 2024, we had total borrowings outstanding of $1.2 billion compared to $1.3 billion as at December 31, 2023. The borrowings consisted of the following:

(in thousands of U.S. Dollars)	June 30, 2024 $	December 31, 2023 $
U.S. Dollar Revolving Credit Facilities	185,000	220,000
U.S. Dollar Term Loans	632,052	653,526
U.S. Dollar Bonds	370,700	377,500
Total principal	1,187,752	1,251,026

The table below outlines our consolidated net debt to total capitalization as at June 30, 2024 and December 31, 2023:

(in thousands of U.S. Dollars)	June 30, 2024 $	December 31, 2023 $
Borrowings (1)	1,174,298	1,237,517
Obligations relating to finance leases	171,500	177,032
Less:		
Cash and cash equivalents	76,991	98,424
Net debt	1,268,807	1,316,125
Total equity	404,908	390,220
Total capitalization (2)	1,750,706	1,804,769
Net debt to total capitalization ratio (3)	72.5 %	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 financial covenants for the Company. If the Company had been fully drawn on its revolving credit facility the net debt to total capitalization ratio would have been 67.4% as at June 30, 2024.

Cash Flows

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

	Six Months Ended June 30,	
	2024	2023
(in thousands of U.S. Dollars)	$	$
Net operating cash flow	75,658	84,965
Net financing cash flow	(71,537)	(77,545)
Net investing cash flow	(24,615)	8,408
Change during the period	(20,494)	15,828

Operating Cash Flows

Net cash flow from operating activities generated a cash inflow of $76 million for the six months ended June 30, 2024, compared to an inflow of $85 million for the same period last year. The decrease is primarily due to lower revenue and unfavorable working capital movements, partially offset by a 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 $72 million for the six months ended June 30, 2024, compared to a cash outflow of $78 million during the same period last year.

Our proceeds from borrowings, net of financing costs, were $237 million for the six months ended June 30, 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 Nordic bond market and a drawdown of $40 million of the $340 million revolving credit facility.

Our repayments of our borrowings were $303 million for the six months ended June 30, 2024, compared to $96 million for the same period last year. The increase in repayments is mainly due to the partial repurchase of the 2024 and 2025 unsecured bonds.

Distributions paid to non-controlling interests (joint venture partner - Stena) were $nil and $6 million for the six months ended June 30, 2024 and 2023, respectively.

Investing Cash Flows

Net cash flow from investing activities generated a cash outflow of $25 million for the six months ended June 30, 2024, compared to a cash inflow of $8 million during the same period last year. The cash outflow during the six months ended June 30, 2024 was primarily due to vessels and equipment additions resulting from the Samba class dry dockings and field specific upgrades, while the cash inflow during the six months ended June 30, 2023 was primarily due to the sale of the *Petroatlantic*, partially offset by vessel additions resulting from dry-dockings.

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 - Material Accounting Policy Information 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 and six months ended June 30, 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 and six months ended June 30, 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: August 27, 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 June 30, 2024 $	As at December 31, 2023 $
ASSETS			
Current assets			
Cash and cash equivalents	3	76,991	98,424
Financial assets	4	4,477	4,859
Accounts and other receivable, net		20,206	29,106
Vessels and equipment classified as held for sale	6	—	9,620
Inventory		11,012	13,386
Due from related parties	11	23,971	5,195
Other assets		20,836	26,551
Total current assets		157,493	187,141
Non-current assets			
Vessels and equipment	7	1,565,102	1,607,534
Deferred tax assets		15,236	15,060
Other assets		27,278	32,822
Goodwill		127,113	127,113
Due from related parties	11	24,402	—
Total non-current assets		1,759,131	1,782,529
Total assets		1,916,624	1,969,670
LIABILITIES			
Current liabilities			
Accounts payable and other	8	55,388	70,807
Other financial liabilities	9	11,254	11,045
Borrowings	10	61,973	240,855
Due to related parties	11	2,623	2,154
Total current liabilities		131,238	324,861
Non-current liabilities			
Accounts payable and other	8	7,437	82
Other financial liabilities	9	162,446	165,987
Borrowings	10	1,112,325	996,662
Due to related parties	11	94,068	89,854
Deferred tax liabilities		4,202	2,004
Total non-current liabilities		1,380,478	1,254,589
Total liabilities		1,511,716	1,579,450
EQUITY			
Paid-in capital		526,459	526,459
Retained earnings		(125,181)	(139,869)
Accumulated other comprehensive income (loss)		670	670
Member's equity		401,948	387,260
Non-controlling interests in subsidiaries		2,960	2,960
Total equity		404,908	390,220
Total liabilities and total equity		1,916,624	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 June 30,		Six Months Ended June 30,	
		2024	2023	2024	2023
	Notes	$	$	$	$
Revenues	12	124,400	136,412	247,137	281,045
Direct operating costs	13	(51,127)	(72,931)	(114,465)	(142,631)
General and administrative expenses	11	(4,412)	(5,832)	(9,001)	(12,432)
Depreciation and amortization	7	(33,694)	(32,290)	(67,637)	(67,051)
Interest expense	10, 11	(32,298)	(34,546)	(67,473)	(68,783)
Interest income		886	1,568	1,898	2,781
Gain (loss) on dispositions, net	5	30,380	12,221	30,380	12,215
Realized and unrealized gain (loss) on derivative instruments	9	2,157	(548)	1,605	(2,690)
Foreign currency exchange gain (loss)		(218)	(1,549)	190	(3,870)
Gain (loss) on modification of financial liabilities, net	14	(90)	—	1,268	(2,595)
Other income (expenses), net	15	86	(74)	(6,998)	(99)
Income (loss) before income tax (expense) benefit		36,070	2,431	16,904	(4,110)
Income tax (expense) benefit					
Current		—	(215)	(18)	(636)
Deferred		(2,198)	—	(2,198)	—
Net income (loss)		33,872	2,216	14,688	(4,746)
Attributable to:					
Members		33,872	2,187	14,688	(4,915)
Non-controlling interests in subsidiaries		—	29	—	169
		33,872	2,216	14,688	(4,746)

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

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

		Three Months Ended June 30,		Six Months Ended June 30,	
		2024	2023	2024	2023
	Notes	$	$	$	$
Net income (loss)		33,872	2,216	14,688	(4,746)
Comprehensive income (loss)		33,872	2,216	14,688	(4,746)
Attributable to:					
Members		33,872	2,187	14,688	(4,915)
Non-controlling interests in subsidiaries		—	29	—	169
		33,872	2,216	14,688	(4,746)

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)	—	14,688	—	—	14,688
Balance as at June 30, 2024	526,459	(125,181)	670	2,960	404,908
Balance as at January 1, 2023	526,459	(96,112)	670	8,170	439,187
Net income (loss)	—	(4,915)	—	169	(4,746)
Distributions declared:					
Distribution to non-controlling interests	—	—	—	(5,702)	(5,702)
Balance as at June 30, 2023	526,459	(101,027)	670	2,637	428,739

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)

		Six Months Ended June 30,	
		2024	**2023**
	Notes	**$**	**$**
OPERATING ACTIVITIES			
Net income		14,688	(4,746)
Adjusted for the following items:			
Depreciation and amortization	7	67,637	67,051
(Gain) loss on dispositions, net	5	(30,380)	(12,215)
Unrealized (gain) loss on derivative instruments	9	2,304	1,336
Other non-cash items		10,996	8,299
Changes in non-cash working capital, net		8,215	25,240
Net operating cash flow		75,658	84,965
FINANCING ACTIVITIES			
Proceeds from borrowings	10	240,000	30,000
Repayments of borrowings	10	(303,274)	(96,194)
Financing costs related to borrowings	10	(2,716)	—
Repayments of borrowings related to sale and leaseback of vessels	9	(5,527)	(5,637)
Lease liability repayments		(20)	(12)
Distribution to others who have interests in subsidiaries		—	(5,702)
Net financing cash flow		(71,537)	(77,545)
INVESTING ACTIVITIES			
Additions:			
Vessels and equipment	7	(24,894)	(11,363)
Dispositions:			
Vessels and equipment	7	—	19,418
Change in restricted cash	3, 4	279	353
Net investing cash flow		(24,615)	8,408
Cash and cash equivalents			
Change during the period		(20,494)	15,828
Impact of foreign exchange on cash		(939)	514
Balance, beginning of the period		98,424	128,900
Balance, end of the period		76,991	145,242

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. Material 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 August 27, 2024.

b. Going Concern

As at June 30, 2024, the Company had a working capital surplus of $26.3 million as compared to a 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 10 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 (June 30, 2024 - $67.3 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 unaudited interim condensed 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 June 30, 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.

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

d. Critical accounting judgments and key sources of estimation uncertainty

The preparation of these unaudited interim condensed consolidated financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited interim condensed consolidated financial statements and the reported amounts of revenues and expenses that are not readily apparent from other sources, during the reporting period. 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.

The significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those described in the most recent annual consolidated financial statements.

3. Fair Value of Financial Instruments

The following tables provide the details of financial instruments and their associated classifications as at June 30, 2024 and December 31, 2023:

	June 30, 2024			December 31, 2023		
Measurement Basis	**FVTPL[5] $**	**Amortized cost $**	**Total $**	**FVTPL $**	**Amortized cost $**	**Total $**
Financial assets						
Cash and cash equivalents	—	76,991	76,991	—	98,424	98,424
Financial assets (current and non-current)	3,927	550	4,477	4,031	828	4,859
Accounts and other receivable, net (current and non-current) [1]	—	19,843	19,843	—	28,740	28,740
Due from related parties (current and non-current)	—	48,373	48,373	—	5,195	5,195
Other assets (current and non-current) [2]	—	30,182	30,182	—	34,762	34,762
Total	3,927	175,939	179,866	4,031	167,949	171,980
Financial liabilities						
Accounts payable and other [3]	—	3,381	3,381	—	6,513	6,513
Other financial liabilities (current and non-current) [4]	2,200	171,500	173,700	—	177,032	177,032
Due to related parties (current and non-current)	—	96,691	96,691	—	92,008	92,008
Borrowings (current and non-current)	—	1,174,298	1,174,298	—	1,237,517	1,237,517
Total	2,200	1,445,870	1,448,070	—	1,513,070	1,513,070

(1) Excludes sales tax receivable of $0.4 million as at June 30, 2024 (December 31, 2023 - $0.4 million).

(2) Includes investments in finance leases.

(3) Includes accounts payable and lease liabilities. Refer to Note 8 below.

(4) Includes derivative instruments, obligations relating to leases and other financial liabilities. Refer to Note 9 below.

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

Included in cash and cash equivalents as at June 30, 2024 is $77.0 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 June 30, 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 and six months ended June 30, 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 and six months ended June 30, 2024.

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

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities measured at fair value through profit or loss on a recurring basis as at June 30, 2024 and December 31, 2023:

	June 30, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	$	$	$	$	$	$
Financial assets						
Derivative instruments	—	3,927	—	—	4,031	—
Total	—	3,927	—	—	4,031	—
Financial liabilities						
Derivative instruments	—	2,200	—	—	—	—
Total	—	2,200	—	—	—	—

4. Financial Assets

	June 30, 2024	December 31, 2023
	$	$
Current		
Restricted cash (1)	550	828
Derivative instruments (2)	3,927	4,031
Total current	4,477	4,859

(1) Restricted cash as at June 30, 2024 consists of a withholding taxes (December 31, 2023 - consists of withholding taxes).

(2) See Note 9 for additional information.

5. Gain on Dispositions, Net

Period	Vessel	Net Proceeds	Gain (Loss) on Dispositions, Net
Q2-24	*Nordic Brasilia*(1)	40,000	30,380
Gain (loss) on dispositions, net for the six months ended June 30, 2024			30,380

(1) The net proceeds of $40 million was structured as an interest bearing related party note. See Note 11b for additional information.

6. Vessels and Equipment Classified as Held for Sale

Vessel	June 30, 2024 $	December 31, 2023 $
Nordic Brasilia(1)	—	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., which was completed in the second quarter of 2024. See Note 5 for additional information.

The fair value of vessels and equipment classified as held for sale measured on a non-recurring basis was $nil and $9.6 million as at June 30, 2024 and December 31, 2023, respectively.

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

7. Vessels and Equipment

	June 30, 2024	December 31, 2023
	$	$
Gross carrying amount:		
Opening balance at beginning of year	2,165,760	2,191,569
Additions[1]	24,894	50,458
Vessels and equipment reclassified as held for sale[2]	—	(76,267)
Closing balance at end of period	2,190,654	2,165,760
Accumulated Depreciation and Impairment:		
Opening balance at beginning of year	(558,226)	(484,953)
Depreciation and amortization[3]	(67,326)	(133,549)
Vessels and equipment reclassified as held for sale	—	60,276
Closing balance at end of period	(625,552)	(558,226)
Net book value	1,565,102	1,607,534

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

(2) See Note 6 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, classified as such, measured on a non-recurring basis was $nil and $nil as at June 30, 2024 and December 31, 2023, respectively.

As at June 30, 2024, the Company has no commitments relating to shipbuilding contracts.

8. Accounts Payable and Other

	June 30, 2024	December 31, 2023
	$	$
Current		
Accounts payable	3,286	6,397
Accrued liabilities	42,763	55,856
Deferred revenues	9,305	8,520
Lease liabilities	34	34
Total current	55,388	70,807
Non-current		
Deferred revenues	7,375	—
Lease liabilities	62	82
Total non-current	7,437	82

9. Other Financial Liabilities

	June 30, 2024	December 31, 2023
	$	$
Current		
Derivative instruments	215	—
Obligations relating to leases	11,039	11,045
Total current	11,254	11,045
Non-current		
Derivative instruments	1,985	—
Obligations relating to leases	160,461	165,987
Total non-current	162,446	165,987

As at June 30, 2024, 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	173.6	11.3	11.3	11.3	11.3	11.3	117.1

As at June 30, 2024, the Company had finance leases secured by two vessels, the *Altera Wave* and *Altera Wind* (December 31, 2023 - two vessels, the *Altera Wave* and *Altera Wind*) with a combined carrying value of $210.4 million (December 31, 2023 - $215.9 million). The liability for the leases accrues interest at a variable rate of LIBOR plus a margin of 2.85%. As at June 30, 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:

	June 30, 2024		December 31, 2023	
	Financial Asset	Financial Liability	Financial Asset	Financial Liability
	$	$	$	$
Interest rate swaps	3,480	—	—	—
Foreign currency forward contracts	447	215	4,031	—
Total	3,927	215	4,031	—
Total current	3,927	215	4,031	—
Interest rate swaps	—	1,985	—	—
Total non-current	—	1,985	—	—

Foreign Exchange Risk

The Company’s functional currency is U.S. Dollars. The Company’s primary economic environment is the international shipping market. Transactions in this market generally utilize U.S. Dollars. Consequently, virtually all of the Company’s revenues and the expenses are in U.S. Dollars. However, the Company incurs certain vessel operating expenses, general and administrative expenses and a portion of capital upgrade projects in foreign currencies. Therefore, there is a risk that currency fluctuations will have a negative effect on the value of the Company's cash flows. The Company periodically enters into foreign currency forward contracts to economically hedge portions of these forecasted expenditures. As at June 30, 2024, the Company was committed to foreign currency forward contracts to hedge portions of our forecasted expenditures in NOK.

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 June 30, 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	1,494	3.62	4.1 %

(1) Excludes the margin the Company pays on its variable-rate debt, which at June 30, 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 June 30, 2024, had a total current notional amount of $350.0 million and a total fair value asset of $1.5 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 June 30, 2024 and 2023 as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	$	$	$	$
Realized gain (loss) on derivative instruments				
Interest rate swap	1,102	—	2,997	—
Foreign currency forward contracts	174	(676)	912	(1,354)
	1,276	(676)	3,909	(1,354)
Unrealized gain (loss) on derivative instruments				
Interest rate swap	408	—	1,494	—
Foreign currency forward contracts	473	128	(3,798)	(1,336)
	881	128	(2,304)	(1,336)
Total realized and unrealized gain (loss) on derivative instruments	2,157	(548)	1,605	(2,690)

The following table presents the notional amounts underlying the Company's derivative financial instruments by term to maturity as at June 30, 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	42.0	42.0	—	—	—	—	—
Total	392.0	42.0	—	125.0	—	225.0	—

10. Borrowings

	June 30, 2024	December 31, 2023	Weighted average term		Weighted average rate	
			June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
	$	$	(years)	(years)	(%)	(%)
Revolving Credit Facilities	185,000	220,000	4.34	4.84	8.08	8.14
Term Loans	632,052	653,526	4.37	4.94	7.15	7.34
Public Bonds	370,700	377,500	2.61	1.35	9.36	10.85
Total	1,187,752	1,251,026	3.82	3.84	7.99	8.54
Less: deferred financing costs and other	(13,454)	(13,509)				
Total borrowings	1,174,298	1,237,517				
Less current portion	(61,973)	(240,855)				
Long-term portion	1,112,325	996,662				

Revolving Credit Facilities

As at June 30, 2024, the Company had one revolving credit facility, secured by eight vessels (December 31, 2023 - one revolving credit facility, secured by eight vessels) with a combined carrying value of $525.4 million (December 31, 2023 - $543.3 million), which, as at such date, provided for total borrowings of up to $185.0 million (December 31, 2023 - $220.0 million), and had an undrawn balance of $132.4 million (December 31, 2023 - had an undrawn balance of $120.0 million).

Term Loans

As at June 30, 2024, the Company had term loans secured by eight vessels (December 31, 2023 - secured by eight vessels) with a combined carrying amount of $829.3 million (December 31, 2023 - $848.3 million), which, as at such date, provided for total borrowings of $632.1 million (December 31, 2023 - $653.5 million). The term loans reduce over time with semi-annual payments and have varying maturities through 2034. As at June 30, 2024, all of these terms loans were guaranteed by the Company or a subsidiary of the Company.

Public Bonds

As at June 30, 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 Nordic 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 and $27.0 million of its $180.0 million four-year senior unsecured bonds that mature in December 2025.

As at June 30, 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	340.8	42.9	40.6	37.0	79.0	45.1	96.2
Secured debt - repayments on maturity	476.3	—	252.3	98.7	—	125.3	—
Total borrowings	1,187.8	62.1	444.4	135.7	279.0	170.4	96.2

See Note 11 for information regarding the Company's borrowings due to related parties.

As at June 30, 2024, the Company was in compliance with all covenant requirements of its revolving credit facilities, term loans and bonds.

Interest paid during the three and six months ended June 30, 2024 was $17.1 million and $57.2 million, respectively (three and six months ended June 30, 2023 - $24.5 million and $55.2 million, respectively).

11. 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 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 June 30, 2024, the Company had recorded $25.3 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 June 30, 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 June 30, 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)	95.3	—	—	—	95.3	—	—
Total borrowings due to related parties	95.3	—	—	—	95.3	—	—

(1) Includes PIK interest of $25.3 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. In September 2023, the *Nordic Brasilia* arrived in Drydocks World-Dubai where FSO conversion work commenced. 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, recognizing a gain on sale of $30.4 million in the statements of income (loss) during the three and six months ended June 30, 2024. The sale was structured as a related party note which earns interest at 10.0%, to be paid quarterly over three years. See Notes 5, 6 and 7 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	$	$	$	$
General and administrative (1)	(3,993)	(5,437)	(8,220)	(11,463)
Interest expense (2)	(2,696)	(2,488)	(5,481)	(4,975)
Interest income (3)	132	—	132	—
Gain (loss) on modification of financial liabilities, net (4)	(90)	—	1,268	—

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

(2) Includes interest expense of $2.7 million and $5.5 million incurred on the PIK Notes for the three and six months ended June 30, 2024 (three and six months ended June 30, 2023 - $2.5 million and $5.0 million). See Note 11a for additional information.

(3) Includes interest income of $0.1 million and $0.1 million incurred on the related party note with a wholly-owned subsidiary of Altera Infrastructure L.P. for the three and six months ended June 30, 2024 (three and six months ended June 30, 2023 - $nil and $nil), related to the sale of the *Nordic Brasilia*. See Note 11b for additional information.

(4) During the three and six months ended June 30, 2024, the Company recognized a gain (loss) on modification of financial liabilities of $(0.1) million and $1.3 million due to a modification related to the Company's amendment and extension of the PIK Notes (three and six months ended June 30, 2023 - $nil and $nil).

As at June 30, 2024, the carrying value of amounts due from related parties totaled $48.4 million (December 31, 2023 - $5.2 million) and consisted partially of $40.1 million (December 31, 2023 - $nil) of the related party note with a wholly-owned subsidiary of Altera Infrastructure L.P. related to the sale of the *Nordic Brasilia* (see Note 11b for additional information). The carrying value of amounts due to related parties totaled $96.7 million (December 31, 2023 - $92.0 million) and consisted partially of $94.1 million (December 31, 2023 - $89.9 million) of the PIK Notes issued to Brookfield (see Note 11a 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.

12. Revenues

The Company's primary source of revenues is chartering its vessels and offshore units to its customers. The Company utilizes three primary forms of contracts, consisting of contract of affreightment (*CoAs*), time-charter contracts and voyage charter contracts. During the three and six months ended June 30, 2024, the Company also generated revenues from the operation of volatile organic compound (*VOC*) recovery systems on certain of the Company's vessels, and from the management of certain vessels on behalf of the disponent owners or charterers of those vessels.

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

The following table contains the Company's revenues for the three and six months ended June 30, 2024 and 2023, by contract type:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues from contracts with customers [1]	$	$	$	$
CoAs	27,353	27,936	56,998	61,127
Time charters	26,327	26,916	51,774	53,346
Management fees and other	1,345	975	2,524	1,981
	55,025	55,827	111,296	116,454
Other revenues [1]				
CoAs	22,670	30,073	47,039	61,136
Time charters	41,207	42,099	77,985	84,691
Voyage charters	5,498	8,413	10,817	18,764
	69,375	80,585	135,841	164,591
Total revenues	124,400	136,412	247,137	281,045

(1) Revenues from contracts with customers are revenues earned in accordance with IFRS 15 - Revenue from Contracts with Customers. Other revenues are revenues earned in accordance with IFRS 16 - Leases. The Company has allocated the contract consideration between the lease component and non-lease component on a relative standalone selling price basis. See Note 2n) of Company's annual consolidated financial statements as at and for the year ended December 31, 2023 for additional information.

Revenues from External Customers

The following tables contain the Company's revenues for the three and six months ended June 30, 2024 and 2023 by geography, based on the operating location of the Company's assets and by segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues from contracts with customers [1]	$	$	$	$
Norway [2]	35,150	33,999	72,472	73,947
Brazil [2]	7,846	6,678	11,954	13,895
Canada	12,029	15,150	26,870	28,612
Total revenues from contracts with customers	55,025	55,827	111,296	116,454
Other revenues [1]				
Norway [2]	38,728	48,528	79,080	101,005
Brazil [2]	15,635	13,831	23,219	28,548
Canada	15,012	18,226	33,542	35,038
Total other revenues	69,375	80,585	135,841	164,591
Total revenues	124,400	136,412	247,137	281,045

(1) Revenues from contracts with customers are revenues earned in accordance with IFRS 15 - Revenue from Contracts with Customers. Other revenues are revenues earned in accordance with IFRS 16 - Leases. The Company has allocated the contract consideration between the lease component and non-lease component on a relative standalone selling price basis. See Note 2n) of Company's annual consolidated financial statements as at and for the year ended December 31, 2023 for additional information.

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

13. Direct Operating Costs

Direct operating costs include all attributable expenses except interest, depreciation and amortization, impairment expense, other expenses and taxes, and primarily relate to cost of revenues. The following table lists direct operating costs for the three and six months ended June 30, 2024 and 2023 by nature:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	$	$	$	$
Voyage expenses [1]	20,467	30,941	47,521	63,201
Operating expenses	15,239	18,654	30,845	36,798
Charter hire	1,237	10,129	8,542	15,411
Compensation	14,184	13,207	27,557	27,221
Total	51,127	72,931	114,465	142,631

(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)

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

Direct operating costs include all attributable expenses except interest, depreciation and amortization, impairment expense, other expenses and taxes, and primarily relate to cost of revenues. The following table lists direct operating costs for the three and six months ended June 30, 2024 and 2023 by nature:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	$	$	$	$
Gain (loss) on modification of financial liabilities, net [1]	(90)	—	1,268	(2,595)
Total gain (loss) on modification of financial liabilities, net	(90)	—	1,268	(2,595)

(1) During the six months ended June 30, 2024, the Company recognized a gain on modification of financial liabilities of $1.3 million due to a modification related to the Company's amendment and extension of the PIK Notes. See Note 11 for additional information. During the six months ended June 30, 2023, the Company recognized a loss on modification of financial liabilities of $2.6 million due to a modification related to the Company's East Coast of Canada term loan refinancing. See Note 10 for additional information.

15. Other income (expense), net

The table below summarizes the Company's other income (expenses), net for the three and six months ended June 30, 2024 and 2023 by nature:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	$	$	$	$
Restructuring costs	—	(27)	—	(55)
Gain (loss) on bond repurchase[1]	—	—	(7,238)	—
Other, net	86	(47)	240	(44)
Total other income (expenses), net	86	(74)	(6,998)	(99)

(1) During the six months ended June 30, 2024, the Company recognized a loss on bond repurchase of $7.2 million (six months ended June 30, 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 10 for additional information.

16. Subsequent Events

In July 2024, the Norwegian Tax Authorities informed the Company that they are challenging three of the Company's asset owning subsidiaries with regards to the methodology adopted to calculate the tax value of the subsidiaries' assets when the subsidiaries became Norwegian tax residents. The subsidiaries are Marshall Islands formed entities that established tax residency in Norway through effective management and control of the companies taking place in Norway in 2022. One additional entity has entered Norwegian tax jurisdiction during 2023, and the matter would apply similarly for this entity. The Company, together with its advisors, believe it has correctly applied the local Norwegian tax legislation and we will vigorously dispute the view of the Tax Authorities. The potential impact of this is that it will reduce the tax asset value which result in a reduced tax depreciation. The Company has sufficient tax losses carried forward to absorb any such changes to the tax basis of the vessels. There will be no tax payable in current or prior years as a result of a potential change in values, and it will not lead to an impairment of the deferred tax asset on the balance sheet.