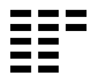 Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	915 056 253
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ALTERA GRAND BANKS AS
Forretningsadresse:	Badehusgata 37 4014 STAVANGER

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Reidun Blom Reiestad
Dato for fastsettelse av årsregnskapet:	30.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 24.09.2024

Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	4	22 177	2 400
Sum kostnader		**22 177**	**2 400**
Driftsresultat		**-22 177**	**-2 400**
Finansinntekter og finanskostnader			
Annen renteinntekt		16	59
Sum finansinntekter		**16**	**59**
Agio / disagio (-)			
Netto finans		**16**	**59**
Ordinært resultat før skattekostnad		**-22 161**	**-2 341**
Skattekostnad	7	6 251 577	758 058
Ordinært resultat etter skattekostnad		**-6 273 738**	**-760 399**
Årsresultat		**-6 273 738**	**-760 399**
Årsresultat etter minoritetsinteresser		**-6 273 737**	**-760 399**
Overføringer og disponeringer			
Overført til/fra annen egenkapital		-6 273 737	-760 399
Sum overføringer og disponeringer	8	**-6 273 737**	**-760 399**

Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		2	8
Sum immaterielle eiendeler		**2**	**8**
Finansielle anleggsmidler			
Investering i datterselskap	5	11 630 513	11 630 513
Sum finansielle anleggsmidler		**11 630 513**	**11 630 513**
Sum anleggsmidler		**11 630 515**	**11 630 521**
Omløpsmidler			
Varer			
Andre kortsiktige fordringer			
Bankinnskudd, kontanter og lignende			
Bankinnskudd	10	57	3 020
Sum bankinnskudd, kontanter og lignende		**57**	**3 020**
Sum omløpsmidler		**57**	**3 020**
SUM EIENDELER		**11 630 572**	**11 633 541**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	8, 9	40 000	40 000
Overkurs	8	726 269	7 000 006
Sum innskutt egenkapital		**766 269**	**7 040 006**
Annen egenkapital			
Udisponert resultat			
Sum egenkapital	8	**766 269**	**7 040 006**

Balanse

Beløp i: NOK	**Note**	**2022**	**2021**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	7	6 251 571	
Sum avsetninger for forpliktelser		**6 251 571**	
Annen langsiktig gjeld			
Sum langsiktig gjeld		**6 251 571**	**0**
Kortsiktig gjeld			
Kortsiktig konserngjeld		4 612 733	4 593 535
Sum kortsiktig gjeld		**4 612 733**	**4 593 535**
Sum gjeld		**10 864 304**	**4 593 535**
SUM EGENKAPITAL OG GJELD		**11 630 573**	**11 633 541**

Statsautoriserte revisorer
Ernst & Young AS

Vassbotnen 11a Forus, 4313 Sandnes
Postboks 8015, 4068 Stavanger

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

UAVHENGIG REVISORS BERETNING

Til generalforsamlingen i Altera Grand Banks AS

Konklusjon

Vi har revidert årsregnskapet for Altera Grand Banks AS som består av balanse per 31. desember 2022, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening oppfyller årsregnskapet gjeldende lovkrav og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2022 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjon

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med kravene i relevante lover og forskrifter i Norge og *International Code of Ethics for Professional Accountants* (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Øvrig informasjon omfatter informasjon i selskapets årsrapport bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Styret og daglig leder (ledelsen) er ansvarlig for den øvrige informasjonen. Vår konklusjon om revisjonen av årsregnskapet dekker ikke den øvrige informasjonen, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese den øvrige informasjonen med det formål å vurdere om årsberetningen inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav og hvorvidt det foreligger vesentlig inkonsistens mellom den øvrige informasjonen og årsregnskapet eller kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon. Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon eller ikke inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav, er vi pålagt å rapportere det.

Vi har ingenting å rapportere i så henseende, og vi mener at årsberetningen er konsistent med årsregnskapet og inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller virksomheten, eller ikke har noe annet realistisk alternativ.

Penneo Dokumentnøkkel: ZTSOW-BN4J6-78VFC-U3TEQ-34KBA-2JYO5

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Building a better working world

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan skyldes misligheter eller feil og er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.
- opparbeider vi oss en forståelse av den interne kontrollen som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape betydelig tvil om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke kan fortsette driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av og tidspunktet for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i den interne kontrollen som vi avdekker gjennom revisjonen.

Penneo Dokumentnøkkel: ZTSOW-BN4J6-78VFC-U3TEQ-34KBA-2JYO5

Stavanger, 3. juli 2023
ERNST & YOUNG AS

Revisjonsberetningen er signert elektronisk

Jan Kvalvik
statsautorisert revisor

A member firm of Ernst & Young Global Limited

PENNEO

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Jan Kvalvik
Statsautorisert revisor
På vegne av: Ernst & Young AS
Serienummer: 9578-5994-4-497669
IP: 79.160.xxx.xxx
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Årsregnskap 2022
Altera Grand Banks AS

Styrets årsberetning
Resultatregnskap
Balanse
Kontantstrøm
Noter til regnskapet

Org.nr.: 915 056 253

Årsberetning 2022 for Altera Grand Banks AS

Virksomhetens art og sted
Selskapets hovedkontor er i Stavanger og ble startet 2. mars 2015. Altera Grand Banks AS er et heleid datterselskap av Altera Grand Banks Shipping AS. Selskapets virksomhet er å eie aksjer i datterselskapene.

Fortsatt drift
I henhold til regnskapsloven § 3-3 bekrefter styret at grunnlaget til fortsatt drift er til stede, og årsregnskapet for 2022 er utarbeidet i samsvar med dette. Etter styrets mening gir det fremlagte resultatregnskap og balanse med tilhørende noter et riktig bilde av selskapets drift og økonomiske stilling. Se også note 11 Fortsatt drift for mer informasjon.

Ytre miljø
Selskapet er opptatt av miljøhensyn ved gjennomføring av prosjekter, og miljøhensyn er med i alle ledd fra planlegging og gjennomføring til drift, vedlikehold, sortering og gjenvinning. Selskapet bar kildesortering og tilstreber å velge miljømessige løsninger.

Arbeidsmiljø og likestilling
Det er ingen ansatte i selskapet. Det er derfor ikke vært vurdert tiltak for å bedre arbeidsmiljøet, og heller ikke vurdert tiltak for å fremme likestilling. I 2022 har personell fra Altera Infrastructure Norway AS forvaltet selskapets kommersielle interesse.

Nødvendig offentliggjøring for alle kvalifiserte enheter under den norske åpenhetsloven vil være tilgjengelig på nettstedet vårt på alterainfra.com senest 30. juni 2023.

Forskning og utvikling
Selskapet driver ikke forskning og utvikling.

Forsikring for styrets medlemmer og daglig leder
Selskapets styre og daglig leder er dekket av konsernets styreansvarsforsikring. Det er Brookfield som har denne forsikringen som dekker seg selv og alle selskaper i konsernet.

Regnskap
Årets resultat ble et underskudd på TNOK 6 274 mot et underskudd på TNOK 760 året før. Endring i resultat skyldes i all hovedsak endring i skattekostnad.

Styret foreslår at årets underskudd dekkes av overkurs.

Selskapet har en liten negativ kontantstrøm fra driften. Dette skyldes hovedsaklig årets resultat. Totalt sett er kontantstrømmen negativ.

Likviditetsmessig stilling ved årsskiftet og gjennom året var tilfredsstillende.

Finansiell risiko
Selskapet har ingen ekstern gjeld. Totalt er selskapets egenkapital TNOK 766 som gir en egenkapitalgrad på 6,59 % som vurderes som tilstrekkelig for selskapet på det nåværende tidspunkt. Se forøvrig note 3 om finansiell risiko.

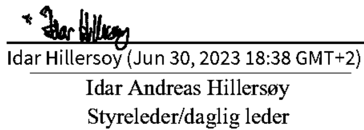
Det fremlagte resultatregnskap og balanse med tilhørende noteopplysninger, gir fyllestgjørende informasjon om stillingen pr. 31.12.2022.

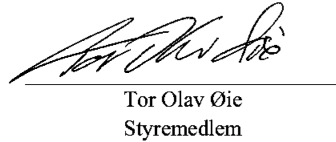
Det er heller ikke etter regnskapsårets utløp inntrådt forhold som etter styrets mening har betydning ved bedømmelsen av regnskapet, utover de forhold som er omtalt i note 12.

Fremtidig utvikling
Selskapet vil fortsette å eie datterselskapene i Canada, og forutsetter derfor stabil drift fremover.

Hendelser etter balansedag
Styret understreker at uttalelsene i denne årsberetningen angående fremtiden kun er basert på ulike antakelser fra styrets side om forhold som er utenfor vår kontroll og underlagt visse risikoer og usikkerhetsmomenter. Faktiske resultater kan derfor komme til å avvike fra de som er beskrevet i utsagnene om fremtiden. Se forøvrig note 12 om hendelser etter balansedagen.

Stavanger, 30.06.2023
Styret i Altera Grand Banks AS


Idar Hillersoy (Jun 30, 2023 18:38 GMT+2)



Idar Andreas Hillersøy	Tor Olav Øie	Reidun Blom Reiestad
Styreleder/daglig leder	Styremedlem	Styremedlem

Resultatregnskap

Altera Grand Banks AS

Beløp i 1 000 kroner

Driftsinntekter og driftskostnader	**Note**	**2022**	**2021**
Annen driftskostnad	**4**	22	2
Sum driftskostnader		**22**	**2**
Driftsresultat		**-22**	**-2**
Finansinntekter og finanskostnader			
Resultat før skattekostnad		**-22**	**-2**
Skattekostnad	**7**	6 252	758
Årets resultat		**-6 274**	**-760**
Årets resultat		**-6 274**	**-760**
Overføringer			
Overført til/fra annen egenkapital		6 274	760
Sum overføringer	**8**	**-6 274**	**-760**

Balanse 31.12

Altera Grand Banks AS

Beløp i 1 000 kroner

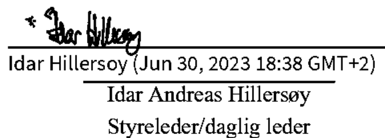
Eiendeler	**Note**	**2022**	**2021**
Anleggsmidler			
Finansielle anleggsmidler			
Investeringer i datterselskap	**5**	11 631	11 631
Sum finansielle anleggsmidler		**11 631**	**11 631**
Sum anleggsmidler		**11 631**	**11 631**
Omløpsmidler			
Bankinnskudd	**10**	0	3
Sum omløpsmidler		**0**	**3**
Sum eiendeler		**11 631**	**11 634**

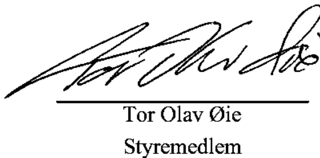
Balanse 31.12

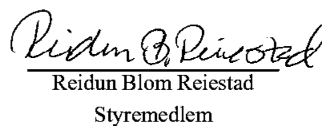
Altera Grand Banks AS

Egenkapital og gjeld	**Note**	**2022**	**2021**
Innskutt egenkapital			
Aksjekapital	**8, 9**	40	40
Overkurs	**8**	726	7 000
Sum innskutt egenkapital		**766**	**7 040**
Sum egenkapital	**8**	**766**	**7 040**
Gjeld			
Avsetning for forpliktelser			
Utsatt skatt	**7**	6 252	0
Sum avsetning for forpliktelser		**6 252**	**0**
Kortsiktig gjeld			
Kortsiktig gjeld konsern		4 613	4 594
Sum kortsiktig gjeld		**4 613**	**4 594**
Sum gjeld		**10 864**	**4 594**
Sum egenkapital og gjeld		**11 631**	**11 634**

Stavanger, 30.06.2023
Styret i Altera Grand Banks AS


Idar Hillersoy (Jun 30, 2023 18:38 GMT+2)
Idar Andreas Hillersøy
Styreleder/daglig leder


Tor Olav Øie
Styremedlem


Reidun Blom Reiestad
Styremedlem

Indirekte kontantstrøm

Altera Grand Banks AS

Beløp i 1000 kroner	**Note**	**2022**	**2021**
Kontantstrømmer fra operasjonelle aktiviteter			
Resultat før skattekostnad		-22	-2
Endring i leverandørgjeld		0	-5
Endring kortsiktig konsernmellomværende		19	3 321
Endring i andre tidsavgrensningsposter		0	1
Netto kontantstrøm fra operasjonelle aktiviteter		**-3**	**3 315**
Kontantstrømmer fra finansieringsaktiviteter			
Konserninterne overføringer (konsernbidrag)		0	-3 446
Netto kontantstrøm fra finansieringsaktiviteter		**0**	**-3 446**
Netto endring i kontanter og kontantekvivalenter		-3	-131
Beh. av kont. og kontantekvivalenter ved per. begynnelse		3	134
Beh. av kont. og kontantekvivalenter ved per. slutt		**0**	**3**

Note 1 Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk i Norge.

Klassifisering og vurdering av eiendeler og gjeld
Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler. Andre eiendeler er klassifisert som omløpsmidler.

Anleggsmidler er vurdert til anskaffelseskost, men nedskrives til virkelig verdi når verdifallet forventes ikke å være forbigående. Anleggsmidler med begrenset økonomisk levetid avskrives etter en fornuftig avskrivningsplan.

Omløpsmidler og kortsiktig gjeld omfatter poster som skal tilbakebetales innen ett år fra etableringstidspunktet.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet, med fradrag for transaksjonskostnader.

Omregningsprinsipper for regnskapsposter i utenlandsk valuta
Transaksjoner i utenlandsk valuta omregnes til den funksjonelle valutaen ved bruk av transaksjonskurs. Pengeposter i utenlandsk valuta omregnes til funksjonell valuta på balansedagen. Ikke-pengeposter omregnes ikke.

Pengeposter og ikke-pengeposter som er nedskrevet i samsvar med regnskapsloven § 5-2 eller § 5-3 og hvor verdien fastsettes i utenlandsk valuta, omregnes til valutakursen på måletidspunktet.

Valutagevinster og -tap resultatføres løpende i den perioden de oppstår.

Investering i aksjer
Investeringer i aksjer vurderes etter kostmetoden i selskapsregnskapet. Investeringen er vurdert til ansaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående og det må anses nødvendig etter god regnskapsskikk.

Kundefordringer
Kundefordringer er ført til pålydende i balansen etter fradrag for avsetning til forventede tap. Avsetning til tap er gjort på grunnlag av individuell vurdering av fordringene.

Leverandørgjeld
Leverandørgjeld er forpliktelser til å betale for varer eller tjenester som er levert fra leverandørene til den ordinære driften. Leverandørgjeld er klassifisert som kortsiktig dersom den forfaller innen ett år eller kortere. Dersom dette ikke er tilfelle, klassifiseres det som langsiktig. Leverandørgjeld måles til virkelig verdi.

Betalbar skatt og utsatt skatt
Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt beregnes av midlertidige forskjeller mellom regnskapsmessig verdi og skattemessig verdi på eiendeler og gjeld, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret.

Negative og positive midlertidige forskjeller, inklusiv skattemessig fremførbare underskudd, som kan reverseres i

samme periode, er utlignet og nettoført. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at fremtidig skattepliktig inntekt vil foreligge der de skattereduserende midlertidige forskjellene kan utnyttes.

Driftsinntekter og kostnader
Inntektsføring skjer etter opptjeningsprinsippet som normalt vil være leveringstidspunktet for varer og tjenester.

Kostnader medtas etter sammenstillingsprinsippet, dvs. at kostnader medtas i samme periode som tilhørende inntekter inntektsføres.

Inntektsføringsprinsipper
Inntektsføring ved salg av varer skjer på leveringstidspunktet. Tjenester inntektsføres i takt med utførelsen.

Prinsipper for kontantstrømoppstilling
Kontantstrømoppstillingen er utarbeidet med basis i den indirekte metoden. Dette innebærer at man i oppstillingen tar utgangspunkt i selskapets årsresultat for å kunne presentere kontantstrømmer tilført fra henholdsvis ordinær drift, investeringsvirksomheten og finansieringsvirksomheten.

Note 2 Konsernregnskap

Selskapet er en del av et konsern som utarbeider konsernregnskap der Altera Grand Banks AS inngår i konsolideringen. Morselskapet er Altera Infrastructure Partners LP, og har forretningskontor i Storbritannia. Konsernregnskap kan fås utlevert ved henvendelse til morselskapet.

Note 3 Finansiell og operasjonell markedsrisiko

Altera Grand Banks AS eier aksjer i datterselskap og er utsatt for ulike risiko, herunder likviditet og valuta.

Likviditetsrisiko
Altera Grand Banks AS er eksponert for likviditetsrisiko, som er risiko for at Altera Grand Banks AS ikke vil være i stand til å oppfylle sine økonomiske forpliktelser når de forfaller.

Kilder til likviditetsrisiko inkluderer, men er ikke begrenset til, driftstans og svingninger i råvarepriser og i prisene på finansmarkedene.

Valutarisiko
Valutarisiko er risikoen for at fremtidige kontantstrøm vil variere på grunn av endringer i valutakurser.

Regnskapet er avlagt med NOK som funksjonell valuta, selv om selskapet til en viss grad handler i USD. Valutarisiko for selskapet styres ut ifra konsernets funksjonelle valuta som er USD.

Da regnskapet for selskap Altera Grand Banks AS er avlagt med NOK som funksjonell valuta eksisterer det valutarisiko knyttet til fremtidige kontantstrømmer knyttet til andre valutaer enn NOK, og særlig knyttet til USD. Ut ifra den risikostyring som foretas, hensyntatt USD som reell funksjonell valuta, vurderes valutarisikoen å være forsvarlig.

Note 4 Lønnskostnader, godtgjørelse, antall ansatte m.v.
Beløp i 1 000 kroner

Selskapet har ingen ansatte. Selskapet er ikke pliktig å ha obligatorisk tjenestepensjon.

Kostnadsført revisjonshonorar for 2022 utgjør TNOK 11 eksl. mva. for ordinær revisjon.

Note 5 Investeringer i datterselskap
Beløp i 1 000 kroner

Selskapsnavn	Forretnings-kontor	Eierandel	Resultat 2022	Egen-kapital	Bokført verdi
Altera (Atlantic) Management ULC	Canada	100%	1 041	16 148	8 723
Altera (Atlantic) Chartering ULC	Canada	100%	13 835	120 648	2 908
					11 631

* Omregnet fra USD til NOK. Benyttet kurs 31.12.22 var 1 USD = NOK 9,8038
og gjennomsnittskurs for 2022 var 1 USD = NOK 9,6108

Stemmeandel samsvarer med eierandel.

Note 6 Nærstående parter
Beløp i 1 000 kroner

Som nærstående parter ved årets utgang regnes eier, Altera Grand Banks Shipping AS, og øvrige selskap i Altera-konsernet. Transaksjonene gjennomføres på markedsmessige betingelser.

Selskapet har ingen transaksjoner med nærstående parter.

Note 7 Skatt
Beløp i 1 000 kroner

Skattekostnad i resultatregnskapet:	**2022**	**2021**
Betalbar skatt	0	4 925
Kreditfradrag utenlandsk inntektsskatt	0	-4 925
Endring utsatt skatt	6 252	0
Skatteeffekt mottatt(-)/avgitt konsernbidrag	0	758
Sum årets skattekostnad	**6 252**	**758**

Betalbar skatt i balansen fremkommer som følger:	**2022**	**2021**
Resultat før skattekostnad	-22	-2
Permanente forskjeller	28 438	25 835
Endring midlertidige forskjeller	-104 761	0
Endring fremførbart underskudd	76 344	0
Mottatt/avgitt(-) konsernbidrag	0	-3 446
Grunnlag betalbar skatt i balansen	**0**	**22 387**
Beregnet betalbar skatt	0	4 925
Benyttet kreditfradrag for utenlandsk inntektsskatt	0	4 925
Betalbar skatt i balansen	**0**	**0**

Note 8 Egenkapital
Beløp i 1 000 kroner

	Aksjekapital	Overkursfond	Annen EK	Sum
Egenkapital 1.1	40	7 000	0	7 040
Årets resultat	0	-6 274	0	-6 274
Egenkapital 31.12	**40**	**726**	**0**	**766**

Note 9 Aksjekapital og aksjonærinformasjon

Selskapets aksjekapital er på kr 40 000 fordelt på 40 aksjer hver pålydende kr 1 000.

Alle aksjene har samme rettigheter.

Altera Grand Banks AS er eid 100 % av Altera Grand Banks Shipping AS.

Note 10 Bundne midler

Av totale bankinnskudd per 31.12 er det ingen bundne midler.

Note 11 Fortsatt drift

Styret bekrefter i samsvar med regnskapslovens §3-3 at forutsetningen for fortsatt drift er til stede og at årsregnskapet er utarbeidet på grunnlag av dette. Etter styrets mening gir det fremlagte resultatregnskap og balanse med tilhørende noter et riktig bilde av selskapets drift og økonomiske stilling.

12. august 2022 søkte Altera Infrastructure L.P. (Partnerskapet) og enkelte av dets tilknyttede datterselskap (Chapter 11-selskapene), om frivillig behandling under Chapter 11 i Sourthern District of Texas i USA konkursdomstol.

6. januar 2023, ble nevnte Chapter 11- prosess avsluttet.

Altera Grand Banks AS og søsterselskaper som eies direkte eller indirekte av Altera Shuttlle Tankers LLC var ikke blant Chapter 11 selskapene og var heller ikke påvirket av denne prosessen.

Note 12 Hendelser etter balansedagen

Covid-19-pandemien
Altera Grand Banks AS virksomhet og medarbeidere har vært og er fortsatt påvirket av den globale covid-19-pandemien. En fortsettelse eller gjenoppblussing av pandemien, eller utbrudd av andre epidemier eller pandemier, vil kunne utløse eller forverre de andre risikofaktorene som er omtalt i denne rapporten, og ha vesentlig innvirkning på Altera Grand Banks AS virksomhet og økonomiske stilling. I 2022 har covid-19-pandemien vist tegn til å være mindre alvorlig. Det er imidlertid fortsatt usikkerhet knyttet til pandemiens varighet og omfang

Sikkerhetstrusler og fare for nettangrep
Altera Grand Banks AS er eksponert for sikkerhetstrusler som kan ha store negative konsekvenser for Altera Grand Banks AS driftsresultat og økonomiske stilling. Sikkerhetstrusler som terrorhandlinger, statlige cyberoperasjoner,

uautorisert tilgang eller angrep fra hackere, datavirus, brudd grunnet uautorisert bruk, feil eller misligheter utført av medarbeidere eller andre som har fått tilgang til nettverk og systemer som Altera Grand Banks AS er avhengig av kan føre til driftsstans, tap av informasjon, menneskeliv og andre tap. Spesielt tiltar omfanget av nettangrep, og har stadig større raffinement og alvorlighetsgrad.

Bortsett fra Chapter 11 situasjonen i konsernet, som nevnt under fortsatt drift note 11, samt hendelsene over her, er det ingen vesentlige hendelser etter balansedagen som har hatt særlig betydning for selskapets drift og stilling eller for vurdering av selskapets situasjon fremover.

ALTERA INFRASTRUCTURE LP

ANNUAL REPORT

2022

This Annual Report should be read in conjunction with the consolidated financial statements and accompanying notes included in this report.

Unless otherwise indicated, references in this Annual Report to "Altera Infrastructure," "we," "us" and "our" and similar terms refer to Altera Infrastructure L.P. and/or one or more of its subsidiaries, except those terms, when used in this Annual Report in connection with the existing Common Units or Warrants of Altera Infrastructure LP, or of previously issued Common Units, Preferred Units or publicly issued debt described herein, shall mean specifically the issuer thereof.

In addition to historical information, this Annual Report contains certain forward-looking statements that involve risks and uncertainties. Such forward-looking statements relate to future events and our operations, objectives, expectations, performance, financial condition and intentions. When used in this Annual Report, the words "expect," "intend," "plan," "believe," "anticipate," "estimate" and variations of such words and similar expressions are intended to identify forward-looking statements. Forward-looking statements in this Annual Report include, in particular, statements regarding:

- our future growth prospects, business strategy, and other plans and objectives for future operations;
- future capital expenditures and availability of capital resources to fund capital expenditures;
- our liquidity needs and meeting our going concern requirements, including our working capital deficit, anticipated funds and sources of financing for liquidity needs and the sufficiency of cash flows, and our estimation that we will have sufficient liquidity for at least the next one-year period;
- our ability to enter into new debt facilities, borrow additional amounts under existing facilities, refinance or extend existing debt obligations, to fund capital expenditures, to sell certain assets, to pursue growth projects and to negotiate extensions or redeployments of existing assets;
- measures taken to improve our debt maturity profile and enhance our liquidity and financial flexibility;
- our ability to maintain and expand long-term relationships with major oil companies, including our ability to service fields until they no longer produce, and the potential negative impact of low oil prices on the likelihood of certain contract extensions;
- the derivation of a substantial majority of revenue from a limited number of customers;
- our ability to leverage to our advantage the expertise, relationships and reputation of Brookfield Business Partners L.P. together with its institutional partners (Brookfield Business Partners L.P. and/or any one or more of its affiliates referred to herein as *Brookfield*) to pursue growth opportunities;
- the outcome and cost of claims and potential claims against us, including, among others, claims and potential claims by COSCO (Nantong) Shipyard (or *COSCO*) relating to Logitel Offshore Rig III LLC, Logitel Offshore Rig II Pte Ltd. and Logitel Offshore Pte. Ltd (or *Logitel*);
- the outcome of an investigation by Norwegian authorities of potential violations of Norwegian pollution and export laws in connection with the export of shuttle tankers in 2018 and subsequent recycling activities;
- our continued ability to enter into fixed-rate time charters and floating production, storage and offloading (or *FPSO*) contracts with customers;
- results of operations and revenues and expenses;
- our competitive advantage in the shuttle tanker market;
- the expected lifespan and estimated sales price or recycling value of vessels;
- our expectations as to any impairment of our vessels;
- acquisitions from third parties and obtaining offshore projects that we bid on or may be awarded;
- the expectations as to the chartering of unchartered vessels;
- our expectations regarding competition in the markets we serve;
- our entering into joint ventures or partnerships with companies and any business or asset acquisitions or dispositions;
- our ability to maximize the use of our vessels, including the re-deployment or disposition of vessels no longer under long-term time charter contracts;
- the duration of dry dockings;
- the valuation of goodwill and potential impairment;
- our compliance or ability to comply with covenants under our credit facilities and leases;
- the ability of the counterparties for our derivative contracts to fulfill their contractual obligations;
- our hedging activities relating to foreign exchange and interest rate risks, including our ability to have available credit lines for such hedging activities;
- our exposure to foreign currency fluctuations, particularly in Norwegian Krone, Brazilian Real, British Pound, Canadian Dollar, and Euro;
- increasing the efficiency of our business and redeploying vessels as charters expire or terminate;
- the adequacy of our insurance coverage;
- the expected impact of heightened environmental and quality concerns of insurance underwriters, regulators and charterers;
- our ability to comply with governmental regulations and maritime self-regulatory organization standards applicable to our business;

- the passage of climate control legislation or other regulatory initiatives that restrict emissions of greenhouse gases;
- unexpected changes in business conditions, governmental changes, health epidemics (including the COVID-19 pandemic) and other factors beyond our control that could have a material and adverse effect on our business, financial condition and operating results;
- anticipated taxation of our partnership and its subsidiaries and taxation of unitholders and the adequacy of our reserves to cover potential liability for additional taxes;
- our intent to take the position that we are not a passive foreign investment company;
- our general and administrative expenses relating to reporting of financial information to holders of Common Units and for reimbursement of fees and costs of Altera Infrastructure GP L.L.C., our general partner;
- our ability to amend our floating-rate credit facilities and debt instruments from LIBOR to the Secured Overnight Financing Rate (or SOFR);
- our ability to avoid labor disruptions and attract and retain highly skilled personnel;
- the extent of the disruption to and/or adverse impact on our business, operating results and financial condition as a result of the COVID-19 pandemic; and
- the possible impact of international conflicts, wars and related developments including Russia's invasion of Ukraine, terrorist acts and cyber terrorism.

Forward-looking statements are necessary estimates reflecting the judgment of senior management, involve known and unknown risks and are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. Actual results may differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially include, but are not limited to, those factors discussed below in Risk Factors.

We do not intend to revise any forward-looking statements in order to reflect any change in our expectations or events or circumstances that may subsequently arise. You should carefully review and consider the various disclosures included in this Annual Report and in our other filings that attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

BOARD OF DIRECTORS REPORT 2022

Introduction

Altera Infrastructure Partners L.P. is an international infrastructure services provider to the offshore oil and gas industry, focused on the ownership and operation of critical infrastructure assets in offshore oil regions of the North Sea, Brazil and the East Coast of Canada. We were formed as a limited partnership established under the laws of the Republic of the Marshall Islands in August 2006 and our affairs are governed by the Marshall Islands Limited Partnership Act and our limited partnership agreement as amended on January 6, 2023. We are a subsidiary of Brookfield Business Partners L.P (NYSE: BBU) (TSX: BBU.UN). Our registered place of business is Altera House, Unit 3, Prospect Park, Arnhall Business Park, Westhill, Aberdeenshire, AB32 6FJ, United Kingdom. Our telephone number at such address is +44 1224 568 200.

Between 2017 and 2019, Brookfield acquired a 100% interest in our general partner and approximately 73% of our outstanding common units. On January 22, 2020, Brookfield completed its acquisition by merger (the *Merger*) of all of the outstanding publicly held and listed common units representing our limited partner interests held by parties other than Brookfield (or *unaffiliated unitholders*) pursuant to a merger agreement (the *Merger Agreement*) among us, our general partner and certain members of Brookfield. Under the terms of the Merger Agreement, (a) a newly formed subsidiary of Brookfield merged with and into us and we survived as a wholly owned subsidiary of Brookfield and our general partner, and (b) common units held by unaffiliated unitholders were converted into the right to receive $1.55 in cash per common unit, other than common units held by unaffiliated unitholders who elected to receive the equity consideration. As an alternative to receiving the cash consideration in the merger, each unaffiliated unitholder had the option to elect to forego the cash consideration and instead receive one of our newly designated unlisted Class A common unit per common unit. The Class A common units were economically equivalent to the Class B common units held by Brookfield following the Merger, but had limited voting rights and limited transferability.

As of December 31, 2022, Brookfield owned all of the Class B common units, representing approximately 98.7% of our outstanding common units. All of the Class A common units, representing approximately 1.3% of our outstanding common units, were held by the unaffiliated unitholders. Refer to the Financial Statements: Note 22 - Equity. On January 6th, 2023 (the *Effective Date*), all of the Class B common units and the Class A common units held by Brookfield and unaffiliated unitholders were cancelled for no consideration. Refer to the Financial Statements: Note 31 - Chapter 11 Cases and Emergence for additional information.

The holding of units of our Partnership involves substantial risks. You should carefully consider the following factors in addition to the other information set forth in this Annual Report. The occurrence of any of the events described in this section could materially and adversely affect our business, financial condition, and operating results.

On January 6th, 2023, the Partnership emerged from Chapter 11. Refer to the Financial Statements: Note 31 - Chapter 11 Cases and Emergence for additional information. As a result of the Joint Chapter 11 Plan of Reorganization, on that date (a) the Limited Partnership Agreement was amended and restated (b) the existing Class A Common, Class B Common and Preferred Units of the Partnership were cancelled for no consideration (c) new Common Units of the Partnership were issued to previous bond-holders of the Partnership (d) warrants were issued to certain lenders to subsidiaries of the Partnership.

This annual report for the year ended December 31, 2022 reflect the equity of the Partnership on that date, but do not reflect the changes on January 6th, 2023. In particular, while we list various risk factors applicable to the Class A Common, Class B Common and Preferred Units as at

December 31, 2022, those risk factors ceased to be applicable on January 6th, 2023, and instead became effective, as applicable, to the new Common Units of the Partnership.

The amended and restated Limited Partnership Agreement provides certain rights to Minority Holders of Common Units, that is, holders not associated with Brookfield.

Risks Relating to Our Operations

COVID-19 and other pandemics may adversely impact our operations and profitability.

Although we have not experienced any material business interruptions or financial impact as a result of the COVID-19 pandemic, governmental orders in response to future pandemics or similar events, could impose or enforce restrictions on both personnel and goods throughout Europe and other relevant jurisdictions globally. This may in turn force us to apply measures in accordance with the authorities' instructions and advice to protect the public health and safety of personnel. Both the COVID-19 pandemic and any future pandemic may impact our ability to operate our vessels. In addition, our customers and suppliers may invoke force majeure regulations in the existing contracts, which in turn may impact our earnings and profitability. We are continuing to closely monitor counterparty risk associated with our vessels under contract and will work to mitigate any potential impact on the business; there can however be no assurance that any such mitigating efforts will be successful, in which case our earnings and profitability will be negatively affected.

The growth of our existing businesses depends on continued growth in global and regional demand for offshore oil transportation and processing and storage services.

Our long-term growth strategy includes a focus on expanding our fleet of shuttle tankers and FPSO units under medium-to-long term charter contracts. Accordingly, our growth depends on continued world and regional demand for these offshore services, which could be negatively affected by a number of factors, such as:

- decreases in the actual or projected price of oil and decreases in the consumption of oil;
- increases in the production of oil in areas linked by pipelines to consuming areas, the extension of existing, or the development of new, pipeline systems in markets we may serve, or the conversion of existing non-oil pipelines to oil pipelines in those markets; and
- availability of new, alternative energy sources.

A significant decline in oil prices may adversely affect our growth prospects and operating results.

A decline in oil prices may adversely affect our business, financial condition and operating results, as a result of, among other things:

- a reduction in exploration for or development of new offshore oil fields, or the delay or cancellation of existing offshore projects as energy companies lower their capital expenditures budgets, which may reduce our growth opportunities;
- a reduction in, or termination of, production of oil at certain fields we service, which may reduce our revenues under certain contracts;
- lower demand for our vessels, which may reduce charter rates and revenue to us upon redeployment of our vessels, in particular FPSO units, following expiration or termination of existing contracts or upon the initial chartering of vessels, or which may result in extended periods of our vessels being idle between contracts;
- customers potentially seeking to renegotiate or terminate existing vessel contracts, failing to extend or renew contracts upon expiration, or seeking to negotiate cancellable contracts;
- the inability or refusal of customers to make charter payments to us due to financial constraints or otherwise; or
- declines in vessel values, which may result in losses to us upon vessel sales or impairment charges against our earnings.

Payments under certain of our shuttle tanker contracts are based on the volume of oil transported and a portion of the payments under certain of our FPSO contracts are based on the volume of oil produced and the price of oil, which depends upon continued production from existing or new oil fields, which generally declines naturally over time. The duration of certain of these contracts is the life of the relevant oil field or is subject to extension or termination by the field operator or vessel charterer, which is beyond our control.

Payments under certain of our shuttle tanker contracts are based on the volume of oil transported and a portion of the payments under certain of our FPSO contracts are based on the volume of oil produced and the price of oil. Oil production levels are affected by several factors, all of which are beyond our control, including: geologic factors, including general declines in production that occur naturally over time; mechanical failure or operator error; the rate of technical developments in extracting oil and related infrastructure and implementation costs; the availability of necessary drilling and other governmental permits; the availability of qualified personnel and equipment; strikes, employee lockouts or other labor unrest; and regulatory changes. In addition, the volume of oil produced may be adversely affected by extended repairs to oil field installations or suspensions of field operations as a result of oil spills or otherwise. Reductions in oil production levels could have a material adverse effect on our business, operating results and financial condition.

Certain of our contracts continue until oil production at the field ceases. If production terminates or the field is abandoned, or if the contract term is not extended, or the applicable contract is not renewed, for any reason, we no longer will generate revenue under the related contract and will need to seek to redeploy the affected vessels. If we are unable to promptly redeploy any affected vessels at rates at least equal to those under the prior contracts or if we are not successful in redeploying any such vessels at all, our operating results could be harmed.

Other contracts under which our vessels operate are subject to extensions beyond their initial term. The likelihood of these contracts being extended may be negatively affected by reductions in oil field reserves, low oil prices generally or other factors.

FPSO units are specialized vessels that have very limited alternative uses and high fixed costs. In addition, FPSO units typically require substantial capital investments prior to being redeployed to a new field and production service contract. These factors increase the redeployment risk of FPSO units. Our clients may also terminate certain of our FPSO production service contracts prior to their expiration under specified circumstances. Any idle time prior to the commencement of a new contract or our inability to redeploy the vessels at acceptable rates may have an adverse effect on our business and operating results.

Our recontracting of existing vessels and our future growth depends on our ability to expand relationships with existing customers and obtain new customers, for which we face substantial competition.

Over the long-term, we intend to continue our practice of primarily acquiring vessels as needed for approved projects only after the medium-to-long-term charters for the projects have been awarded to us. The process of obtaining new medium-to-long-term charters is highly competitive and generally involves an intensive screening process and competitive bids, and often extends for several months. Contracts are awarded based upon a variety of factors, including:

- industry relationships and reputation for customer service and safety;
- experience and quality of ship operations and the quality, experience and technical capability of the crew;
- construction management experience, including the ability to provide on-time delivery of vessels according to customer specifications; and
- competitiveness of the bid in terms of overall price.

Increased competition may cause greater price competition for charters. As a result of these factors, we may be unable to expand our relationships with existing customers or to obtain new customers on a profitable basis, if at all, which would have a material adverse effect on our business, operating results and financial condition.

We derive a substantial majority of our revenues from a limited number of customers, and the loss of any such customers could result in a significant loss of revenues and cash flow.

Three of our customers accounted for an aggregate of 43% and 55% of our consolidated revenues during the years ended December 31, 2022 and 2021, respectively. If we lose a key customer, we may be unable to obtain replacement charters. If a customer exercises its right under some charters to purchase the vessel, or terminate the charter, we may be unable to acquire an adequate replacement vessel or charter. Any replacement newbuilding would not generate revenues during its construction and we may be unable to charter any replacement vessel on terms as favorable to us as those of the terminated charter. The loss of any of our significant customers or a reduction in anticipated revenues from them could have a material adverse effect on our business, operating results and financial condition.

Future adverse economic conditions or other developments may affect our customers' ability to charter our vessels and pay for our services or outstanding amounts due to us and may adversely affect our business and operating results.

Future adverse economic conditions or other developments relating directly to our customers may lead to a decline in our customers' operations or ability to pay for our services or willingness to pay outstanding amounts due to us, which could further result in decreased demand for our vessels and services. Our customers' inability to pay for any reason could also result in their default on our current contracts and charters. The decline in the amount of services requested by our customers or their default on our contracts with them could have a material adverse effect on our business, financial condition and operating results.

We must make substantial capital expenditures to maintain the operating capacity of our fleet.

We must make substantial capital expenditures to maintain, the operating capacity of our fleet. Maintenance capital expenditures include capital expenditures associated with dry docking a vessel, modifying an existing vessel or acquiring a new vessel to the extent these expenditures are incurred to maintain the operating capacity of our fleet. These expenditures could increase as a result of changes in:

- the cost of labor and materials;
- customer requirements;
- increases in fleet size or the cost of replacement vessels;
- governmental regulations and maritime self-regulatory organization standards relating to safety, security or the environment; and
- competitive standards.

Although delivery of the completed vessel will not occur approximately two to three years from the time an order is placed, we typically must pay between 5% to 10% of the purchase price of a shuttle tanker upon signing the purchase contract. During the construction period, we generally are required to make installment payments prior to delivery. Funding of any capital expenditures with debt may significantly increase our interest expense and financial leverage, and funding of capital expenditures through issuing additional equity securities may result in unitholder dilution. Our failure to obtain funding for future capital expenditures could have a material adverse effect on our business, operating results and financial condition.

Delays in the deliveries and commencement of operations of our vessels under their charters could harm our operating results.

Any delay in the operational start-up, or the delivery of any newbuilding vessel we may order, would delay our receipt of revenues under the related charters or contracts. In addition, under some charters we may enter into, if there is a delay, we may be required to pay liquidated damages during the delay in addition to suffering a loss of revenues. For prolonged delays, the customer may terminate the charter. Any such result could adversely affect our operating results and financial condition.

Over time, the value of our vessels may decline, which could adversely affect our operating results.

Values of vessels can fluctuate substantially over time and may decline from existing levels. If the operation of a vessel is not profitable, or if we cannot re-deploy a vessel at attractive rates upon termination of its contract, rather than continue to incur costs to maintain and finance the vessel, we may seek to dispose of it. Our inability to dispose of the vessel at a reasonable value could result in a loss on its sale and adversely affect our operating results and financial condition. Further, if we determine at any time that a vessel's future estimated useful life and earnings require us to impair its value, we may be required to recognize a significant charge against our earnings.

During the years ended December 31, 2022 and 2021, we recognized impairment expenses, net of $38 million and $116 million, respectively. Further, during the year ended December 31, 2021, our equity in earnings in the joint venture includes an impairment expense of $36 million recognized within our Itajai Joint Venture on the *Cidade de Itajai* FPSO unit. Refer to Financial Statements: Note 10 - Vessels and Equipment and Note 12 - Equity Accounted Investments. We may also recognize additional vessel or equipment impairments in the future.

Marine transportation and oil production is inherently risky, particularly in the extreme conditions in which many of our vessels operate. An incident involving significant loss of product or environmental contamination by any of our vessels could harm our reputation and business.

Vessels and their cargoes, and oil production facilities we service, are at risk of being damaged or lost because of events such as:

- marine disasters;
- adverse weather, especially relating to our vessels which operate in the North Sea;
- mechanical failures;
- grounding, capsizing, fire, explosions and collisions;
- piracy;
- cyber-attacks;
- human error; and
- war and terrorism.

An accident involving any of our vessels could result in any of the following:

- death or injury to persons, loss of property or damage to the environment and natural resources;
- delays in the delivery of cargo;
- loss of revenues;
- liabilities or costs to recover any spilled oil or other petroleum products and to restore the environment affected by the spill;
- governmental fines, penalties or restrictions on conducting business;
- higher insurance rates;
- acceleration of credit facilities; and
- damage to our reputation and customer relationships generally.

Terrorist attacks, piracy, increased hostilities or war could lead to further economic instability, increased costs and disruption of business.

War, military tension, revolutions, piracy and terrorist attacks, or increases in such events or activities, including current or future tensions and the invasion of Ukraine by Russia, could create or increase instability in the world's financial and commercial markets. This may significantly increase political and economic instability in some of the geographic markets in which we operate or may operate in the future, and may affect demand for our services, contribute to high levels of volatility in charter rates or oil prices and affect capital markets and our access to capital. In addition, oil facilities, shipyards, vessels, pipelines, oil fields or other infrastructure could be targets of future terrorist attacks or warlike operations and our vessels could be targets of pirates, hijackers, terrorists or warlike operations. Any such attacks could lead to, among other things, bodily injury or loss of life, vessel or other property damage, increased vessel operational costs, including insurance costs, and the inability to transport oil to or from certain locations. If these piracy attacks result in regions in which our vessels are deployed being named on the Joint War Committee Listed Areas, war risk insurance premiums payable for such coverage can increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including costs which are incurred to the extent we employ on-board armed security guards and escort vessels, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. Terrorist attacks, war, piracy, hijacking or other events beyond our control that adversely affect the distribution, production or transportation of oil to be shipped by us could entitle customers to terminate the charters and hijacking, as a result of an act of piracy against our vessels, or an increase in cost or unavailability of insurance for our vessels, could have a material adverse impact on our business, financial condition and operating results.

Following Russia's invasion of Ukraine in February 2022, the U.S., several European Union nations, and other countries have announced sanctions against Russia. The sanctions announced by the U.S. and other countries against Russia include, among others, restrictions on selling or importing goods, services or technology in or from affected regions, travel bans, asset freezes impacting connected individuals and political, military, business and financial organizations in Russia, the severing of large Russian banks from the U.S. and/or other financial systems, and barring select Russian enterprises from raising money in the U.S. market. The U.S., EU nations and other countries could impose wider sanctions and take other actions should the conflict further escalate. While it is difficult to anticipate the potential for any indirect impact sanctions announced to date may have on

our business, any further sanctions imposed or actions taken by the U.S., EU nations or other countries, and any retaliatory measures by Russia, such as restrictions on oil shipments from Russia, could lead to increased volatility in global oil demand, resulting in a material adverse impact on our business, results of operations and financial condition.

A cyber-attack could materially disrupt our business

We rely on information technology systems and networks in our operations and the administration of our business. Cyber-attacks have increased in number and sophistication in recent years. Our operations could be targeted by individuals or groups seeking to sabotage or disrupt our information technology systems and networks, or to steal data. A successful cyber-attack could materially disrupt our operations, including the safety of our operations, or lead to unauthorized release of information or alteration of information on our systems. Any such attack or other breach of our information technology systems could have a material adverse effect on our business or operating results.

The nature of our operations exposes us to substantial environmental and other regulations, which may significantly limit operations or increase expenses and could result in significant environmental liabilities.

Our operations are affected by extensive and changing international, national and local environmental protection laws, regulations, treaties and conventions in force in international waters, the jurisdictional waters of the countries in which our vessels operate, as well as the countries of our vessels' registration, including those governing oil spills, discharges to air and water, and the handling and disposal of hazardous substances and wastes. Many of these requirements are designed to reduce the risk of oil spills and other pollution. In addition, we believe that the heightened environmental, quality and security concerns of insurance underwriters, regulators and charterers will lead to additional regulatory requirements, including enhanced risk assessment and security requirements and greater inspection and safety requirements on vessels. The costs of compliance associated with environmental regulations and changes thereto could require significant expenditures. We expect to incur substantial expenses in complying with these laws and regulations, including expenses for vessel modifications and changes in operating procedures.

These requirements can affect the values or expected useful lives of our vessels, require modifications or operational changes or restrictions, lead to decreased availability of insurance coverage for environmental matters or result in the denial of access to certain jurisdictional waters or ports, or detention in, certain ports. Failure to comply with such regulations could result in the imposition of material fines, penalties, criminal sanctions, vessel seizures or temporary or permanent suspension of operations and we could incur material liabilities, including cleanup obligations, in the event that there is a release of petroleum or hazardous substances from our vessels or otherwise in connection with our operations. We could also become subject to personal injury or property damage claims relating to the release of or exposure to hazardous materials associated with our operations. An incident involving environmental contamination could also harm our reputation and business and in certain instances could lead to termination of our vessel contracts and/or acceleration of our credit facilities.

Our subsidiary, Altera Infrastructure Norway AS, is subject to an ongoing investigation relating to suspected violations of Norwegian pollution and export laws. The investigations are currently ongoing and relate to shuttle tanker exports from the Norwegian Continental Shelf in 2018. Whilst the Norwegian authorities continue their review of seized materials, we have, together with our advisors, continued to review materials connected with such export and, having not identified that any such process breached any export laws, continue to deny the allegations brought. Although we have not identified any such violations and deny the charges, no assurance can be made with respect to the results or timing of the ongoing review and investigations. Should the Norwegian authorities conclude that Altera Infrastructure Norway AS has breached relevant export restrictions, this may result in fines against the company as well as cause us wider reputational damage.

Our insurance and indemnities may not be sufficient to cover risks, losses or expenses that may occur to our property or as a result of our operations.

The operation of vessels carries an inherent risk of catastrophic marine disasters, death or injury of persons and property losses caused by adverse weather conditions, mechanical failures, human error, war, terrorism, piracy and other circumstances or events. We carry hull and machinery (marine and war risks) and protection and indemnity insurance coverage to protect against most of the accident-related risks involved in the conduct of our business. Hull and machinery insurance covers loss of, or damage to, a vessel due to marine perils such as collisions, grounding and weather. Protection and indemnity insurance indemnifies against other liabilities incurred while operating vessels, including injury to the crew, third parties, cargo loss and pollution. However, all risks may not be adequately insured against, and any particular claim may not be paid by insurance. In addition, the majority of our vessels are not insured against loss of revenues resulting from vessel off-hire, based on the cost of this insurance compared to our off-hire experience. We do not insure against all risks and may therefore be exposed under certain circumstances to uninsurable hazards, losses and risks. Any significant off-hire of our vessels could harm our business, operating results and financial condition. Any claims relating to our operations covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material. Certain insurance coverage is maintained through mutual protection and indemnity associations, and as a member of such associations we may be required to make additional payments over and above budgeted premiums if member claims exceed association reserves. In addition, the costs of this protection and indemnity coverage is significantly increasing.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future, may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic oil spill or marine disaster or natural disaster could exceed the insurance coverage, which could harm our business, financial condition and operating results. Any uninsured or underinsured loss could harm our business and financial condition. In addition, the insurance may be voidable by the insurers as a result of certain actions, such as vessels failing to maintain certification with applicable maritime regulatory organizations.

Changes in the insurance markets attributable to terrorist attacks or political change may also make certain types of insurance more difficult to obtain. In addition, the insurance that may be available may be significantly more expensive than existing coverage.

Climate change and greenhouse gas restrictions may adversely impact our operations and markets.

An increasing concern for, and focus on climate change has promoted extensive existing and proposed international, national and local regulations intended to reduce greenhouse gas emissions (including from various jurisdictions and the IMO). These regulatory measures may include the

adoption of cap and trade regimes, carbon taxes, increased efficiency standards and incentives or mandates for renewable energy. Compliance with these or other regulations and our efforts to participate in reducing greenhouse gas emissions will likely increase our compliance costs, require additional capital expenditures to reduce vessel emissions and require changes to our business.

Our business includes producing, transporting and storing oil and refined petroleum products. Regulatory changes and growing public concern about the environmental impact of climate change may lead to reduced demand for hydrocarbon products and decreased demand for our services, while increasing or creating greater incentives for use of alternative energy sources. We expect regulatory and consumer efforts aimed at combating climate change to intensify and accelerate. Although we do not expect demand for oil and gas to decline dramatically over the short-term, in the long-term, climate change initiatives will likely significantly affect demand for oil and gas and for alternatives. Any such change could adversely affect our ability to compete in a changing market and our business, financial condition and results of operations.

Increasing scrutiny and changing expectations from investors, lenders, customers and other market participants with respect to ESG policies and practices may impose additional costs on us or expose us to additional risks.

Companies across all industries are facing increasing scrutiny relating to their Environmental, Social and Governance (or ESG) policies. Investor advocacy groups, certain institutional investors, investment funds, lenders and other market participants are increasingly focused on ESG practices and, in recent years, have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG and similar matters may hinder access to capital, as investors and lenders may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Companies that do not adapt to or comply with investor, lender or other industry shareholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and their business, financial condition and stock price may be adversely affected.

We may face increasing pressures from investors, lenders, customers and other market participants, which are increasingly focused on climate change, to prioritize sustainable energy practices, reduce our carbon footprint and promote sustainability. As a result, we may be required to implement more stringent ESG procedures or standards so that our existing and future investors remain invested in us and make further investments in us, or in order for customers to consider conducting future business with us, and so that we can continue to attract the employees needed to operate our business, especially given our business of producing, transporting and storing oil and refined petroleum products. In addition, it is likely we will incur additional costs and require additional resources to monitor, report and comply with wide-ranging ESG requirements. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Environmental Risks

Altera Infrastructure operates according to a series of internal governance controls, including a formal enterprise risk management process, to identify existing and emerging risks which may originate internally or externally. These risk inputs are used to assess and prioritise mitigation responses.

Risk arising from Altera Infrastructure's activities, including those that are climate-related, are identified and assessed through the Partnership's enterprise risk management (ERM) process. The ERM process is facilitated by the corporate Risk and Audit Services function. Business unit management teams identify and assess enterprise risks on a quarterly basis, scoring each risk for consequence and likelihood over the coming five years on a rating scale running from 1 to 5, where 5 is high. These two independent scores are then multiplied to give a value of inherent risk with a score of 25 signifying imminent, and catastrophic risk. The output of this assessment is a heatmap which indicates risk severity, and aids in risk prioritisation. Risks are then further categorised as low risk, moderate risk and high risk as defined below:

- Low risk: inherent risk score ≤ 5
- Moderate risk: inherent risk score of 6–12
- High risk: inherent risk score >12

The ERM process runs on a business unit basis. Business unit ERM assessments are presented to group management quarterly and are further consolidated to create a Partnership-wide overview, and risks assigned an inherent risk score of 9 or above are included in quarterly management reports to the board.

Risks Relating to Our Liquidity

We have limited current liquidity.

As at December 31, 2022, we had total liquidity of $212 million and a working capital deficit of $1,797 million. Our working capital deficit is primarily related to the classification of $1,156 million of outstanding borrowings and $898 million of outstanding related party borrowings as current, predominantly as a result of entering Chapter 11 bankruptcy protection in August 2022. On January 6, 2023, we emerged from Chapter 11 with a strengthened balance sheet and foundation for long-term growth. The restructuring comprehensively reprofiled our bank loan facilities to better align cash flow with our debt service obligations as well as equitizing $1.1 billion in debt obligations. Our limited availability under existing credit facilities and our current working capital deficit could limit our ability to meet our financial obligations and growth prospects. We expect to manage our working capital deficit primarily with amounts generated from operations, including extensions and redeployments of existing assets, and additional potential sources of financing. However, there can be no assurance that any such sources of financing will be available to us on acceptable terms, if at all. Refer to the - Financial Statements: Note 2b - Going concern and Note 31 - Chapter 11 Cases and Emergence for additional information.

We have suspended, and are contractually restricted from making, quarterly cash distributions on our Preferred Units.

In July 2021, we suspended the payment of quarterly cash distributions on our outstanding common units and Preferred Units. In addition, no distributions on the Preferred Units will be permitted without noteholder consent while the 11.50% PIK Notes issued in the Brookfield Exchanges

remain outstanding. However, all distributions on the Preferred Units will continue to accrue and must be paid in full before distributions to Class A and Class B common unitholders can be made.

On the Effective Date, the Preferred Units were cancelled for no consideration and so distributions ceased to accrue as at that date. Refer to the Financial Statements: Note 31 - Chapter 11 Cases and Emergence for additional information.

The Partnership's Preferred Units (defined below) were listed through June 30, 2022 on the New York Stock Exchange under the ticker symbols "ALIN PR A", "ALIN PR B" and "ALIN PR E" respectively. On August 15, 2022, the Partnership received a letter from the New York Stock Exchange (the NYSE) notifying the Partnership that as a result of the Chapter 11 Cases (defined below) and in accordance with section 802.01D of the NYSE's Listed Company Manual, the NYSE has determined that the Partnership's Preferred Units would be delisted from the NYSE, and trading in the Preferred Units was suspended as of August 15, 2022. Refer to the Financial Statements: Note 31 - Chapter 11 Cases and Emergence for additional information.

Our ability to repay or refinance our debt obligations and to fund our capital expenditures will depend on certain financial, business and other factors, many of which are beyond our control. To the extent we are able to finance these obligations and expenditures with cash from operations or by issuing debt or other securities, our financial leverage may increase or our unitholders may be diluted. Our business may be adversely affected if we need to access other sources of funding.

Our ability to draw on committed and potential funding sources to help manage our working capital deficit, debt obligations and to fund our capital expenditure, and our future financial and operating performance will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond our control.

If we are unable to access existing or additional financing sources and generate sufficient cash flow to meet our debt obligations, capital expenditure and other business requirements, we may be forced to take actions such as:

- restructuring our debt;
- seeking additional debt or other capital;
- selling assets or equity interests in certain assets or joint ventures;
- reducing, delaying or canceling our business activities, acquisitions, investments or capital expenditures; or
- seeking bankruptcy protection.

Such measures may not be successful, and additional debt or other capital may not be available on acceptable terms or enable us to meet our debt obligations, capital expenditure or other obligations. In addition, our existing financing agreements may restrict our ability to implement some of these measures. The sale of certain assets will reduce cash from operations. Any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis could lead to cross-defaults under other financing agreements and result in obligations becoming due and commitments being terminated under such agreements and would likely result in a reduction of our credit rating, which in turn could harm our ability to incur additional indebtedness.

The use of cash from operations to satisfy debt obligations, capital expenditure or other obligations will reduce cash available for distribution to unitholders. Our ability to obtain bank financing or to access the capital markets for future offerings may be limited by our financial condition at the time of any such financing or offering as well as by adverse market conditions in general. Even if we are successful in obtaining necessary funds, the terms of such financings could limit our ability to operate our business as currently conducted. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional securities may result in unitholder dilution.

Our substantial debt levels may limit our flexibility in obtaining additional financing, refinancing credit facilities upon maturity, pursuing other business opportunities and paying distributions.

As at December 31, 2022, our total borrowings were approximately $2.3 billion and our net debt to capitalization ratio was 103%. However, on emergence from Chapter 11 on January 6, 2023, we significantly deleveraged our balance sheet by equitizing $1.1 billion in junior debt obligations which reduced our overall total borrowings and substantially improved our net debt to capitalization ratio. Refer to the Financial Statements: Note 31 - Chapter 11 Cases and Emergence for additional information. Even with our improved financial health we still maintain substantial debt levels and if awarded contracts for additional offshore projects or otherwise acquire additional vessels, our consolidated debt may further increase. We may incur additional debt under existing or future credit facilities. Our level of debt could have important consequences to us, including:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditure or other purposes, and our ability to refinance our credit facilities may be impaired or such financing may not be available on favorable terms;
- limiting management's discretion in operating our business and our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- we will need a substantial portion of our cash flow from operations to make principal and interest payments on our debt, reducing the funds that would otherwise be available for operations, future business opportunities and distributions to unitholders;
- our debt levels may make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our industry, increases in interest rates or the economy generally;
- if our cash flow and capital resources are insufficient to fund debt service obligations, it may force us to reduce or delay investments and capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness; and
- our debt level may limit our flexibility in responding to changing business and economic conditions.

Financing agreements containing operating and financial restrictions may restrict our business and financing activities.

The operating and financial restrictions and covenants in our current financing arrangements and any future financing agreements could adversely affect our ability to finance future operations or capital needs or to engage, expand or pursue our business activities.

Some of our borrowings contain covenants, debt-service coverage ratio (or *DSCR*) requirements and other restrictions on us and our subsidiaries typical of debt financing secured by vessels that restrict the ship-owning subsidiaries from, among other things:

- incurring or guaranteeing indebtedness;
- changing ownership or structure, including mergers, consolidations, liquidations and dissolutions;
- paying dividends or distributions if we are in default or do not meet minimum DSCR requirements;
- making capital expenditures in excess of specified levels;
- making certain negative pledges and granting certain liens;
- selling, transferring, assigning or conveying assets;
- making certain loans and investments; or
- entering into a new line of business.

Obligations under our borrowings are secured by the majority of our vessels, and if we are unable to repay debt under the borrowings, the lenders could seek to foreclose on those assets. Our ability to comply with covenants and restrictions contained in our borrowings may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, compliance with these covenants may be impaired. If restrictions, covenants, ratios or tests in the financing agreements are breached, a significant portion or all of the obligations may become immediately due and payable, and the lenders' commitment to make further loans may terminate. This could lead to cross-defaults under other financing agreements and result in obligations becoming due and commitments being terminated under such agreements. We might not have, nor be able to obtain, sufficient funds to make these accelerated payments, which would likely result in a material adverse effect on our business and may impair our ability to continue as a going concern. Furthermore, the termination of any of our charter contracts by our customers could result in the repayment of the debt facilities to which the chartered vessels relate.

As a result of the Chapter 11 Cases, the principal and interest due under the Altera Chapter 11 Parties' Debt Instruments (Refer to the Financial Statements: Note 31 - Chapter 11 Cases and Emergence for additional information) became immediately due and payable. The Altera Chapter 11 Parties believe that any efforts to enforce the financial obligations under the Debt Instruments are stayed as a result of the filing of the Chapter 11 Cases in the Bankruptcy Court. Except from the Altera Chapter 11 Parties' Debt Instruments, the Partnership was in compliance with its covenant requirements under its borrowings at December 31, 2022.

Restrictions in our financing agreements currently, and in the future may continue to, prevent us or our subsidiaries from paying distributions.

Our third party financing arrangements prevent the payment of dividends from various borrowing entities within the group while those borrowings are outstanding.

Our variable-rate indebtedness and lease obligations subject us to interest rate risk, which could cause our debt service and lease obligations to increase.
We are subject to interest rate risk in connection with borrowings and leases which bear interest at variable rates. Interest rates have recently been at relatively low levels and any increase in interest rates could impact the amount of our interest payments, and accordingly, our future earnings and cash flow. In addition, any hedging activities we may enter into may not be effective in fully mitigating our interest rate risk from our variable rate obligations.

Fluctuations in interest rates may materially affect our operating results.
We are exposed to the impact of interest rate changes, primarily through our floating-rate borrowings that require us to make interest payments based on LIBOR. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash available for servicing our indebtedness would decrease. We may or may not hedge our floating interest rate exposure under existing or future financing arrangements.

In March 2021, the UK Financial Conduct Authority, which regulates LIBOR, announced that it will cease the publication of LIBOR after December 31, 2021, with the exception of certain tenors of U.S. dollar LIBOR which will cease publication after June 30, 2023. We are currently working on replacing all LIBOR based agreements with SOFR as reference rate. Refer to the Financial Statements: Note 28 - Financial Risk Management for additional information.

Risks Relating to Our Relationship with Brookfield

We depend on Brookfield and certain joint venture partners to assist us in operating our businesses and competing in our markets.

We have entered into, and may enter into additional, joint venture arrangements with third parties to expand our fleet and access growth opportunities.

Our ability to compete for offshore oil transportation and processing and storage services, to enter into new charters and expand our customer relationships depends on our ability to maintain our status as a reputable service provider in the industry in addition to our ability to leverage our

relationship with Brookfield or our current or future joint venture partners and their reputation and relationships in the offshore industry. If Brookfield or our joint venture partners suffer material damage to their reputation or relationships, it may harm the ability of us to:

- renew existing and obtain new charters;
- successfully interact with shipyards during periods of shipyard construction constraints;
- obtain financing on commercially acceptable terms; or
- maintain satisfactory relationships with suppliers and other third parties.

Our general partner, which is owned by Brookfield, makes all decisions on our behalf, subject to the limited voting rights of our unitholders.

Brookfield owns our general partner. As a result, Brookfield is able to control the appointment and removal of the general partner's directors and, accordingly, exercises substantial influence over us.

Unlike the holders of common stock in a corporation, holders of our common units are limited to the extent provided by law and by our limited partnership agreement as amended on January 6, 2023. If the unitholders are dissatisfied with the performance of our general partner, they have little or no ability to remove our general partner.

Our partnership agreement restricts our general partner's obligations to our unitholders and restricts the remedies available to unitholders for actions taken by our general partner.

Our partnership agreement contains provisions that restrict the standards to which our general partner would otherwise be held by Marshall Islands law. For example, our partnership agreement:

- permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. Where our partnership agreement permits, our general partner may consider only the interests and factors that it desires, and in such cases, it has no duty or obligation to give any consideration to any interest of, or factors affecting us, our subsidiaries or our unitholders. Decisions made by our general partner in its individual capacity are made by Brookfield, and not by the board of directors of our general partner. Examples include the exercise of call rights, voting rights with respect to the common units they own, registration rights and their determination whether to consent to any merger or consolidation of the partnership;
- provides that our general partner is entitled to make other decisions in "good faith" if it reasonably believes that the decision is in our best interests;
- provides only for certain limited rights to Minority Holders, that is holders of Common Units not associated with Brookfield;
- provides only for certain limitations on transactions between the Partnership and Bookfield; and
- provides that our general partner and its officers and directors will not be liable for monetary damages to us or our limited partners for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that the general partner or those other persons acted in bad faith or engaged in fraud, willful misconduct or gross negligence.

Control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. In addition, our partnership agreement does not restrict the ability of the members of our general partner from transferring their respective membership interests in our general partner to a third party. In the event of any such transfer, the new members of our general partner would be in a position to replace the board of directors and officers of our general partner with their own choices and to control the decisions taken by the board of directors and officers. In the absence of any pre-agreed amendments, waivers or refinancing, any such change of control would likely trigger defaults across a number of our financing agreements, which could result in obligations becoming due and commitments being terminated under such agreements.

Our general partner and its other affiliates own a controlling interest in us and have conflicts of interest and limited or no fiduciary duties, which may permit them to favor their own interests to those of unitholders.

As at the date of this Annual Report, affiliates of Brookfield held 98.7% of our outstanding common units and a 100% interest in our general partner. In addition, as of December 31, 2022, our total borrowings from and indebtedness owed to Brookfield and its affiliates totaled $978 million. Neither we nor our general partner or its officers and directors owe any fiduciary duties to holders of our preferred units or Class A common units, other than an implied contractual duty of good faith and fair dealing pursuant to our partnership agreement. Four directors of our general partner also serve as officers, management or non-independent directors (as well as two other directors who serve as independents) of Brookfield or other affiliates of Brookfield. Consequently, these directors may encounter situations in which their fiduciary obligations to Brookfield, or its other affiliates, on one hand, and any obligation to us or our unitholders, on the other hand, are in conflict. The resolution of these conflicts may not always be in the best interest of us or our unitholders. As a result of these conflicts, our general partner may favor its own interests and the interests of its affiliates over the interests of our unitholders. These conflicts include, among others, the following situations:

- neither our partnership agreement nor any other agreement requires Brookfield or affiliates (other than our general partner) to pursue a business strategy that favors us or utilizes our assets, and Brookfield's directors and officers have fiduciary duties to make decisions in the best interests of the owners of Brookfield, which may be contrary to our interests;
- our general partner is allowed to take into account the interests of parties other than us, such as Brookfield, in resolving conflicts of interest, which has the effect of limiting any obligation to our unitholders;

- our general partner has restricted its liability and reduced its fiduciary duties or obligations under the laws of the Republic of the Marshall Islands, while also restricting the remedies available to our unitholders and unitholders are treated as having agreed to such modified standards and to certain actions that may be taken by our general partner, all as set forth in our partnership agreement;
- our general partner approves our annual budget and the amount and timing of our asset purchases and sales, capital expenditures, borrowings, reserves and issuances of additional partnership securities, each of which can affect the amount of cash that is available for distribution to our unitholders;
- our general partner can determine when certain costs incurred by it and its affiliates are reimbursable by us;
- our partnership agreement does not restrict us from paying our general partner or its affiliates for any services rendered to us on terms that are in accordance with the Limited Partnership agreement and are fair and reasonable or entering into additional contractual arrangements with any of these entities;
- our general partner intends to limit its liability regarding our contractual and other obligations;
- our general partner controls the enforcement of obligations owed to us by it and its affiliates; and
- our general partner decides whether to retain separate counsel, accountants or others to perform services for us.

Risks Relating to Our Structure

Our cash flow and our ability to pay distributions on our units, depends substantially on the ability of our subsidiaries to make distributions to us.

We depend on distributions and other payments from our subsidiaries to provide us with the funds necessary to meet our financial obligations. Our subsidiaries are legally distinct from us and some of them are or may become restricted in their ability to pay dividends and distributions or otherwise make funds available to us pursuant to local law, regulatory requirements and their contractual agreements, including agreements governing their financing arrangements. Any other entities through which we may conduct operations in the future will also be legally distinct from us and may be similarly restricted in their ability to pay dividends and distributions or otherwise make funds available to us under certain conditions.

Certain of our subsidiaries are precluded from paying distributions while their existing financing arrangements are in place. Other subsidiaries will generally be required to service their debt obligations and committed capital expenditure before making distributions to us, thereby reducing the amount of our cash flow available to us. The amount of cash our subsidiaries can distribute to us principally depends upon the amount of cash they generate from their operations which can be impacted by:

- contract rates and utilization of our vessels, including the rates at which our subsidiaries may be able to redeploy our vessels and the operating performance of our FPSO units, whereby receipt of incentive-based revenue from our FPSO units is dependent upon the fulfillment of applicable performance criteria;
- the price and level of production of, and demand for, crude oil particularly the level of production at the offshore oil fields our subsidiaries service under contracts of affreightment;
- the level of direct operating costs; and
- macroeconomic factors such as global and regional economic and political conditions, the status and effect of any health epidemics, currency exchange rate fluctuations and the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business.

We have been organized as a limited partnership under the laws of the Republic of the Marshall Islands, which does not have a well-developed body of partnership law.

Our partnership affairs are governed by our partnership agreement and by the Marshall Islands Limited Partnership Act (the *Marshall Island Act*). The provisions of the Marshall Islands Act resemble provisions of the limited partnership laws of a number of states in the United States, most notably Delaware. The Marshall Islands Act also provides that, for nonresident limited partnerships such as us, it is to be applied and construed to make the laws of the Republic of the Marshall Islands, with respect to the subject matter of the Marshall Islands Act, uniform with the laws of the State of Delaware and, so long as it does not conflict with the Marshall Islands Act or decisions of certain Republic of the Marshall Islands courts, the non-statutory law (or *case law*) of the courts of the State of Delaware is adopted as the law of the Republic of the Marshall Islands. There have been, however, few, if any, Marshall Islands court cases interpreting the Marshall Islands Act, in contrast to Delaware, which has a fairly well-developed body of case law interpreting its limited partnership statute. Accordingly, we cannot predict whether Marshall Islands courts would reach the same conclusions as Delaware courts. For example, the rights of our unitholders and any responsibilities of our general partner under Republic of the Marshall Islands law are not as clearly established as under judicial precedent in existence in Delaware. As a result, unitholders may have more difficulty in protecting their interests in the face of actions by our general partner and its officers and directors than would unitholders of a limited partnership formed in the United States.

Because we are organized under the laws of the Republic of the Marshall Islands, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

We are organized under the laws of the Marshall Islands, and a substantial part of our assets are located outside Norway. The Company's business is operated primarily from its offices in the United Kingdom with operations, assets and personnel in many locations. As a result, it may be difficult or impossible to bring an action against the Company in Norway. Even if successful in bringing an action of this kind, the laws of the Marshall Islands and of other applicable jurisdictions may prevent or restrict the enforcement of a judgment against the Company's assets.

Our businesses is stable, but subject to general economic conditions and risks relating to the economy.

Many industries, including the industries in which we operate, 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 we operate, 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 our company operates, interest rates and tax rates may adversely affect our growth and profitability. For example, 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 our operations.

The demand for our services is, in part, dependent upon and correlated to general economic conditions and economic growth of the regions applicable to the relevant asset. Poor economic conditions or lower economic growth in a region or regions may, either directly or indirectly, reduce demand for our services. In particular, the sectors in which we operate are highly cyclical, and we are subject to cyclical fluctuations in global economic conditions and end-use markets. We are unable to predict the future course of industry variables or the strength, pace or sustainability of the global economic recovery and the effects of government intervention. Negative economic conditions, such as an economic downturn, a prolonged global inflationary period, a prolonged period of higher interest rates or a prolonged recovery period or disruptions in the financial markets, could have a material adverse effect on our businesses, financial condition or results or operations.

Our business is impacted by rising inflationary pressures. Inflation rates in jurisdictions that we operate or invest in have increased significantly in 2022, rising above the target inflation rate ranges set by governing central banks. A significant portion of the upward pressure on prices has been attributed to the rising costs of labor, energy, food, motor vehicles and housing, as well as overall challenges involved in reopening and managing the economy throughout the COVID-19 pandemic and continuing global supplychain disruptions. Inflation increases may or may not be transitory and future inflation may be impacted by labor market constraints reducing, supply-chain disruptions easing and commodity prices moderating. However, any sustained upward trajectory in the inflation rate would have an impact on our business and our investors. We continue to monitor inflationary pressures in the jurisdictions we operate in and assess any potential effects on our operations.

Risks Related to Taxation

U.S. tax authorities could treat us as a "passive foreign investment company," which could have adverse U.S. federal income tax consequences to U.S. holders.

A non-U.S. entity treated as a corporation for U.S. federal income tax purposes will be treated as a "passive foreign investment company" (or *PFIC*), for such purposes in any taxable year in which, after taking into account the income and assets of the corporation and, pursuant to a "look-through" rule, any other corporation or partnership in which the corporation directly or indirectly owns at least 25% of the stock or equity interests (by value) and any partnership in which the corporation directly or indirectly owns less than 25% of the equity interests (by value) to the extent the corporation satisfies an "active partner" test and does not elect out of "look through" treatment, either (i) at least 75% of its gross income consists of "passive income," or (ii) at least 50% of the average value of the entity's assets is attributable to assets that produce or are held for the production of "passive income." For purposes of these tests, "passive income" includes dividends, interest, gains from the sale or exchange of investment property and rents and royalties (other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business). By contrast, income derived from the performance of services does not constitute "passive income."

There are legal uncertainties involved in determining whether the income derived from our and our look-through subsidiaries' time-chartering activities constitutes rental income or income derived from the performance of services, including the decision in Tidewater Inc. v. United States, 565 F.3d 299 (5th Cir. 2009), which held that income derived from certain time-chartering activities should be treated as rental income rather than services income for purposes of a foreign sales corporation provision of the Internal Revenue Code of 1986, as amended (or the *Code*). However, the Internal Revenue Service (or the *IRS*) stated in an Action on Decision (AOD 2010-01) that it disagrees with, and will not acquiesce to, the way that the rental versus services framework was applied to the facts in the Tidewater decision, and in its discussion stated that the time charters at issue in Tidewater would be treated as producing services income for PFIC purposes. The IRS's statement with respect to Tidewater cannot be relied upon or otherwise cited as precedent by taxpayers. Consequently, in the absence of any binding legal authority specifically relating to the statutory provisions governing PFICs, there can be no assurance that the IRS or a court would not follow the Tidewater decision in interpreting the PFIC provisions of the Code. Nevertheless, based on our and our look-through subsidiaries' current assets and operations, we intend to take the position that we are not now and have never been a PFIC. No assurance can be given, however, that this position would be sustained by a court if contested by the IRS, or that we would not constitute a PFIC for any future taxable year if there were to be changes in our and our look-through subsidiaries' assets, income or operations.

If we or the IRS were to determine that we are or have been a PFIC for any taxable year during which a U.S. Holder held units, such U.S. Holder would face adverse U.S. federal income tax consequences.

Business Overview

Overview

We are a multi-national infrastructure service provider to the oil and gas industry, focused on the ownership and operation of critical infrastructure assets in offshore regions of the North Sea, Brazil and the East Coast of Canada. Our portfolio comprises of the following five operating segments which are organized based on how management views business activities within particular sectors: FPSO, Shuttle Tanker, floating storage and off-take (or *FSO)*, Units for Maintenance and Safety (or *UMS*) and Towage, and two business segments: New Ventures and Corporate/Eliminations. As at December 31, 2022, our fleet was as follows:

	Number of Vessels		
	Owned Vessels	Chartered-in Vessels	Total
FPSO Segment	6 (i)	—	6
Shuttle Tanker Segment	20	1	21
FSO Segment	2	—	2
UMS Segment	1	—	1
Towage Segment	8	—	8
Total	**37**	**1**	**38**

(i) Includes two FPSO units, the *Cidade de Itajai* and *Pioneiro de Libra*, in which our ownership interest is 50 percent and also includes three wholly-owned units which are currently in lay-up.

The tables below provide a breakdown of total assets by operating segment and non-current assets by region as at December 31, 2022, and revenues for the year ended December 31, 2022 by operating segment and region.

Operating Segments

	Assets	Revenues
(in thousands of U.S Dollars)	As at December 31, 2022	Year Ended December 31, 2022
FPSO Segment	839,874	347,520
Shuttle Tanker Segment	1,962,572	604,409
FSO Segment	163,578	65,931
UMS Segment	68,658	32,218
Towage Segment	269,009	96,409
New Ventures		185
Eliminations	—	(4,785)
Corporate/Other		
Cash and cash equivalents and restricted cash	343,817	—
Other assets	10,637	—
Total	**3,658,145**	**1,141,887**

Region

	Non-Current Assets	Revenues
(in thousands of U.S Dollars)	As at December 31, 2022	Year Ended December 31, 2022
Norway(1)	1,717,916	569,525
Brazil(1)	685,574	196,868
Netherlands	251,820	91,624
Canada	430,939	133,913
United Kingdom(1)	28,527	51,141
Other	37,420	98,816
Total	**3,152,196**	**1,141,887**

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

FPSO Segment

FPSO units are offshore production facilities that are ship-shaped or cylindrical-shaped and store processed crude oil in tanks located in the hull of the vessel. FPSO units are employed to develop oil fields that typically are marginal or located in deepwater areas and/or remote from existing pipeline infrastructure. Of four major types of floating production systems, FPSO units are the most common type. Typically, the other types of floating production systems do not have significant storage and need to be connected into a pipeline system or use an FSO unit for storage. FPSO units are less weight-sensitive than other types of floating production systems and their extensive deck area provides flexibility in process plant layouts. In addition, the ability to utilize surplus or aging tanker hulls for conversion to an FPSO unit provides a relatively inexpensive solution compared to the new construction of other floating production systems. A majority of the cost of an FPSO unit comes from its top-side production equipment and thus, FPSO units are expensive relative to conventional tankers. An FPSO unit carries on board all the necessary production and processing facilities normally associated with a fixed production platform. As the name suggests, FPSO units are not fixed permanently to the

seabed but are designed to be moored at one location for long periods of time. In a typical FPSO unit installation, the untreated well-stream is brought to the surface via sub-sea equipment on the sea floor that is connected to the FPSO unit by flexible flow lines called risers. The risers carry the mix of oil, gas and water from the ocean floor to the vessel, which processes it on board. The resulting crude oil is stored in the hull of the vessel and subsequently transferred to tankers either via a buoy or tandem loading system for transport to shore.

Traditionally for large field developments, the major oil companies have owned and operated new, custom-built FPSO units. FPSO units for smaller fields have generally been provided by independent FPSO contractors under life-of-field production contracts, where the contract's duration is for the useful life of the oil field. FPSO units have been used to develop offshore fields around the world since the late 1970s.

At December 31, 2022, we owned four FPSO units, in which we have 100% ownership interests, three of which are in lay-up, and two FPSO units in which we have 50% ownership interests. Most independent FPSO contractors have backgrounds in marine energy transportation, oil field services or oil field engineering and construction. Other major independent FPSO contractors are SBM Offshore N.V., BW Offshore, MODEC, Bumi Armada, Yinson Holdings, Bluewater and MISC.

The following table provides additional information about our FPSO units as of December 31, 2022:

Unit	Production Capacity (bbl/ day)	Built	Ownership	Field Name and Location	Charterer	Contract End Date
Pioneiro de Libra	50,000	2017	50%	Mero/Libra, Brazil	Petrobras	November 2029
Cidade de Itajai	80,000	2012	50%	Bauna and Piracaba, Brazil	Karoon	February 2026 (1)
Petrojarl I	30,000	1986	100%	Atlanta, Brazil	Enauta	May 2024 (2)
Petrojarl Knarr	63,000	2014	100%		Lay-up	
Piranema Spirit	25,000	2007	100%		Lay-up	
Voyageur Spirit	30,000	2008	100%		Lay-up	
Total capacity	278,000					

(1) The charterer has options to extend the contract to February 2028.

(2) Until May 2023, the charterer has termination rights with four months' notice subject to the payment of certain termination fees. In January 2022, the contract was extended by one year to May 2024, with one year option to May 2025.The extension has similar termination rights as the existing contract.

The table below provides a breakdown of revenues for our FPSO segment by region:

	Year Ended	
	December 31, 2022	**December 31, 2021**
(in thousands of U.S Dollars)	**$**	**$**
Norway(1)	186,924	298,191
Brazil(1)	109,455	76,656
United Kingdom(1)(2)	51,141	115,031
Total	**347,520**	**489,878**

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

(2) Includes revenues earned through management services provided for FPSO units on behalf of disponent owners or charterers.

Shuttle Tanker Segment

A shuttle tanker is a specialized ship designed to transport crude oil and condensates from offshore oil field installations to onshore terminals and refineries. Shuttle tankers are equipped with sophisticated loading systems and dynamic positioning systems that allow the vessels to load cargo safely and reliably even in harsh weather conditions. Shuttle tankers were developed in the North Sea as an alternative to pipelines. The first cargo from an offshore field in the North Sea was shipped in 1977, and the first dynamically-positioned shuttle tankers were introduced in the early 1980s. Shuttle tankers are often described as "floating pipelines" because these vessels typically shuttle oil from offshore installations to onshore facilities in much the same way a pipeline would transport oil along the ocean floor.

Our shuttle tankers are primarily subject to long-term, fixed-rate time-charter or contracts of affreightment for various fields. The number of voyages performed under the contracts of affreightment depends mainly upon the oil production of each field. Competition for charters is based primarily upon price, availability, the size, technical sophistication, age and condition of the vessel and the reputation of the vessel's manager. Shuttle tanker demand may be affected by the possible substitution of sub-sea pipelines to transport oil from offshore production platforms. The shuttle tankers in our contract of affreightment fleet may operate in the conventional spot market during downtime or maintenance periods for oil field installations, which provides increased utilization for the fleet.

Shuttle tankers primarily operate in the North Sea, off the East Coast of Canada and Brazil. As of December 31, 2022, we owned 20 shuttle tankers and chartered-in an additional shuttle tanker. Other shuttle tanker owners include Knutsen, MOL and AET Tankers. We believe that it has competitive advantages in the shuttle tanker market as a result of low-emission vessels combined with economies of scale in the North Sea and the East Coast of Canada.

The following tables provide additional information about our shuttle tankers, as of December 31, 2022:

Vessel	Capacity (dwt)	Built	Ownership	Positioning System	Operating Region	Contract Type[1]	Charterer	Contract End Date
Tide Spirit	129,830	2020	100%	DP2	North Sea	CoA		
Scott Spirit	109,300	2011	100%	DP2	North Sea	CoA	Aker BP, BP, ConocoPhillips, DNO, Eni, Enquest, Equinor, Ithaca, M Vest Energy, Neptune Energy, NEO Energy, OKEA, OMV, ONE Dyas, PGNiG, Repsol Sinopec, Shell, Taqa Bratani, Vår Energi, Waldorf Production, Wintershall Dea[3]	
Peary Spirit	109,300	2011	100%	DP2	North Sea	CoA		
Nansen Spirit	109,300	2010	100%	DP2	North Sea	CoA		
Amundsen Spirit	109,300	2010	100%	DP2	North Sea[2]	CoA		
Petroatlantic	93,000	2003	100%	DP2	North Sea	CoA		
Ingrid Knutsen	111,600	2013	In-chartered (until January 2023)	DP2	North Sea	CoA		
Altera Wind	103,500	2021	100%	DP2	North Sea	CoA		
Altera Wave	103,500	2021	100%	DP2	North Sea	CoA		
Samba Spirit	154,100	2013	100%	DP2	Brazil	TC	Shell	May 2023[5]
Lambada Spirit	154,000	2013	100%	DP2	Brazil	TC	Shell	July 2023
Bossa Nova Spirit	155,000	2013	100%	DP2	Brazil	TC	Shell	Nov 2023
Sertanejo Spirit	155,000	2013	100%	DP2	Brazil	TC	Shell	January 2024
Beothuk Spirit	148,200	2017	100%	DP2	Canada	TC	ExxonMobil, Canada Hibernia, Cenovus, Chevron, Mosbacher, Murphy, Nalcor, Equinor, Suncor[3]	May 2030[6]
Norse Spirit	148,200	2017	100%	DP2	Canada	TC		May 2030[6]
Dorset Spirit	148,200	2018	100%	DP2	Canada	TC		May 2030[6]
Altera Thule	148,200	2022	100%	DP2	Canada	TC		May 2030[6)(7]
Nordic Brasilia	151,300	2004	100%	DP	Far-East	Spot		
Aurora Spirit	129,830	2020	100%	DP2	North Sea	TC	Equinor[4]	March 2034
Rainbow Spirit	129,830	2020	100%	DP2	North Sea	TC	Equinor[4]	March 2030
Current Spirit	129,830	2020	100%	DP2	North Sea	TC	Equinor[4]	March 2024
Total capacity	2,730,320							

(1) "CoA" refers to contracts of affreightment and "TC" refers to time charters.

(2) The *Amundsen Spirit* was temporarily contracted to assist the East Coast of Canada fleet during the winter months of early-2022.

(3) The charter agreements specify which shuttle tankers may be employed under the contract and the actual usage depends on the transport demand

(4) Under the terms of a master agreement with Equinor, the vessels are chartered under individual fixed-rate annually renewable time-charter contracts. The number of vessels Equinor is committed to in-charter may be adjusted annually based on the requirements of the fields serviced and the charter end date is based on the latest production forecast.

(5) In February 2023, the Partnership entered into an agreement with TotalEnergies to utilize the *Samba Spirit* shuttle tanker on a 22 month firm timecharter contract with extension options for an additional two or four months. The new contract will commence directly after dry-docking following the current charter period.

(6) The charterer may adjust the number of vessels servicing the East Coast of Canada contract by providing at least 24 months' notice.

(7) In November 2022, the Partnership entered into an agreement with Basin Wide Transportation and Transshipment System (or *BWTTS*) to in-charter the *Altera Thule* for 6-8 months each year from the third quarter 2023, until the fourth quarter 2025. The vessel is owned by the Partnership and will be utilized in the North Sea CoA pool, with a call option for winter operations in Canada.

In February 2023, the Group entered a new agreement with Knutsen to in-charter the *Ingrid Knutsen* shuttle tanker for 10 months from March 1, 2023.

Historically, the utilization of shuttle tankers in the North Sea is higher in the winter months, as favorable weather conditions in the summer months provide opportunities for repairs and maintenance to vessels and to the offshore oil platforms. Downtime for repairs and maintenance generally reduces oil production and, thus, transportation requirements.

The table below provides a breakdown of revenues for our shuttle tanker segment by region:

	Year Ended	
	December 31, 2022	December 31, 2021
(in thousands of U.S Dollars)	$	$
Norway[(1)]	338,274	280,974
Brazil[(1)]	87,413	99,990
Canada	133,913	109,366
United Kingdom[(1)]	—	—
Other	44,809	23,165
Total	**604,409**	**513,495**

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

FSO Segment

FSO units provide on-site storage for oil field installations. An FSO unit is generally used in combination with fixed or floating production systems that do not have sufficient oil storage capacity. FSO units are moored to the seabed at a safe distance from a field installation and receive cargo from the production facility via a dedicated loading system. An FSO unit is also equipped with an export system that transfers cargo to shuttle or conventional tankers. Depending on the selected mooring arrangement and where they are located, FSO units may or may not have any propulsion systems. FSO units are often conversions of older shuttle tankers or conventional oil tankers. These conversions, which include installation of a loading and off-take system and hull refurbishment, can generally extend the lifespan of a vessel as an FSO unit by up to 20 years over the normal shuttle tanker lifespan of 20 years. In September 2022, we sold the *Falcon Spirit* FSO for recycling.

Our FSO units are generally placed on long-term, fixed-rate time charter contracts as an integrated part of the field development, which provides stable cash flows to us.

As of December 31, 2022, we owned two FSO units. The major markets for FSO units are Asia, West Africa, Northern Europe, the Mediterranean and the Middle East. Our primary competitors in the FSO market are conventional tanker owners who have access to tankers available for conversion, and oil field services companies and oil field engineering and construction companies who compete in the floating production system market. Competition in the FSO market is primarily based on price, expertise in FSO operations, management of FSO conversions and relationships with shipyards, as well as the ability to access vessels for conversion that meet customer specifications.

The following table provides additional information about our FSO units as of December 31, 2022:

Vessel	Capacity (dwt)	Built	Ownership	Field name and location	Contract Type	Charterer	Contract End Date
Randgrid	124,500	1995	100%	Gina Krog, Norway	Time charter	Equinor	October 2023 [(1)]
Suksan Salamander	78,200	1993	100%	Bualuang, Thailand	Time charter	Medco Energi	August 2024 [(1)(2)]
Total capacity	202,700						

(1) Charterer has option to extend the time charter.

(2) In March 2023, Medco Energi exercised the 5-year extension of the contract which will commence in August 2024.

The table below provides a breakdown of revenues for our FSO segment by region:

	Year Ended	
	December 31, 2022	December 31, 2021
(in thousands of U.S Dollars)	$	$
Norway[(1)]	44,142	50,374
Other	21,789	25,031
Total	**65,931**	**75,405**

(1) Reference to Norway and the United Kingdom are to income from activities occurring on the Norwegian and the United Kingdom continental shelves respectively.

UMS Segment

UMS are used primarily for offshore accommodation, storage and support for maintenance and modification projects on existing offshore installations, or during the installation and decommissioning of large floating production and storage units, floating liquefied natural gas (or *FLNG*) units and floating drill rigs. The UMS is available for world-wide operations, excluding operations on the Norwegian Continental Shelf, and includes a DP3 positioning system that is capable of operating in deep water and harsh weather.

The following table provides additional information about our UMS as of December 31, 2022:

Vessel	Berths	Built	Ownership	Location	Contract type
Arendal Spirit	500	2015	100%	Norway	Lay-up(1)

(1) In February 2022, we signed an agreement with Energean Israel Ltd. to deploy the Arendal Spirit UMS. The unit was redelivered to us in November 2022.

The table below provides a breakdown of revenues for our UMS segment by region:

	Year Ended	
	December 31, 2022	December 31, 2021
(in thousands of U.S Dollars)	$	$
Norway(1)	—	895
Other	32,218	—
Total	32,218	895

(1) Reference to Norway is to income from activities occurring on the Norwegian continental shelf.

Towage Segment

Long-distance towage and offshore installation vessels are used for the towage, station-keeping, installation and decommissioning of large floating objects such as production and storage units, including FPSO units, FLNG units and floating drill rigs. We operate with long-distance towage and offshore installation vessels with a bollard pull of generally greater than 200 tonnes and a fuel capacity of at least 35-40 days of operation. Our focus is on intercontinental towage requiring trans-ocean movements. In July 2022, we sold the *ALP Ace* and *ALP Ippon* towage vessles for continued use.

Our vessels operate on voyage-charter and spot contracts. Voyage-charter revenue is less volatile than revenue from spot market rates, as project budgets are prepared and maintained well in advance of the contract commencement.

At December 31, 2022, we owned eight towage vessels.

The following table provides additional information about our towage vessels as of December 31, 2022:

Vessel	Bollard Pull (tonnes)	Built	Ownership	Contract Type
ALP Keeper	302	2018	100%	Voyage-charter
ALP Defender	305	2017	100%	Voyage-charter
ALP Sweeper	303	2017	100%	Voyage-charter
ALP Striker	309	2016	100%	Voyage-charter
ALP Centre	298	2010	100%	Voyage-charter
ALP Guard	285	2009	100%	Voyage-charter
ALP Winger	208	2007	100%	Voyage-charter
ALP Forward	219	2007	100%	Voyage-charter

The table below provides a breakdown of revenues for our towage segment by region:

	Year Ended	
	December 31, 2022	December 31, 2021
(in thousands of U.S Dollars)	$	$
Netherlands	96,409	80,134
Total	**96,409**	**80,134**

Business Strategies

Through teamwork and innovation we are shaping the infrastructure of offshore energy, leading the industry to a sustainable future. Our long-term business strategy, "Nurture the core - transition for more", include the following:

- **Harness the value of our existing business**. Our customers demand partners that have a reputation for high reliability, sustainability, safety, environmental and quality standards. We intend to continue to leverage our operational expertise and customer relationships, as well as our uncompromised commitment to safety, to further expand and grow our core business. At the core of this effort is the redeployment of our key assets and execution of selective new projects, focusing on increased return on capital and the development of further capital light and asset management solutions.
- **Decarbonize our industry**. We are committed to drive innovation to identify and accelerate reduction of emissions. Our aim is to continue to capitalize on and secure value for our customers through our leading position in shipping decarbonization. This effort will require strong

partnerships with like-minded customers, suppliers and technology centers, in addition to a strong focus on data analytics and the added innovation and value that can be driven by the right data.

- **Seize our opportunity in the Energy Transition**. We seek to maximize value for our unitholders, through our commitment to the energy transition and the new business opportunities arising within sustainable offshore industries. Altera has a strong platform and capabilities well suited to pivot into targeted opportunities.
- **Champion the power of Altera - our TEAM.** We commit to people who are driven, flexible and want to play their biggest game, focusing on attracting and retaining ambitious people that are eager to change and drive improvements. We work within our Accountability Leadership framework, always focused at being accountable, both as leaders and an organization. We will play our part in changing the world by driving sustainable behaviors, promoting diversity and inclusion and building on our positive social impact.

Management's Discussion and Analysis of Financial Conditions and Results of Operations

Operating Results

This management's discussion and analysis of our operating results and financial condition included in this Annual Report, covers our financial position as at December 31, 2022 and 2021, and our results of operations for the years ended December 31, 2022 and 2021. This information should be read in conjunction with the audited consolidated financial statements as at December 31, 2022 and 2021, and each of the years in the two years ended December 31, 2022, which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (or *IFRS*). Please refer to the Financial Statements.

Overview of our Business

We are a leading global energy infrastructure services provider primarily focused on the ownership and operation of critical infrastructure assets in the offshore oil regions of the North Sea, Brazil and the East Coast of Canada. We were formed as a limited partnership established under the laws of the Republic of the Marshall Islands in August 2006. In January 2020, Brookfield completed the acquisition by merger of all of the outstanding publicly held and listed common units representing our limited partner interests held by parties other than Brookfield. At December 31, 2022, Brookfield held 98.7% of our outstanding common units and a 100% interest in our general partner. The remaining 1.3% of our outstanding common units are held by entities other than Brookfield and its affiliates.

Outlook

Our near-to-medium term business strategy is primarily to optimize earnings from vessels on contract, to focus on extending contracts and redeploying existing assets on long-term charters, repaying or refinancing scheduled debt obligations and pursuing additional growth projects. Our operating cash flows have been slightly weakened by key FPSO units which have come off contract in recent years. However, we remain supported by a large and well-diversified portfolio of fee-based contracts, which primarily consist of medium-to-long-term contracts with high quality counterparties.

Global crude oil and gas prices have experienced recoveries in recent years, however remain volatile due to global and regional geopolitical, economic and strategic risks and changes. This has affected the energy and capital markets and may also result in our vessels being employed on customer contracts that are cancellable or the failure of customers to exercise charter extension options, potentially resulting in increased off-hire for affected vessels. Conversely, irrespective of recent increases in oil prices, we expect that charterers will be motivated to use existing FPSO units on new projects, given their lower cost relative to a newbuilding unit. Our operational focus over the short-term is to focus on extending contracts and the redeployment of our assets that are scheduled to come off charter over the next few years.

Our long-term growth strategy focuses on expanding our fleet of shuttle tankers and FPSO units under medium-to-long term charter contracts. Over the long-term, we intend to redeploy our key assets and execute select new projects, focusing on increased return on capital and the development of further capital light and asset management solutions. We have entered and may enter into joint ventures and partnerships with companies that may provide increased access to such charter opportunities or we may engage in vessel or business acquisitions. We are committed to drive innovation to identify and accelerate reduction of emissions and seek to maximize value for our unitholders, through our commitment to the energy transition and the new business opportunities arising within sustainable offshore industries.

Significant Developments

Liquidity Update

As at December 31, 2022, we had total liquidity of $212 million, an increase of $21 million compared to December 31, 2021.[1]

Chapter 11 Cases Emergence

On January 6, 2023, we emerged from Chapter 11 with a strengthened balance sheet and foundation for long-term growth:

- Restructuring was successfully implemented through a pre-arranged Chapter 11 process in U.S. Bankruptcy Court;
- Restructuring significantly deleveraged our balance sheet by equitizing $1.1 billion in junior debt obligations and facilitated a long term, sustainable positive liquidity outlook; and
- Raised $94 million in capital through an equity rights offering, which provided additional liquidity ($10 million) and repaid certain credit facilities, including the Chapter 11 DIP financing, in full ($84 million).

[1] Total liquidity is defined as Cash and cash equivalents (excluding Cash deposits with third-party restrictions).

The restructuring, which was consummated approximately five months after the Chapter 11 cases were commenced, addressed more than $1 billion of secured and unsecured holding company debt, $400 million of preferred equity, and $550 million of secured asset-level bank debt (including unsecured guarantees of such debt issued by Altera Infrastructure L.P.). With the support of substantially all of our lenders, including Brookfield Business Partners L.P., and certain of its affiliates and institutional partners, the restructuring comprehensively reprofiled our bank loan facilities to better align cash flow with its debt service obligations, and equitized more than $1 billion in junior debt obligations.

On the Effective Date, all equity securities in the prepetition Partnership outstanding prior to the Effective Date, including the outstanding 7.25% Series A, the 8.50% Series B and the 8.875% Series E Preferred Units, the Class A common units and the Class B common units, were cancelled, released and extinguished, and are of no further force or effect without any need for a holder of such equity securities to take further action with respect thereto.

On the Effective Date, in connection with the emergence from the Chapter 11 Cases and in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 1145 of the Bankruptcy Code:

- Altera Infrastructure GP L.L.C., the general partner of the Partnership (the “General Partner”), issued 100% of its newly issued limited liability company interests to an affiliate of Brookfield Business Partners L.P. (together with its affiliates, “Brookfield”);
- the Partnership issued 8,665,421 common units representing limited partner interests of the Partnership (the “Common Units”), including an aggregate of 3,665,421 Common Units issued pursuant to a rights offering of the Partnership pursuant to the Plan; and
- the Partnership issued 456,075 five-year warrants (the “Warrants”) initially exercisable for up to an aggregate of 456,075 Common Units at an exercise price of $120.14, subject to certain anti-dilution adjustments, to holders of certain claims related to prepetition facility-level credit agreements pursuant to the Plan.

As of the Effective Date, Brookfield holds 7,610,582 Common Units (87.8% of the total Common Units issued and outstanding), and unaffiliated third parties hold an aggregate of 1,054,839 Common Units (12.2% of the total Common Units issued and outstanding).

Financings

In March 2023, we successfully completed an amendment and extension of the financing for the shuttle tankers operating on the East Coast of Canada, which included a $30 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 million and matures in March 2026. The total amended financing amounts to $333 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.

In August 2022, on maturity, we redeemed the remaining $69 million of bonds on its outstanding 7.125% senior unsecured Altera Shuttle Tankers bonds listed on the Oslo Stock Exchange. The bonds were repaid at 101% of par value.

In February 2022, we amended an existing term loan relating to the financing of the *Arendal Spirit* UMS unit. Following the amendment, this term loan had an outstanding balance of $9 million and matures in February 2023. The interest payments on the amended facility are based on LIBOR plus a margin of 2.0% per annum.

Reporting

In January 2023, we filed a Form 15 - Certification and notice of termination of registration with the Securities Exchange Commission (or SEC), formally de-registering us from the SEC.

In August 2022, we received a letter from the NYSE notifying us that as a result of the Chapter 11 Cases and in accordance with section 802.01D of the NYSE’s Listed Company Manual, the NYSE has determined that our Preferred Units would be delisted from the NYSE, and trading in the Preferred Units was suspended as of August 15, 2022. On August 30, 2022, the NYSE filed a Form 25 to formally delist the Preferred Units.

Contracts

In February 2023, we signed an Extended Engineering contract with ENI for the Baleine field development in Côte d’Ivoire for the potential redeployment of the *Voyageur Spirit* FPSO and converting one of our shuttle tankers into an FSO.

In February 2023, we entered into an agreement with TotalEnergies to utilize the *Samba Spirit* shuttle tanker on a 22 month firm time-charter contract with extension options for an additional two or four months.

In January 2023, we entered into a bareboat contract with Equinor for the Rosebank development. The *Petrojarl Knarr* FPSO is set to be deployed for the Rosebank field development project, pending final investment decision and regulatory approvals. The contract is firm for nine years, with options up to a total of 25 years, and the field is planned to start production late-2026.

In October 2022, Energean Israel Ltd exercised an option to continue to deploy the *Arendal Spirit* UMS for 50 additional days. The unit was redelivered to us in November 2022.

In July 2022, Energean Israel Ltd. exercised an option to deploy the *Arendal Spirit* UMS for 32 additional days.

In June 2022, Equinor exercised a one-year extension option for the *Randgrid* FSO. The firm contract is effective until October 2023.

In May 2022, the *Petrojarl Knarr* FPSO ceased production on the Knarr field in the North Sea, after which decommissioning activities related to the field commenced.

In February 2022, we signed an agreement with Energean Isreal Ltd. to redeploy the *Arendal Spirit* UMS on a 100-day firm contract with extension options.

In February 2022, we entered into a front-end engineering design (or *FEED*) agreement with Equinor for redeployment of the *Petrojarl Knarr* FPSO unit on the Rosebank field.

In January 2022, we entered into a one-year firm contract extension with Enauta to May 2024 and a related one-year option for the *Petrojarl I* FPSO unit.

Delivery of Shuttle Tanker Newbuildings

In March 2022, our final newbuilding in a series of seven, the shuttle tanker *Altera Thule*, was delivered to us from the yard. The vessel commenced operations off the East Coast of Canada in May 2022.

Sales of Vessels

In March 2023, we entered into an agreement to sell the 100% owned vessel, the *Petroatlantic* shuttle tanker to a third party for conversion to an FSO for approximately $19 million. The vessel is scheduled to be delivered to its buyer in April 2023.

In October 2022, we entered into an agreement to sell our 50% owned vessel, the *Nordic Rio* shuttle tanker for continued use for approximately $27 million (100%). The vessel was delivered to its buyers in December 2022.

In July 2022, we sold the *ALP Ace* and *ALP Ippon* towage vessels for continued use in a non-competing industry for a total of $14 million. The vessels were delivered to their buyers in July 2022.

In July 2022, we entered into an agreement to sell our 50% owned vessel, the *Navion Gothenburg* shuttle tanker for continued use for approximately $25 million (100%). The vessel was delivered to its buyers in August 2022.

In July 2022, we entered into an agreement to sell the *Petronordic* shuttle tanker for recycling for approximately $7 million. The vessel was delivered to its buyers in September 2022.

In May 2022, we entered into an agreement to sell the *Falcon Spirit* FSO for recycling for $10 million. The vessel was delivered to its buyers in September 2022.

In May 2022, we completed the sale of the *Petrojarl Varg* FPSO unit for $22 million to an energy company for re-use as a production facility as part of a new field development opportunity. The vessel was delivered to its buyers in June 2022.

Fleet

In February 2023, we entered an agreement with Knutsen to in-charter the *Ingrid Knutsen* shuttle tanker for 10 months from March 1, 2023.

New Ventures

In March 2023, together with our partner Wintershall Dea, we announced that the Norwegian Ministry of Petroleum and Energy has awarded us a license to develop the Havstjerne CO2 storage in the North Sea. The storage, with an annual capacity estimated at 7 million tonnes per annum (Mtpa), is located 100 kilometers southwest of Egersund, Norway and represents significant progress for Altera Infrastructure's Stella Maris CO2 project.

Changes to Board of Directors and Committees

The following changes were made to our general partner's board of directors and committees:

- In March 2022, Carol Flaton joined the board of directors; Ms. Flaton was also appointed as a member of the Conflicts Committee.
- In January 2023, Carol Flaton resigned from the board of directors and as a member of the Conflicts Committee;
- In January 2023, Michael Rudnick resigned from the board of directors; and
- In January 2023, Emilio Nahum joined the board of directors.
- In January 2023, Brookfield reappointed all directors other than Ms Flaton and Mr Rudnick. The Conflicts Committee of the Board was dissolved. The other Committees of the Board were reconstituted with the same membership and chairs.

Results of Operations

Below we discuss certain of our consolidated results and, subsequently, certain results for our five operating segments.

In the following discussion we include the non-IFRS financial measures EBITDA and Adjusted EBITDA. We define these terms and provide reconciliations of these financial measures with the most directly comparable financial measures calculated and presented in accordance with IFRS below in “Non-IFRS Financial Measures.”

Our Contracts and Charters

The table below illustrates the primary distinctions among our types of charters and contracts for operation of our units and vessels:

	FPSO Contracts	Contract of Affreightment	Time Charter	Bareboat Charter	Voyage Charter [1]
Typical contract length	Long-term	One year or more	One year or more	One year or more	Single voyage
Hire rate basis [2]	Daily	Typically daily	Daily	Daily	Varies
Voyage expenses [3]	Not applicable	We pay	Customer pays	Customer pays	We pay
Vessel operating expenses	We pay	We pay	We pay	Customer pays	We pay
Off hire [4]	Not applicable	Customer typically does not pay	Varies	Customer typically pays	Customer does not pay
Shutdown [5]	Varies	Not applicable	Not applicable	Not applicable	Not applicable

(1) Under a consecutive voyage charter, the customer pays for idle time.
(2) “Hire rate” refers to the basic payment from the charterer for the use of the vessel.
(3) Voyage expenses are all expenses unique to a particular voyage, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions.
(4) “Off hire” refers to the time a vessel is not available for service.
(5) “Shutdown” refers to the time production services are not available.

Consolidated Results of Operations

The following table presents certain of our consolidated operating results for the years ended December 31, 2022 and 2021:

	Year Ended December 31,		% Change
(in thousands of U.S. Dollars, except percentages)	2022	2021	2022 vs 2021
IFRS:			
Revenues	1,141,887	1,151,260	(0.8)
Direct operating costs	(676,828)	(654,580)	3.4
General and administrative expenses	(32,283)	(40,770)	(20.8)
Depreciation and amortization	(269,778)	(313,120)	(13.8)
Interest expense	(256,549)	(206,176)	24.4
Interest income	3,799	91	4,074.7
Equity-accounted income (loss)	39,445	25,062	57.4
Impairment expense, net	(38,039)	(116,420)	(67.3)
Gain (loss) on dispositions, net	30,686	10,502	192.2
Realized and unrealized gain (loss) on derivative instruments	7,397	15,732	(53.0)
Foreign currency exchange gain (loss)	(341)	(825)	(58.7)
Gain (loss) on modification of financial liabilities, net	—	(45,920)	(100.0)
Other income (expenses), net	(112,413)	48,323	(332.6)
Income (loss) before income tax (expense) benefit	(163,017)	(126,841)	28.5
Income tax (expense) benefit			
Current	137	(4,603)	(103.0)
Deferred	700	(5,006)	(114.0)
Net income (loss)	(162,180)	(136,450)	18.9
Non-IFRS:			
EBITDA[1]	359,511	392,364	(8.4)
Adjusted EBITDA[1]	490,193	551,961	(11.2)

(1) EBITDA and Adjusted EBITDA are non-IFRS financial measures. Please refer to "Non-IFRS Financial Measures" below for definitions of these measures and for reconciliations of these measures with the most directly comparable financial measures calculated and presented in accordance with IFRS.

Comparison of the years ended December 31, 2022 and December 31, 2021

Revenues. Revenues decreased to $1,142 million, from $1,151 million, for the year ended December 31, 2022, compared to the same period last year, primarily due to a decrease in revenue in our FPSO and FSO segments, partially offset by an increase in revenue in our Shuttle tanker, Towage and UMS segments. Refer to "Results by Segment" below for additional information.

Direct operating costs. Direct operating costs increased to $677 million, from $655 million, for the year ended December 31, 2022, compared to the same period last year, primarily due to an increase in direct operating costs in our Shuttle tanker, UMS and Towage segments, partially offset by a decrease in direct operating costs in our FPSO and FSO segments. Refer to "Results by Segment" below for additional information.

General and administrative expenses. General and administrative expenses decreased to $32 million, for the year ended December 31, 2022, compared to $41 million for the same period last year primarily due to lower general legal and administrative costs.

Depreciation and amortization. Depreciation and amortization expense decreased to $270 million, for the year ended December 31, 2022, compared to $313 million for the same period last year, primarily due to sales and impairments of vessels and equipment.

Interest expense. Interest expense increased to $257 million for the year ended December 31, 2022, compared to $206 million for the same period last year, primarily due to increased interest rates and higher outstanding related party borrowings.

Equity-accounted income (loss). Equity-accounted income increased to $39 million for the year ended December 31, 2022, compared to $25 million for the same period last year. The increase in equity-accounted income was primarily due to the absence of a $36 million impairment expense recognized on the *Cidade de Itajai* FPSO unit within our Itajai Joint Venture in 2021, partially offset by unplanned downtime on the *Pioneiro de Libra* FPSO unit.

Impairment expense, net. Impairment expense, net was $38 million for the year ended December 31, 2022, compared to $116 million for the same period last year. During 2022, the impairment expense, net was recorded on five vessels, of which two vessels, with an aggregate expense of $32 million, was due to a change in the expected earnings or the future redeployment assumptions of the vessels. The remaining vessels, with an aggregate expense of $6 million, was due to the highly probable sale of the vessels. During 2021, the impairment expense, net was recorded on three vessels, of which two vessels, with an aggregate impairment expense of $108 million, was due to a change in the expected earnings or the future redeployment assumptions of the vessels and the remaining vessel, with an aggregate impairment expense of $8 million, was due to the highly probable sales of the vessels.

Gain (loss) on dispositions, net. Gain (loss) on dispositions, net was $31 million for the year ended December 31, 2022, compared to $11 million for the same period last year. During 2022, we sold five vessels and recognized a gain on dispositions of $16 million relating to the *Petrojarl Varg* FPSO unit, $3 million relating to the *Falcon Spirit* FSO unit, and $12 million relating to the *Nordic Rio* shuttle tanker. The remaining two vessels were sold at their approximate carrying values. During 2021, we sold six vessels and recognized a gain on disposition of $4 million relating to the *Dampier Spirit* FSO unit, $3 million relating to the *Navion Oceania* shuttle tanker unit and $1 million relating to the *Navion Anglia* shuttle tanker unit. In addition we recognized an additional gain of $3 million relating to the *Apollo Spirit* FSO unit, which was sold during 2020. The remaining three vessels were sold at their approximate carrying values.

Realized and unrealized gain (loss) on derivative instruments. Realized and unrealized gain (loss) on derivative instruments, was $7 million for the year ended December 31, 2022, compared to $16 million for the same period last year, primarily due to movements within the Partnership's interest rate swap agreements. During the years ended December 31, 2022 and 2021, we incurred realized losses of $13 million (which includes a $12 million realized loss relating to the termination of certain interest rate swaps) and $164 million (which includes a $146 million realized loss relating to the termination and partial settlement of certain interest rate swaps and $18 million realized loss relating to scheduled payments), respectively. We also recognized an unrealized gain on interest rate swaps of $23 million during the year ended December 31, 2022, compared to an unrealized loss of $180 million during the year ended December 31, 2021, due to swap terminations and increases in long-term LIBOR benchmark rates,

Gain (loss) on modification of financial liabilities, net. Gain (loss) on modification of financial liabilities, net was $nil for the year ended December 31, 2022, compared to $(46) million for the same period last year. This was due to the substantial modification of certain unsecured revolving credit facilities provided by Brookfield and refinancing activities related to the 2025 Bonds issued in December 2021.

Other income (expenses), net. Other income (expenses), net was $(112) million for the year ended December 31, 2022, compared to $48 million for the same period last year, primarily due to liability management expenses in 2022 as compared to the release of a $49 million accrual related to claims related to Logitel from COSCO in 2021.

Foreign currency exchange gain (loss). Foreign currency exchange gain (loss) was $nil for the year ended December 31, 2022, compared to $(1) million for same period last year. Our foreign currency exchange gain (loss) is due primarily to the relevant period-end revaluation of NOK-denominated monetary assets and liabilities for financial reporting purposes. Gains on NOK-denominated net monetary liabilities reflect a stronger U.S. Dollar against the NOK on the date of revaluation or settlement compared to the rate in effect at the beginning of the period. Losses on NOK-denominated net monetary liabilities reflect a weaker U.S. Dollar against the NOK on the date of revaluation or settlement compared to the rate in effect at the beginning of the period.

Income tax (expense) benefit. Income tax (expense) benefit was $1 million for the year ended December 31, 2022, compared to $(10) million for 2021. The decrease in expense was mainly driven by the derecognition of deferred tax assets in 2021.

Adjusted EBITDA. Adjusted EBITDA decreased by $33 million for the year ended December 31, 2022, compared to the same period last year. Refer to "Results by Segment" below for additional information.

Results by Segment

IFRS requires operating segments to be determined based on internal reports that are regularly reviewed by our chief operating decision maker (or *CODM*) for the purpose of allocating resources to the segment and to assess its performance. The key measure used by the CODM in assessing performance and in making resource allocation decisions is Adjusted EBITDA.

Adjusted EBITDA represents net income (loss) before interest expense, interest income, income tax (expense) benefit, and depreciation and amortization 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 management, in assessing our performance, views 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 equity-accounted income (loss). Adjusted EBITDA also includes our proportionate share of Adjusted EBITDA from our equity-accounted investments and excludes the non-controlling interests' proportionate share of Adjusted EBITDA. We do not have control over the operations of, nor have any legal claim to the revenues and expenses of our equity-accounted investments. Consequently, the cash flow generated by our equity-accounted investments may not be available for use by us in the period that such cash flows are generated.

Adjusted EBITDA is also used by external users of our consolidated financial statements, such as investors and our controlling unitholder.

See “Non-IFRS Financial Measures” for a reconciliation of Adjusted EBITDA to the most directly comparable IFRS measure.

FPSO Segment

As at December 31, 2022, our FPSO fleet consisted of six units (December 31, 2021 - seven units), including two units of which we own 50% through our joint ventures with Ocyan S.A. (or *Ocyan*) (December 31, 2021 - two units). The *Petrojarl Knarr*, *Voyageur Spirit* and *Piranema Spirit* FPSO units are currently in lay-up (December 31, 2021 - *Petrojarl Varg, Voyageur Spirit and Piranema Spirit*). In May 2022, we sold the *Petrojarl Varg* FPSO unit to an energy company for re-use as a production facility as part of a new field development opportunity and received net proceeds of $22 million. We also provided management services for three FPSO units on behalf of the disponent owners or charterers of these units during 2022 (December 31, 2021 - two FPSO units).

FPSO units provide production, processing and storage services to oil companies operating offshore oil field installations. These services are typically provided under long-term, fixed-rate contracts, some of which also include certain incentive compensation or penalties based on the level of oil production, the price of oil and other operational measures. Historically, the utilization of FPSO units and other vessels in the North Sea, is higher in the winter months, as favorable weather conditions in the summer months provide opportunities for repairs and maintenance to our units and the offshore oil platforms, which generally reduces oil production. The strengthening or weakening of the U.S. Dollar relative to the NOK, Brazilian Real and British Pound may result in significant decreases or increases, respectively, in our revenues and direct operating costs, as significant components of revenues are earned and direct operating costs are incurred in these currencies for our FPSO units.

The following table presents certain of the FPSO segment’s operating results for 2022 and 2021:

	Year Ended December 31,		% Change
(in thousands of U.S. Dollars, except percentages)	2022	2021	2022 vs 2021
Revenues	347,520	489,878	(29.1)
Direct operating costs	(205,015)	(279,677)	(26.7)
General and administrative[1]	(28,082)	(30,521)	(8.0)
Adjusted EBITDA from equity-accounted investments[2]	58,551	95,880	(38.9)
Adjusted EBITDA	172,974	275,560	(37.2)
Depreciation and amortization	(68,859)	(92,208)	(25.3)
Impairment expense, net	(31,914)	(116,420)	(72.6)
Gain (loss) on dispositions, net	15,700	—	—

(1) Includes direct general and administrative expenses and indirect general and administrative expenses (allocated to the FPSO segment based on estimated use of corporate resources).

(2) Adjusted EBITDA from equity-accounted investments represents our proportionate share of Adjusted EBITDA from equity-accounted vessels.

Comparison of the years ended December 31, 2022 and December 31, 2021

Revenues. Revenues decreased to $348 million, from $490 million, for the year ended December 31, 2022, compared to the same period last year, primarily due to:

- a decrease of $126 million due to the absence of contribution from the *Petrojarl Knarr* FPSO unit going off contract May 1, 2022;
- a decrease of $51 million due to reduced activity on the *Petrojarl Foinaven* FPSO unit, as the unit is no longer in production;
- a decrease of $13 million due to the *Voyageur Spirit* FPSO unit being in lay-up during 2022;
- a decrease of $8 million due to the *Piranema Spirit* FPSO unit completing its contract in April 2021, and being in lay-up since May 2021; and
- a decrease of $7 million mainly due to ending our management services on the *Hummingbird* FPSO unit in June 2022.

partially offset by

- an increase of $39 million due to higher uptime and oil price tariff revenues for the *Petrojarl I* FPSO unit; and
- an increase of $21 million mainly due to various concept and FEED studies for clients.

Direct operating costs. Direct operating costs decreased to $205 million, from $280 million, for the year ended December 31, 2022, compared to the same period last year, primarily due to:

- a decrease of $50 million due to reduced activity on the *Petrojarl Foinaven* FPSO unit, as the unit is no longer in production;
- a decrease of $16 million due to *Petrojarl Knarr* FPSO unit being in lay-up from July 2022;
- a decrease of $11 million due to onshore compensation;
- a decrease of $9 million due to the *Piranema Spirit* FPSO unit completing its contract in April 2021, and being in lay-up since May 2021;
- a decrease of $4 million mainly due to ending our management services on the *Hummingbird* FPSO unit in June 2022; and
- a decrease of $2 million due to lower repair and maintenance and other miscellaneous costs on the *Petrojarl I* FPSO unit;

partially offset by

- an increase of $20 million due to various concept and FEED studies for clients.

General and administrative. General and administrative expenses decreased to $28 million, for the year ended December 31, 2022, compared to $31 million for the same period last year which is generally consistent.

Adjusted EBITDA from equity-accounted investments. Adjusted EBITDA from equity-accounted investments decreased to $59 million, for the year ended December 31, 2022, compared to $96 million, for the same period last year, primarily due to unplanned downtime on the *Pioneiro de Libra* FPSO.

Adjusted EBITDA. Adjusted EBITDA (including Adjusted EBITDA from equity-accounted joint ventures) decreased to $173 million, for the year ended December 31, 2022, compared to $276 million, for the same period last year, primarily due to the decrease in direct operating costs of $75 million, as described above, and a $37 million decrease in adjusted EBITDA from equity-accounted investments, as described above, and the decrease in revenues of $142 million, as described above.

Depreciation and amortization. Depreciation and amortization expense decreased to $69 million, for the year ended December 31, 2022, compared to $92 million for the same period last year, primarily due to the impairments of our FPSO units during 2022 and 2021, as described below.

Impairment expense, net. Impairment expense, net of $32 million for 2022 was due to the impairment of certain units due to a change in the expected earnings of the units.

Impairment expense, net. Impairment expense, net of $116 million for 2021 was related to the $108 million impairment of certain units due to changes in the expected earnings as a result of reassessments of the future redeployment opportunities for the units, and a $8 million impairment due to the highly probable sale of a unit.

Gain (loss) on dispositions, net. Gain (loss) on dispositions, net was $16 million for the year ended December 31, 2022, compared to $nil for the same period last year, primarily due to recognized gains on dispositions of $16 million relating to the sale of *Petojarl Varg* FPSO unit, sold during the year ended December 31, 2022.

Shuttle Tanker Segment

As at December 31, 2022, our shuttle tanker fleet consisted of 20 owned vessels (December 31, 2021 - 22 owned vessels) that operate under fixed-rate CoAs and time charters (December 31, 2021 - fixed-rate CoAs, time charters, and bareboat charters), including zero shuttle tankers in which our ownership interest is 50 percent (December 31, 2021 - two shuttle tankers), and one in-chartered vessel (December 31, 2021 - one in-chartered vessel). All of our operating shuttle tankers provide transportation services to energy companies predominately in the North Sea, Brazil and the East Coast of Canada. Our shuttle tankers occasionally service the conventional spot tanker market and we occasionally charter-in shuttle tankers in the spot market. The strengthening or weakening of the U.S. Dollar relative to the NOK, Euro and Brazilian Real may result in significant decreases or increases, respectively, in our direct operating costs, as significant components of direct operating costs are incurred in these currencies for our shuttle tankers.

A shuttle tanker is a specialized ship designed to transport crude oil and condensates from offshore oil field installations to onshore terminals and refineries. Shuttle tankers are equipped with sophisticated bow 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.

The following table presents certain of the shuttle tanker segment's operating results for 2022 and 2021 and also provides a summary of the changes in calendar-ship-days by owned and chartered-in vessels for the shuttle tanker segment:

	Year Ended December 31,		% Change
(in thousands of U.S. Dollars, except calendar-ship-days and percentages)	2022	2021	2022 vs 2021
Revenues	604,409	513,495	17.7
Direct operating costs	(305,529)	(245,753)	24.3
General and administrative(1)	(27,562)	(30,180)	(8.7)
Adjusted EBITDA attributable to non-controlling interests(2)	(1,133)	162	(799.4)
Adjusted EBITDA	270,185	237,724	13.7
Depreciation and amortization	(158,703)	(172,716)	(8.1)
Impairment expense, net	(4,960)	—	100.0
Gain (loss) on dispositions, net	11,414	3,644	213.2
Calendar-Ship-Days			
Owned vessels	8,054	8,932	(9.8)
Chartered-in vessels	422	407	3.7
Total	8,476	9,339	(9.2)

(1) Includes direct general and administrative expenses and indirect general and administrative expenses (allocated to the shuttle tanker segment based on estimated use of corporate resources).

(2) Adjusted EBITDA attributable to non-controlling interests represents the non-controlling interests' proportionate share of Adjusted EBITDA from our consolidated joint ventures.

Comparison of the years ended December 31, 2022 and December 31, 2021

Revenues. Revenues increased to $604 million, from $513 million, for the year ended December 31, 2022, compared to the same period last year, primarily due to:

- an increase of $60 million due to reimbursable bunker purchases (offset in direct operating costs below);
- an increase of $36 million due to higher rates during 2022 in the conventional tanker spot market in which our vessels occasionally operate and the *Navion Gothenburg* shuttle tanker being in operation in 2022 (until sold August 2022), as compared to being in the yard for 11 months during 2021;
- an increase of $11 million due to the *Altera Thule* shuttle tanker being on contract from May 2022;
- an increase of $4 million due to the *Amundsen Spirit* shuttle tanker operating in the East Coast of Canada fleet during the first half of 2022;
- an increase of $3 million due to higher CoA revenue as the *Altera Wind* and *Altera Wave* shuttle tankers entered the fleet in the second quarter of 2021;
- an increase of $3 million due to higher utilization in the North Sea CoA fleet;
- an increase of $2 million due to reduced off hire days during 2022; and
- an increase of $2 million due to rate escalations in the time-charter fleet;

partially offset by

- a decrease of $15 million due to the termination of the *Petrojarl Foinaven* CoA contract in May 2021;
- a decrease of $8 million due to compensation for contractual dry-docking obligations not performed by the charterer upon redelivery of the *Navion Gothenburg* shuttle tanker in the first quarter of 2021; and
- a decrease of $8 million due to the redelivery to us of the *Navion Stavanger* shuttle tanker during October 2021.

Direct operating costs. Direct operating costs increased to $306 million, from $246 million, for the year ended December 31, 2022, compared to the same period last year, primarily due to:

- an increase of $60 million due to reimbursable bunker purchases (offset in revenue above);
- an increase of $8 million due to the *Navion Gothenburg* shuttle tanker being in operation in the conventional tanker market in 2022 (until sold in August 2022), as compared to being in the yard for 11 months during 2021;
- an increase of $3 million due to certain yard claims expensed during the year ended 2022;
- an increase of $2 million due to the *Altera Thule* shuttle tanker entering the fleet in May 2022; and
- an increase of $2 million due to more vessel in-chartered days during the year ended 2022;

partially offset by

- a decrease of $5 million due to the redelivery to us of the *Navion Gothenburg* shuttle tanker in the first quarter of 2021;
- a decrease of $5 million due to various other operating expenditures including favorable foreign exchange fluctuations during the year ended December 31, 2022;

- a decrease of $4 million due to the *Stena Natalita, Navion Oslo, Navion Anglia* and *Navion Oceania* shuttle tankers leaving the fleet during the year ended December 31, 2021; and
- a decrease of $1 million due to the sale of the *Petronordic* shuttle tanker in September 2022.

General and administrative. General and administrative expenses decreased to $28 million, for the year ended December 31, 2022, compared to $30 million for the same period last year which is generally consistent.

Adjusted EBITDA. Adjusted EBITDA increased to $270 million, for the year ended December 31, 2022, compared to $238 million, for the same period last year, primarily due to the increase in revenues of $91 million, as described above, increase in direct operating costs of $60 million, as described above.

Depreciation and amortization. Depreciation and amortization expense decreased to $159 million, for the year ended December 31, 2022, compared to $173 million for the same period last year, primarily due to the sale of the *Navion Stavanger* shuttle tanker in the fourth quarter of 2021 and the sale of the *Petronordic* shuttle tanker during the third quarter of 2022; partially offset by the delivery of the *Altera Thule* shuttle tanker in the second quarter of 2022.

Impairment expense, net. Impairment expense, net was $5 million for the year ended December 31, 2022, compared to $nil for the same period last year, due to an impairment of the *Petronordic* shuttle tanker in the second quarter of 2022 due to the expected sale of the vessel.

Gain (loss) on dispositions, net. Gain (loss) on dispositions, net was $11 million for the year ended December 31, 2022, compared to $4 million for the same period last year, primarily due to recognized gains on dispositions of $12 million relating to the sale of *Nordic Rio* shuttle tanker, compared to $1 million relating to the *Navion Anglia* shuttle tanker and $3 million relating to the *Navion Oceania* shuttle tanker, sold during the year ended December 31, 2021.

The average size of our owned shuttle tanker fleet decreased for 2022, compared to 2021, primarily due to the sales of the *Nordic Rio* shuttle tanker in December 2022, the *Navion Gothenburg* shuttle tanker in August 2022, and *Petronordic* shuttle tanker in September 2022, partially offset by the delivery of the *Altera Thule* shuttle tanker in March 2022.

The size of our chartered-in fleet was one vessel for 2022 and 2021.

FSO Segment

As at December 31, 2022, our FSO fleet consisted of two units that operate under fixed-rate time charters or fixed-rate bareboat charters, for which we have 100% ownership interests (December 31, 2021 - three units).

FSO units provide an on-site storage solution to oil field installations that have no oil storage facilities or that require supplemental storage. Our revenues and direct operating costs for the FSO segment are affected by fluctuations in currency exchange rates, as a significant component of revenues are earned and vessel operating expenses are incurred in NOK and Australian Dollars for certain vessels. The strengthening or weakening of the U.S. Dollar relative to the NOK or Australian Dollar may result in significant decreases or increases, respectively, in our revenues and vessel operating expenses.

The following table presents certain of the FSO segment's operating results for 2022 and 2021:

	Year Ended December 31,		**% Change**
(in thousands of U.S. Dollars, except percentages)	**2022**	**2021**	**2022 vs 2021**
Revenues	65,931	75,405	(12.6)
Direct operating costs	(23,120)	(30,292)	(23.7)
General and administrative(1)	(4,349)	(4,360)	(0.3)
Adjusted EBITDA attributable to non-controlling interests(2)	—	9	(100.0)
Adjusted EBITDA	38,462	40,762	(5.6)
Depreciation and amortization	(21,471)	(25,247)	(15.0)
Gain (loss) on dispositions, net	3,432	6,858	(50.0)

(1) Includes direct general and administrative expenses and indirect general and administrative expenses (allocated to the FSO segment based on estimated use of corporate resources).

(2) Adjusted EBITDA attributable to non-controlling interests represents the non-controlling interests' proportionate share of Adjusted EBITDA from our consolidated joint ventures.

Comparison of the years ended December 31, 2022 and December 31, 2021

Revenues. Revenues decreased to $66 million, from $75 million, for the year ended December 31, 2022, compared to the same period last year, primarily due to:

- a decrease of $5 million due to *Falcon Spirit* FSO unit being sold in September 2022; and
- a decrease of $3 million due to lower charter rates under a contract extension for the *Randgrid* FSO unit during 2022;

Direct operating costs. Direct operating costs decreased to $23 million, from $30 million, for the year ended December 31, 2022, compared to the same period last year, primarily due to the absence of $3 million of internal towage costs on the *Dampier Spirit* FSO unit incurred in 2021 and $2 million lower project expenses related to Stella Maris during 2022.

Adjusted EBITDA. Adjusted EBITDA decreased to $38 million, for the year ended December 31, 2022, compared to $41 million, for the same period last year, primarily due to the decrease in revenues, as described above, partially offset by the decrease in direct operating costs, as described above.

Depreciation and amortization. Depreciation and amortization expense decreased to $21 million, for the year ended December 31, 2022, compared to $25 million for the same period last year, primarily due to due to the sale of the *Falcon Spirit* FSO unit.

Gain (loss) on dispositions, net. Gain (loss) on dispositions, net was $3 million for 2022, due to the sale of the *Falcon Spirit* FSO unit in September 2022. Gain (loss) on dispositions, net was $7 million for 2021, due to the sale of *Dampier Spirit* FSO unit and the additional gain recorded after the official recycling of the *Apollo Spirit* FSO unit sold in late-2020.

UMS Segment

As at December 31, 2022, our UMS fleet consisted of one unit (December 31, 2021 - one unit), the *Arendal Spirit* UMS, in which we own a 100% interest. In February 2022, we signed an agreement with Energean Isreal Ltd. to deploy the *Arendal Spirit* UMS on a 100 day firm contract with extension options. Energean Israel Ltd. exercised options throughout 2022 to continue to deploy the unit. The unit was eventually redelivered to us in November 2022.

The UMS is used primarily for offshore accommodation, storage and support for maintenance and modification projects on existing offshore installations, or during the installation and decommissioning of large floating exploration, production and storage units, including FPSO units, and floating liquefied natural gas (or *FLNG*) units. The UMS is available for world-wide operations, excluding operations within the Norwegian Continental Shelf, and includes a DP3 keeping system that is capable of operating in deep water and harsh weather.

The following table presents certain of the UMS segment's operating results for 2022 and 2021:

	Year Ended December 31,		% Change
(in thousands of U.S. Dollars, except percentages)	2022	2021	2022 vs 2021
Revenues	32,218	895	3,499.8
Direct operating costs	(30,079)	(3,069)	880.1
General and administrative[1]	(2,857)	(5,252)	(45.6)
Adjusted EBTIDA	(718)	(7,426)	(90.3)
Depreciation and amortization	(2,483)	(2,258)	10.0

(1) Includes direct general and administrative expenses and indirect general and administrative expenses (allocated to the UMS segment based on estimated use of corporate resources).

Comparison of the years ended December 31, 2022 and December 31, 2021

Revenues. Revenues increased to $32 million, from $1 million, for the year ended December 31, 2022, compared to the same period last year, primarily due to the agreement with Energean Israel Ltd to deploy the *Arendal Spirit* UMS unit.

Direct operating costs. Direct operating costs increased to $30 million, from $3 million, for the year ended December 31, 2022, compared to the same period last year, primarily due to re-activation costs to deploy the *Arendal Spirit* UMS unit.

Adjusted EBITDA. Adjusted EBITDA increased to $(1) million, for the year ended December 31, 2022, compared to $(7) million, for the same period last year, primarily due to the increase in revenues, as described above, partially offset by the increase in direct operating costs, as described above.

Towage Segment

As at December 31, 2022, our towage fleet consisted of eight long-distance towage and offshore installation vessels (December 31, 2021 - ten long-distance towage and offshore installation vessels). We own a 100% interest in each of the vessels in our towage fleet.

Long-distance towing and offshore installation vessels are used for the towage, station-keeping, installation and decommissioning of large floating objects, such as exploration, production and storage units, including FPSO units, FLNG units and floating drill rigs.

The following table presents certain of the towage segment's operating results for 2022 and 2021:

	Year Ended December 31,		% Change
(in thousands of U.S. Dollars, except percentages)	2022	2021	2022 vs 2021
Revenues	96,409	80,134	20.3
Direct operating costs	(75,895)	(67,632)	12.2
General and administrative[(1)]	(3,612)	(2,346)	54.0
Adjusted EBITDA	16,902	10,156	66.4
Depreciation and amortization	(17,673)	(17,821)	(0.8)
Impairment expense, net	(1,166)	—	—

(1) Includes direct general and administrative expenses and indirect general and administrative expenses (allocated to the towage segment based on estimated use of corporate resources).

Comparison of the years ended December 31, 2022 and December 31, 2021

Revenues. Revenues increased to $96 million, from $80 million, for the year ended December 31, 2022, compared to the same period last year, primarily due to higher average day rates and utilization in the towage fleet.

Direct operating costs. Direct operating costs increased to $76 million, from $68 million, for the year ended December 31, 2022, compared to the same period last year, primarily due to higher fuel price and utilization of the towage fleet as described above.

Adjusted EBITDA. Adjusted EBITDA increased to $17 million, for the year ended December 31, 2022, compared to $10 million, for the same period last year, primarily due to the increase in revenues of $16 million, as described above, partially offset by the $8 million increase in direct operating costs.

Non-IFRS Financial Measures

To supplement the consolidated financial statements, we use EBITDA and Adjusted EBITDA, which are non-IFRS financial measures, as measures of our performance. EBITDA represents net income (loss) before interest expense, interest income, income tax expense, and depreciation and amortization. Adjusted EBITDA is EBITDA 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 equity-accounted income (loss). Adjusted EBITDA also includes our proportionate share of Adjusted EBITDA from our equity-accounted investments and excludes the non-controlling interests' proportionate share of Adjusted EBITDA. We do not have control over the operations of, nor do we have any legal claim to the revenues and expenses of our equity-accounted investments. Consequently, the cash flow generated by our equity-accounted investments may not be available for use by us in the period that such cash flows are generated.

EBITDA and Adjusted EBITDA are 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, these measures do not have a standardized meaning and may not be comparable to similar measures presented by other companies. These non-IFRS measures are used by our management, and we believe that these supplementary metrics assist 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 EBITDA and Adjusted EBITDA to net income (loss) for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
(in thousands of U.S. Dollars)	2022	2021
Net income (loss)	(162,180)	(136,450)
Less:		
Depreciation and amortization	(269,778)	(313,120)
Interest expense	(256,549)	(206,176)
Interest income	3,799	91
Income tax (expense) benefit		
Current	137	(4,603)
Deferred	700	(5,006)
EBITDA	359,511	392,364
Less:		
Equity-accounted income (loss)	39,445	25,062
Impairment expense, net	(38,039)	(116,420)
Gain (loss) on dispositions, net	30,686	10,502
Realized and unrealized gain (loss) on derivative instruments	7,397	15,732
Foreign currency exchange gain (loss)	(341)	(825)
Gain (loss) on modification of financial liabilities, net	—	(45,920)
Other income (expenses), net	(112,412)	48,323
Adjusted EBITDA attributable to non-controlling interests[(2)]	1,133	(171)
Add:		
Adjusted EBITDA from equity-accounted investments[(1)]	58,551	95,880
Adjusted EBITDA	490,193	551,961

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

	Year Ended December 31,	
(in thousands of U.S. Dollars)	2022	2021
Equity-accounted income (loss)	39,445	25,062
Less:		
Depreciation and amortization	(27,851)	(31,604)
Interest expense, net	(8,597)	(7,705)
Income tax (expense) benefit		
Current	(40)	(484)
EBITDA	75,933	64,855
Less:		
Impairment expense, net	—	(36,096)
Realized and unrealized gain (loss) on derivative instruments	17,406	5,661
Foreign currency exchange gain (loss)	(24)	(590)
Adjusted EBITDA from equity-accounted vessels	58,551	95,880

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

(in thousands of U.S. Dollars)	Year Ended December 31, 2022	2021
Net income (loss) attributable to non-controlling interests in subsidiaries	5,585	(6,527)
Less:		
Depreciation and amortization	(1,596)	(6,163)
Interest expense	10	(369)
Interest income	55	1
EBITDA	7,116	4
Less:		
Impairment expense, net	—	—
Gain (loss) on dispositions, net	6,035	168
Foreign currency exchange gain (loss)	(52)	7
Adjusted EBITDA attributable to non-controlling interests	1,133	(171)

Liquidity and Capital Resources

Liquidity and Cash Needs

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

Our business model is to employ our vessels on fixed-rate contracts with oil companies, typically with terms between three and ten years. Our near-to-medium term business strategy is primarily to focus on extending contracts and redeploying existing assets on long-term charters, repaying or refinancing scheduled debt obligations and pursuing additional growth projects. Our operating cash flows have been slightly weakened by key FPSO units which have come off contract in recent years. However, we remain supported by a large and well-diversified portfolio of fee-based contracts, which primarily consist of medium-to-long-term contracts with high quality counterparties.

Our primary liquidity needs for the next twelve months are to make scheduled repayments of borrowings, 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 deficit.

As at December 31, 2022, our interest-bearing obligations include bonds, commercial bank debt, a senior secured PIK note provided by Brookfield, an unsecured PIK note provided by Brookfield, the IntermediateCo RCF provided by Brookfield, the DIP financing provided by Brookfield and obligations related to leases. The contractual payments relating to these obligations for the next twelve months are $2 billion, and $1 billion thereafter. Refer to the Financial Statements: Note 19 - Borrowings, Financial Statements: Note 21 - Related Party Transactions and Financial Statements: Note 11 - Advances on Newbuilding Contracts for terms upon which future interest payments are determined.

As at December 31, 2022, our other financial liabilities include foreign currency forward contracts only. The contractual payments relating these obligations for the next twelve months are $39 million, and $nil thereafter. Refer to Item 18 – Financial Statements: Note 18 - Other Financial Liabilities for a summary of the terms of our derivative instruments which economically hedge certain of our floating rate interest-bearing obligations.

As at December 31, 2022, our contractual obligation relating to lease liabilities consists of the undiscounted contractual maturities of our lease liabilities. The contractual payments relating to these obligations for the next twelve months are $3 million, and $10 million thereafter. Refer to the– Financial Statements: Note 9 - Right of Use Assets and Lease Liabilities.

Our estimated future dry dock expenditures for the next twelve months are $46 million, and $315 million thereafter.

The following table presents our liquidity as at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
	$	$
Cash and cash equivalents	212,018	190,942
Total liquidity[(1)]	212,018	190,942
Working capital surplus (deficit)	(1,796,834)	(231,386)

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

As at December 31, 2022, we had a working capital deficit of $1,797 million. The working capital deficit of $1,797 million as at December 31, 2022 has increased from $231 million as at December 31, 2021, primarily related to the classification of $1,156 million of outstanding borrowings and $898 million of outstanding related party borrowings as current, predominantly as a result of entering Chapter 11 bankruptcy protection in August 2022. On Effective Date, approximately five months after the Chapter 11 cases were commenced, the we emerged from Chapter 11 with a strengthened balance sheet and foundation for long-term growth. In summary this restructuring:

- was successfully implemented through a pre-arranged Chapter 11 process in U.S. Bankruptcy Court;

- significantly deleveraged our balance sheet by equitizing $1.1 billion in junior debt obligations, cancelled $424 million of preferred equity, and facilitated a long term, sustainable positive liquidity outlook;
- reprofiled $551 million of secured asset-level bank debt to better align its debt service obligations with its cash flows; and
- raised $94 million in capital through an equity rights offering, which provided additional liquidity ($10 million) and repaid certain credit facilities, including the Chapter 11 DIP financing, in full ($84 million).

With the support of all of our lenders, including Brookfield Business Partners L.P., and certain of its affiliates and institutional partners, the restructuring comprehensively reprofiled our bank loan facilities to better align cash flow with its debt service obligations, and equitized $1.1 billion in junior debt obligations. Refer to the– Financial Statements: Note 22 - Equity and Note 31 - Chapter 11 Cases and Emergence.

During 2022, we additionally completed the sale of certain vessels which had reached the end of their useful life, enhancing our liquidity and financial flexibility. The working capital deficit as at December 31, 2022, includes $153 million in current borrowings related to certain tranches of our East Coast of Canada term loans classified as current. These term loans are secured by four vessels on contract until 2030. In March 2023, we successfully completed an amendment and extension of this financing, which included a $30 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 million and matures in March 2026. The total amended financing amounts to $333 million, which reduces over time with semi-annual repayments and has varying maturities through March 2034. Refer to the– Financial Statements: Note 19 - Borrowings

In addition to the successfully completed initiatives during 2022 and early-2023, we will need to obtain refinancing for one of our US private placement facilities which is due to mature in December 2023, which we consider probable of completion based on our history of being able to raise and refinance borrowings for similar types of vessels and based on our assessment of current conditions and estimated future conditions. We are at various stages of progression on these matters.

Based on our liquidity at the date of these consolidated financial statements, the liquidity we expect to generate from operations over the following year, by incorporating our successful emergence from Chapter 11, East Coast of Canada term loan refinancing and our plans to raise additional liquidity that we consider probable of completion, we expect that we will have sufficient liquidity to enable the Partnership to continue as a going concern for at least the one-year period to December 31, 2023. However, there can be no assurance that our liquidity from operations will meet our expectations, which could be negatively affected by items outside of our control, including macroeconomic conditions, or that our efforts to raise liquidity will be successful. For more information, refer to the "Financial Statements: Note 2b - Going concern" and "Risk Factors — Risks Relating to Our Liquidity — Our ability to repay or refinance our debt obligations and to fund our capital expenditures will depend on certain financial, business and other factors, many of which are beyond our control. To the extent we are able to finance these obligations and expenditures with cash from operations or by issuing debt or equity securities, our ability to make cash distributions may be diminished, our financial leverage may increase or our unitholders may be diluted. Our business may be adversely affected if we need to access other sources of funding."

As at December 31, 2022, we had total borrowings outstanding of $2,310 million compared to $2,496 million as at December 31, 2021. The borrowings consisted of the following:

	December 31, 2022	December 31, 2021
	$	$
U.S. Dollar Revolving Credit Facilities	244,201	308,887
U.S. Dollar Term Loans	1,252,165	1,282,848
U.S. Dollar Bonds	655,730	725,072
U.S. Dollar Non-Public Bonds	158,280	179,462
Total principal	2,310,376	2,496,269

The use of proceeds from the credit facilities, term loans, bonds and finance leases is primarily related to ongoing operations and capital expenditures. Agreement for some of these borrowings and financings contain covenants, DSCR requirements and other restrictions typical of debt financing secured by vessels that restrict the Partnership and/or ship-owning subsidiaries from, among other things: minimum liquidity, incurring or guaranteeing indebtedness; changing ownership or structure, including mergers, consolidations, liquidations and dissolutions; paying dividends or distributions if we are in default or do not meet minimum DSCR requirements; making capital expenditures in excess of specified levels; making certain negative pledges and granting certain liens; selling, transferring, assigning or conveying assets; making certain loans and investments; or entering into a new line of business. Obligations under our credit facilities are secured by certain vessels and accounts (see the Financial Statements: Note 19 - Borrowings), and if we are unable to repay debt under the credit facilities, the lenders could seek to foreclose on those assets. Should we not meet these financial covenants or should we breach other covenants or DSCR requirements and not remedy the breach within an applicable cure period, if any, the lender may accelerate the repayment of the revolving credit facilities and term loans, thus having an impact on our short-term liquidity requirements and which may trigger cross-defaults or accelerations under other credit facilities. As at December 31, 2022, we were in compliance with all covenants relating to our consolidated borrowings.

Cash Flows

The following table summarizes our sources and uses of cash for the periods presented:

	Year Ended December 31,	
(in thousands of U.S. Dollars)	2022	2021
Net operating cash flow	254,165	215,295
Net financing cash flow	(140,525)	(157,244)
Net investing cash flow	(50,669)	(93,012)

Operating Cash Flows

Net cash flow from operating activities increased to $254 million for 2022, compared to $215 million for 2021, primarily due to a decrease in general and administrative expenses, a decrease in realized losses on interest rate swaps and a decrease in interest paid, partially offset by an increase in direct operating costs and a slight reduction in revenue. For a further discussion of changes in the consolidated statements of income (loss) items described above for our five reportable segments, please read “Results of Operations”.

Financing Cash Flows

Our proceeds from borrowings, net of financing costs, were $63 million in 2022 and $268 million in 2021.

Net proceeds from borrowings related to the sale and leaseback of vessels were $nil and $71 million in 2022 and 2021, respectively. These proceeds were used to fund installment payments on the certain of the shuttle tanker newbuildings. Our scheduled repayments of our borrowings related to the sale and leaseback of vessels were $11 million and $11 million in 2022 and 2021, respectively.

We actively manage the maturity profile of our outstanding financing arrangements. Our scheduled repayments and our prepayments of our borrowings were $254 million in 2022, compared to $579 million in 2021. The decrease in repayments and prepayments is mainly due to our Chapter 11 Cases which effectively stayed our repayment obligations under certain the associated debt instruments.

During the year ended December 31, 2022, we entered into one unsecured credit facility with Brookfield which provided for total borrowings of up to $32 million (the *IntermediateCo RCF*) and the DIP Facility with Brookfield which provided for $50 million plus the roll-up of $20 million in loans under the IntermediateCo RCF. During 2022, we drew down $104 million and prepaid $22 million related to these credit facilities.

In March 2018, we entered into a credit agreement with Brookfield for an unsecured revolving credit facility, which during 2021, provided for borrowings of up to $225 million. During 2021, we entered into three additional unsecured credit facilities with Brookfield which provided borrowings of $17 million, $30 million and $70 million, respectively. During 2021, we drew down $147 million and prepaid $30 million related to these credit facilities. As at December 31, 2021, our unsecured revolving credit facilities with Brookfield had been replaced by the 11.50% PIK Notes and 12.50% PIK Notes.

Lease payments on our vessel in-charter leases and office leases during 2022 and 2021 were $14 million and $15 million, respectively.

Capital contribution by non-controlling interests were $5 million and $18 during 2022 and 2021, respectively, while distributions to non-controlling interests were $22 million and $11 million during 2022 and 2021, respectively.

Prior to the Effective Date, in connection with an equity rights offering pursuant to the plan of reorganization, we received $10.4 million of cash from certain participating parties. On the Effective Date, the we issued common units in exchange for the rights offering cash.

Investing Cash Flows

During 2022, net cash flow used for investing activities was $51 million, primarily due to $120 million of vessel and equipment additions, mainly relating to $71 million of installment payments for the shuttle tanker newbuildings and $50 million of drydocking expenditure and certain capital modifications, partially offset by $106 million from the sales of vessels and equipment, partially offset by a $33 million decrease in restricted cash due to cash sweep requirements under an amended third-party loan agreement.

During 2021, net cash flow used for investing activities was $93 million, primarily due to $211 million of vessels and equipment additions, mainly relating to $177 million of installment payments for the shuttle tanker newbuildings and $30 million of drydocking expenditure and certain capital modifications, partially offset by $45 million from the sales of vessels and equipment and a $78 million decrease in restricted cash primarily related to a $74 million reduction to amounts held in escrow for the final installment payment for one of the shuttle tanker newbuilds, partially offset by cash sweep requirements under an amended third-party loan agreement.`

Governance

Our limited partnership agreement provides for the management and control of our Partnership by a general partner. Our general partner owes a fiduciary duty to our unitholders. Our general partner is liable, as general partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are expressly non-recourse to it. Whenever possible, our general partner intends to cause us to incur indebtedness or other obligations that are non-recourse to it.

The general partner has a board of directors. The general partner has sole responsibility and authority for the central management and control of our Partnership, which is exercised through its board of directors. Accordingly, references herein to “our directors” and “our board” refer to the board of directors of the general partner.

Because certain directors of our general partner are also directors and/or officers of Brookfield or other affiliates thereof, such directors have fiduciary duties to Brookfield or such other affiliates that may cause them to pursue business strategies that disproportionately benefit Brookfield or such other affiliates or which otherwise are not in our best interests.

Directors of Altera Infrastructure GP L.L.C

The following table presents certain information concerning our board of directors. Ages of the directors and officers are as of December 31, 2022.

Name	Age	Position
Benedicte Bakke Agerup	58	Director (1)
Ian Craig	70	Director (2)
Carole Flaton	58	Director (3)
Craig Laurie	51	Director (4)
Ralf Rank	45	Director (5)
Michael Rudnick	39	Director (6)
Nelson Silva	67	Director (7)
Ingvild Sæther	54	Director and Chief Executive Officer, Altera Infrastructure Group Ltd. (8)
William L. Transier	68	Director (9)
Denis Turcotte	61	Director (10)
Bill Utt	65	Chairman of the board of directors (11)

(1) Member of the Audit Committee, Corporate Governance Committee and Conflicts Committee.

(2) Member of the Audit Committee, Project & Opportunity Review Committee (Chair) and Conflicts Committee (Chair).

(3) Member of the Conflicts Committee. In January 2023, Carol Flaton resigned form the board of directors and as a member of the Conflicts Committee.

(4) Member of the Corporate Governance Committee.

(5) Observer to the Audit Committee and member of Project & Opportunity Review Committee.

(6) In January 2023, Michael Rudnick resigned from the board of directors.

(7) Member of the Audit Committee, Project & Opportunity Review Committee and Conflicts Committee.

(8) Member of the Executive Oversight Committee.

(9) Member of the Audit Committee (Chair) and the Project & Opportunity Review Committee.

(10) Member of the Corporate Governance Committee and Executive Oversight Committee (Chair).

(11) Chair of the Corporate Governance Committee and member of Executive Oversight Committee.

In January 2023, Brookfield reappointed all directors other than Ms Flaton and Mr Rudnick. The Conflicts Committee of the Board was dissolved. The other Committees of the Board were reconstituted with the same membership and chairs. Note 32 - Subsequent Events.

Our Management

In February 2017, the Partnership and its wholly-owned subsidiary, Altera Infrastructure Holdings L.L.C. (or *Holdco*), entered into a services agreement with Altera Infrastructure Group Ltd. (or the *Service Provider*, formerly known as Teekay Offshore Group Ltd.), a subsidiary of Holdco. Pursuant to the service agreement, the Service Provider provides certain services to us. The following table presents certain information regarding the senior management team that is principally responsible for our operations and their positions with the Service Provider as at December 31, 2022:

Name	Age	Position
Ingvild Sæther	54	President and Chief Executive Officer, Altera Infrastructure Group Ltd.
Jan Rune Steinsland	63	Chief Financial Officer, Altera Infrastructure Group Ltd.
Duncan Donaldson	43	General Counsel, Altera Infrastructure Group Ltd.

Board Practices

Board Structure, Practices and Committees

The board of directors oversees the general partner's management and our business. The day-to-day affairs of our business are managed by key employees of our operating subsidiaries.

Size, independence and composition of the board of directors

Pursuant to the general partner's operating agreement, the board of directors may, from time to time, establish the size of the board of directors, provided the size of the board of directors may not be fewer than five directors or greater than fifteen directors. As at December 31, 2022, the board of directors consisted of eleven directors.

Election and removal of directors

The general partner's operating agreement authorizes the general partner's member or members to appoint, remove and replace the directors on the board of directors and to fill any vacancies arising, subject to the terms and conditions of the operating agreement. Common units do not entitle

the holders thereof to vote to elect the directors of the general partner. Directors are appointed to serve until their successors are appointed or until they resign or are removed.

Service contracts

There are no service contracts between us and any of our directors providing for benefits upon termination of their employment or service.

Audit Committee

The Audit Committee of our general partner is composed of three or more directors, each of whom must meet independence standards with applicable laws and regulations governing independence from time to time. This committee is currently comprised of directors William L. Transier (Chair), Nelson Silva, Ian Craig and Benedicte Bakke Agerup, all independent directors. Ralf Rank is an observer to the committee. All members of the committee are financially literate and the board of directors has determined that Mr. Transier qualifies as an audit committee financial expert.

The Audit Committee assists the board of directors in fulfilling its responsibilities for general oversight of:

- the integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- the qualifications and independence of our independent auditor; and
- the performance of our internal audit function and our independent auditor.

Mr. Ralf Rank, who serves on the Audit Committee of our board of directors as an observer, is a Managing Partner in Brookfield's Private Equity Group. Affiliates of Brookfield are the largest common unitholder of us and the owner of a 100% interest in our general partner. As an observer, Mr. Rank does not have voting rights on the Audit Committee. He is neither the chair of the Audit Committee nor an executive officer of us. We do not believe that Mr. Rank's affiliation with Brookfield materially adversely affects the ability of the Audit Committee to act independently.

Conflicts Committee

The Conflicts Committee of our general partner is to be composed of at least two directors and is currently comprised of Ian Craig (Chair), Benedicte Bakke Agerup, and Nelson Silva. The members of the Conflicts Committee must not be officers or employees of our general partner or directors, officers or employees of the general partner's affiliates, and must meet director independence standards applicable to audit committee membership and certain other requirements.

The Conflicts Committee:

- reviews specific matters that the board of directors believes may involve conflicts of interest; and
- determines if the resolution of the conflict of interest is fair and reasonable to us.

Any matters approved by the Conflicts Committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners, and not a breach by our general partner of any duties it may owe us or our unitholders. The board of directors is not obligated to seek approval of the Conflicts Committee on any matter, and may determine the resolution of any conflict of interest itself.

In January 2023, the Conflicts Committee of the Board was dissolved.

Corporate Governance Committee

The Corporate Governance Committee of our general partner is composed of at least two directors. This committee is currently comprised of directors Bill Utt (Chair), Denis Turcotte, Craig Laurie and Benedicte Bakke Agerup.

The Corporate Governance Committee:

- oversees the operation and effectiveness of the board of directors and its corporate governance; and
- develops, updates and recommends to the board of directors, corporate governance principles and policies applicable to us and our general partner and monitors compliance with these principles and policies.

Project & Opportunity Review Committee

The Project & Opportunity Review Committee of our general partner is composed of at least two directors. This committee is currently comprised of directors Ian G. Craig (Chair), Ralf Rank, William L. Transier and Nelson Silva.

The Project & Opportunity Review Committee:

- reviews capital projects and other commercial opportunities proposed by management that require the board of director's approval; and
- makes recommendations to assist management in ensuring that all fundamental technical, cost, performance, operations, financial and risk aspects of the proposal have been sufficiently addressed prior to presentation to the board of directors for approval and the appropriate trade-offs and balance of costs, risks, and returns have been achieved.

Executive Oversight Committee

The Executive Oversight Committee of our general partner is composed of three directors. This committee is currently comprised of directors Denis Turcotte (Chair), Bill Utt and Ingvild Sæther.

The Executive Oversight Committee may exercise all the powers of the board of directors in the management of our business and affairs, for us and as our general partner, between quarterly, scheduled meetings of the board of directors, except with respect to matters specifically reserved for another committee of the board of directors or matters which have been determined to be non-routine.

The committee charters are available under "Investors – Governance" from the home page of our web site at *www.alterainfra.com*.

General principles for Corporate Governance

The Partnership has group-wide Corporate Governance Guidelines including our Code of Conduct. These guidelines, together with the charters of the General Partner Board Committees and applicable provisions of the Partnership's partnership agreement, provide the framework for the Partnership's corporate governance. The Guidelines regulate the General Partner's Board and Committees' operations as well as all operations of entities controlled by the Partnership, including employees, contractors and directors.

Our core values of trust and accountability reflect our belief in conducting business ethically and in compliance with all applicable requirements regarding anti-corruption, international trade controls, competition, privacy, and human and labour rights.

We communicate our Code of Conduct and supporting requirements extensively internally and require our board members and employees to confirm their commitment to the Code of Conduct in writing annually in connection with annual Code of Conduct training. As our vessels operate all over the world, we rely on a vast global network of suppliers to support our operations. Therefore, our Code of Conduct is made available to our stakeholders on our website and is incorporated by reference in our general terms and conditions.

We rely on a rigorous set of tools to integrate business ethics and compliance into our decision-making, including:

(i) Focused compliance risk assessments of ongoing operations and new undertakings to appraise the strength of our compliance program and inform our consideration of new business opportunities;

(ii) A meticulous risk-based due diligence process for potential suppliers, customers, and counterparties fully integrated with our master financial system;

(iii) Regular sanctions and restricted-party screenings of suppliers and customers;

(iv) Compliance review of proposed business transactions;

(v) Mandatory annual compliance training for governance board members, employees, and contract staff and additional targeted training for those with the higher exposure to compliance risks; and

(vi) Hospitality and conflict of interest disclosure and approval requirements.

Additionally, we have several Partnership policies:

Global Whistleblower Policy

Policy statement: *"Altera Infrastructure Group shall maintain procedures to allow for its Employees to anonymously report whistleblowing concerns and to ensure that such reports are properly received, retained, and handled."*

Global Anti-Corruption policy

Policy statement: *"Altera will comply with all applicable law prohibiting bribery and corruption and we strictly prohibit corruption of any kind. We do not engage in Bribery or Facilitation Payments (as defined herein) and you must never do so on our behalf."*

Global Competition Policy

Policy statement: *"Altera strictly prohibits activities that infringe applicable competition law. We do not engage in anti-competitive agreements such as price fixing, bid rigging, market allocation, improper sharing of competition-sensitive information, or collective boycotts, and you must never do so on our behalf. In situations where we are or may become dominant in a particular market, we do not engage in abusive market conduct such as predatory, discriminatory, or excessive pricing, loyalty rebates, or refusing to supply, and you must never do so on our behalf. We undertake all merger and acquisition ("M&A") and joint venture activity according to specific protocols and only on approval of the Altera Legal and Compliance functions to ensure compliance with the requirements of applicable competition law."*

Global Conflict of Interest Policy

Policy statement: *"All Altera Employees must avoid potential, actual, and apparent conflicts of interest, and must disclose any activity, interest, or situation that may give rise to a conflict of interest according to the disclosure requirements established in this Policy. You must refrain from any activity, interest, or situation that may give rise to a conflict of interest unless you receive approval in accordance with this Policy and comply with any mitigation steps that may be required to resolve any identified conflict of interest, as determined by the Chief Compliance Officer."*

Global Privacy Policy

Policy statement: *"Altera will Process (the Personal Data of its Employees and other relevant Data Subjects (as defined herein) only for legitimate purposes in compliance with the principles that Personal Data shall be:*

- *Processed lawfully, fairly, and transparently;*
- *Processed for specified, explicit, and legitimate purposes;*
- *Adequate, relevant, and limited to what is necessary in relation to the purposes for which it is Processed;*
- *Accurate and kept up to date;*
- *Stored only so long as necessary to fulfil the specific purpose for which it was collected; and*
- *Protected by adequate safeguards.*

Our compliance with these principles will be demonstrable and documented. We will maintain clear and transparent mechanisms to allow our Employees and other Data Subjects to access and request rectification or erasure of their Personal Data Processed by Altera, and to object to Altera's Processing of their Personal Data."

Global Trade Controls Policy

Policy statement: *"Altera will comply with all applicable laws and regulations regarding international trade, including economic sanctions and export control laws."*

Employees

Crewing and Staff

As at December 31, 2022, 1,579 seagoing employees served on our vessels, compared to approximately 1,700 as of December 31, 2021. As at December 31, 2022, our subsidiaries employed 461 staff who served on shore in technical, commercial and administrative roles in various countries compared to approximately 550 staff as at December 31, 2021.

Collective Bargaining Agreements

Substantially all officers and seamen for the Norway-flagged vessels are covered by a collective bargaining agreement with Norwegian unions (Norwegian Maritime Officers' Association (NMOA), Norwegian Union of Marine Engineers (NUME) and the Norwegian Seafarers' Union). We have entered into a Collective Bargaining Agreement with Norwegian offshore unions (SAFE, Industry Energi and DSO), through its membership in Norwegian Shipowners Association (or NSA), and NSA (NOR agreement) which covers substantially all of the offshore employees on board our vessels on the Norwegian Continental Shelf.

In addition, we have entered into the following tariff agreements for the Polish seafarers:

- Polish Seafarers' Union (P.S.U) affiliate to the ITF (for ships registered in The Bahamas)
- NIS CBA (Norwegian International ship register) - NSA and Polish Seafarers' Union, National Maritime Section Nszz Solidarnosc

For our Philippine seafarers, we have entered into the following tariff agreements:

- Philippine Seafarers' Union (PSU) (for ships registered in The Bahamas)
- NIS CBA (Norwegian International ship register) - NSA and The Associated Marine Officers and Seamen's Union of the Philippines (AMOSUP)

We have entered into a Collective Bargaining Agreement with Sindicato dos Trabalhadores Offshore do Brasil (or SINDITOB) and Unified Trade Union of Oil, Petrochemical and Plastic Workers of the States of Alagoas and Sergipel (or Sindipetro-Al), which collectively covers substantially all of our Brazilian onshore employees, as well as the offshore employees on board our FPSO units operating in Brazil. For the seafarers operating our vessels in Brazil there are 2 collective Bargaining Agreements: Sindesnav and Sindiporto.

We have entered into a Collective Bargaining Agreement with the Fish, Food and Allied Workers Union of Newfoundland and Labrador and the Canadian Merchant Service Guild in Canada. The agreement covers substantially all of the offshore employees on board our shuttle tankers operating in the East Coast of Canada.

We have entered into a Collective Bargaining Agreement with Unite the Union, which covers substantially all of the offshore employees on board our FPSO units operating in the United Kingdom.

For onshore employees in Norway there are Collective Bargain Agreements with Tekna, Nito and IE.

We believe our relationships with these local labor unions are good, with long-term collective bargaining agreements which demonstrate commitment from both parties.

Human Capital Measures

We have certain programs and initiatives aimed at developing and retaining our employees. All of our employees are required to participate in annual accountability plans and performance reviews. The accountability plan involves establishing annual goals and priorities, related to the overall

strategy of the company, and is assessed as part of the employees annual performance review. Additionally, we have implemented a talent review program to ensure that, annually, talent is identified and appropriate resources are allocated to assist in the development and retention of the identified employees.

To supplement the programs and initiatives described above, we have developed, and are in the process of developing, organizational-wide policies as described below:

- A compensation and benefits policy, which includes processes to benchmark our employees' compensation and benefits against relevant markets and industries, to ensure our employees are compensated competitively and fairly;

- A recruitment policy which establishes the requirements for recruiting for open positions and ensures that we are equitably selecting candidates; and

- A training and development policy is currently being developed and aims at offering both internal and external training, as well as focusing on personal development.

We have also implemented an Accountability Leadership framework which creates clear roles and accountabilities, clarity on decision making and an optimal organizational structure

Our commitment to training is fundamental to the development of our seafarers for marine operations. Our cadet training is designed to balance academic learning with hands-on training at sea. We have relationships with training institutions in Canada, Norway and in the Philippines. After receiving formal training at one of these institutions, cadet training continues on-board vessels and through our Quality Assurance and Training Officers program. All certifications and trainings completed by our seafarers are stored centrally. We also have a career development plan that was implemented to ensure a continuous flow of qualified officers are trained on our vessels and familiarized with our operational standards, systems and policies, which also forms the basis for promotion. We aim to promote internally where possible.

Working environment, equality and equal treatment

We encourage and promote diversity and equal opportunities across our global organization and are firmly committed to providing a working environment that is respectful, productive, supportive, and safe, in which everyone is treated, and treats others, with respect and fairness. Our Code of Conduct and Global Anti-Discrimination, Anti-Harassment, and Fraternisation Policy establishes our expectations and requirements regarding equal and respectful treatment – including our strict prohibition of discrimination and harassment – and applies to all Partnership entities and personnel, whether employees, directors, or contractors. We encourage and expect anyone with concerns about potential misconduct under this or other group policies to report them and we strictly prohibit retaliation against those who report concerns in good faith.

The working environment and culture at Altera Infrastructure is considered strong, and there is continuous focus on initiatives for improvement.

Altera Infrastructure ensures that relevant Employees receive appropriate anti-Discrimination, anti-Harassment and fraternisation guidance, and training as is necessary and at least once every two years. Employees must participate in such trainings as required.

Altera Infrastructure empowers and expects employees and staff to raise compliance and ethics concerns if they have them, including about potential discrimination. The Partnership's Global Whistleblower Policy reflects our commitment to providing identifying and addressing potential compliance and ethics issues promptly and professionally. Retaliation against those who raise concerns in good faith is strictly prohibited.

Concerns about potential discrimination or harassment can be raised internally or via the Altera Infrastructure Reporting Hotline, a confidential and secure reporting tool administered by an independent third party that allows for anonymous reporting, where permitted by local law. The Reporting Hotline is accessible to the Partnership's workforce as well as the general public at alterainfra.com.

Leaders have heightened responsibilities. Managers and direct team leaders who receive a complaint regarding alleged incidents of discrimination or harassment, or who otherwise become aware of such incidents are required to report the matter.

Reported concerns are handled and investigated, as necessary, by the Altera Infrastructure corporate compliance function, which is also generally available to offer guidance and answer questions about implementing and adhering to the Altera Infrastructure Code of Conduct and supporting global policies. In 2022, the Partnership registered seven reports of compliance and ethics concerns under our Global Whistleblower Policy, either directly through our Reporting Hotline or via internal channels. All were handled in accordance with internal procedures.

Altera Infrastructure is aware of no confirmed instances of discrimination or harassment in violation of our policies in 2022.

Unit Ownership

As at December 31, 2022, the current directors of our board of directors, as a group, beneficially own, directly or indirectly, or exercise control and direction over, our units representing in the aggregate less than 1% of our issued and outstanding units on a fully exchanged basis. As at December 31, 2022, senior management of the Service Provider, as a group, beneficially own, directly or indirectly, or exercise control and direction over, none of our issued and outstanding units on a fully exchanged basis.

Major Unitholders

The following table sets forth the beneficial ownership, as at December 31, 2022, of our common units by each person that beneficially owns more than 5% of the outstanding common units. Unless otherwise indicated, each unitholder listed below has sole voting and investment power with respect to the common units set forth in the following table. Our Class A common units are economically equivalent to the Class B common units held by Brookfield following the Merger, but have limited voting rights and limited transferability.

Identity of Person or Group	Class B Common Units	Percent of Class B Common Units Owned	Class A Common Units	Percent of Class A Common Units Owned	Percent of Total Class A and Class B Common Units Owned
Brookfield [1]	405,931,898	100%	—	—%	98.7%

(1) Excludes the general partner interest held by our general partner, a 100%-owned subsidiary of Brookfield.

As of the Effective Date, Brookfield holds 7,610,582 Common Units (87.8% of the total Common Units issued and outstanding), and unaffiliated third parties hold an aggregate of 1,054,839 Common Units (12.2% of the total Common Units issued and outstanding). Refer to the Financial Statements: Note 31 - Chapter 11 Cases and Emergence for additional information.

As at the date of this Annual Report, affiliates of Brookfield directly control the Partnership through its 100% interest in our general partner.

Off-Balance Sheet Arrangements

The Partnership has no off-balance sheet arrangements that have or are reasonably likely to have, a current or future material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Certain Relationships and Related Party Transactions

Certain Relationships

As at December 31, 2022, Brookfield holds a 100% ownership interest in our general partner and 100% of our outstanding Class B common units, which represent 98.7% of our combined outstanding Class A and Class B common units. As of the Effective Date, Brookfield holds a 100% ownership interest in our general partner and 87.8% of our outstanding common Units. Refer to the Financial Statements: Note 31 - Chapter 11 Cases and Emergence for additional information.

Craig Laurie, Ralf Rank, Michael Rudnick and Denis Turcotte are directors of our general partner. Messrs. Laurie, Rank, and Turcotte are Managing Partners and Mr. Rudnick is Senior Vice President in Brookfield's Private Equity Group.

William L. Transier is a director of our general partner and has served as a director of Westinghouse Electric Company, a wholly-owned subsidiary of Brookfield, since 2017.

Bill Utt is a director and chairman of our general partner and a director of BrandSafway (resigned as a director of BrandSafway on January 1, 2023), part of the Clayton, Dubilier & Rice, LLC and Brookfield Asset Management portfolio. Brookfield Asset Management Inc owns a 48% interest in BrandSafway.

Refer to the Financial Statements: Note 21 - Related Party Transactions for additional information regarding our related-party transactions.

Legal Proceedings

Occasionally we have been, and expect to continue to be, subject to legal proceedings and claims in the ordinary course of our business, principally personal injury and property casualty claims. These claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources. Refer to the Financial Statements: Note 16 - Provisions and Contingencies for a description of certain claims made against us.

Cash Distribution Policy

As at December 31, 2022, we did not make quarterly distributions on our common or preferred units. As of the Effective Date, we do not make quarterly distributions on our common units. Subject to the limitations in our partnership agreement, our general partner may elect to distribute with respect to our common units our available cash (as defined in our partnership agreement and after deducting expenses, including estimated future capital expenditures and reserves) rather than retaining it each quarter. In determining the amount of cash available for distribution, the board of directors of our general partner, in making the determination on our behalf, approves the amount of cash reserves to set aside, including reserves for future capital expenditures, anticipated future credit needs, working capital and other matters. We also rely upon external financing sources, including commercial borrowings and proceeds from debt and equity offerings, to fund our capital expenditures.

We believe it is in the best interests of our common unitholders to conserve more of our internally-generated cash flows to fund these projects and to reduce debt levels. As a result, in January 2019, we reduced our quarterly distributions on our common units to $nil.

Refer to the Financial Statements: Note 22 - Equity and Note 31 - Chapter 11 Cases and Emergence for additional information.

Offer and Listing Details

Neither of our Class A common units or our Class B common units are listed on a national securities exchange. Our Series A, B and E Preferred Units were listed on the NYSE under the symbols "ALIN PR A", "ALIN PR B" and "ALIN PR E", respectively. In August 2022, we received a letter

from the NYSE notifying us that as a result of the Chapter 11 Cases and in accordance with section 802.01D of the NYSE's Listed Company Manual, the NYSE has determined that our Preferred Units would be delisted from the NYSE, and trading in the Preferred Units was suspended as of August 15, 2022. On August 30, 2022, the NYSE filed a Form 25 to formally delist the Preferred Units.

In accordance with the Plan, on the Effective Date, all equity securities in the prepetition Partnership outstanding prior to the Effective Date, were cancelled, released and extinguished, and are of no further force or effect without any need for a holder of such equity securities to take further action with respect thereto. Refer to the Financial Statements: Note 31 - Chapter 11 Cases and Emergence for additional information.

As of the date of this Annual Report, our common units are not listed on a national securities exchange.

Exchange Controls

We are not aware of any governmental laws, decrees or regulations, including foreign exchange controls, or other legislation in the Republic of the Marshall Islands that restrict the export or import of capital, or that affect the remittance of distributions, interest or other payments to holders of our securities that are non-resident and not citizens and otherwise not conducting business or transactions in the Republic of the Marshall Islands.

We are not aware of any limitations on the right of non-resident or foreign owners to hold or vote our securities imposed by the laws of the Republic of the Marshall Islands or our partnership agreement.

Taxation of the Partnership

United States Taxation

The following is a discussion of material U.S. federal income tax considerations applicable to us. This discussion is based upon provisions of the Internal Revenue Code of 1986, as amended (or the *Code*), legislative history, applicable U.S. Treasury Regulations (or *Treasury Regulations*), judicial authority and administrative interpretations, all as in effect on the date of this Annual Report, and which are subject to change, possibly with retroactive effect, or are subject to different interpretations. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below.

Election to be Taxed as a Corporation. We have elected to be taxed as a corporation for U.S. federal income tax purposes. As such, we are subject to U.S. federal income tax on our income to the extent it is from U.S. sources or otherwise is effectively connected with the conduct of a trade or business in the United States as discussed below.

Taxation of Operating Income. Based on our current operations, and the operations of our subsidiaries, a substantial portion of our gross income is from sources outside the United States and not subject to U.S. federal income tax. However, certain of our activities give rise to U.S. source income. Our U.S. source income generally is subject to U.S. federal income taxation.

For 2023, we do not expect that the U.S. federal income tax on our U.S. source income will be material based on the amount of U.S. source income we earned for 2022. The amount of such tax for which we are liable in any year will depend upon the amount of income we earn from voyages into or out of the United States in such year, however, which is not within our complete control.

Safety, Management of Vessel Operations and Administration

Safety and environmental compliance are our top operational priorities. We operate our vessels and equipment in a manner intended to protect the health and safety of our employees, the general public and the environment. We seek to manage the risks inherent in our business and are committed to eliminating incidents that threaten the safety and integrity of our vessels and equipment. We conduct rigorous internal audits of our processes and provide our seafarers with training to improve the safety culture in our fleet.

All vessels in our fleet are operated under our comprehensive and integrated safety management system that complies with the International Management Code for the Safe Operation of Ships and for Pollution Prevention (or *ISM Code*), the International Standards Organization's (or *ISO*) 9001 for Quality Assurance, ISO 14001 for Environment Management Systems, ISO 45001 for Occupational Health and Safety and the Maritime Labor Convention 2006 (or *MLC 2006*) and is certified by DNV, compliance with these standards is confirmed on a yearly basis by auditing procedures that includes both internal audits as well as external verification audits by customers, DNV and applicable flag states.

Certain of our subsidiaries provide vessel and equipment management services to other subsidiaries. These include:

- vessel maintenance (including repairs and dry docking) and certification;
- crewing by competent seafarers;
- procurement of stores, bunkers and spare parts;
- management of emergencies and incidents;
- supervision of shipyards and projects during newbuilding and conversions;
- insurance; and
- financial management, human resource and other administrative services.

Flag, Classification, Audits and Inspections

Our vessels are registered with reputable flag states, and the hull and machinery of all of our vessels have been "classed" by one of the major classification societies and members of IACS (International Association of Classification Societies Ltd): DNV, Lloyd's Register of Shipping or American Bureau of Shipping.

The classification society certifies that the vessel's design and build conforms to the class rules and meets the requirements of the country for which the vessel is registered and the international conventions to which that country is a signatory. The classification society also verifies that the vessel continues to be maintained in accordance with those requirements. During each five-year period for shuttle tankers and towage vessels or two and a half-year period for FSO and UMS units, all vessels undergo annual and intermediate surveys. For shuttle tankers and towage vessels the vessel's underwater areas are inspected as part of a dry dock at five year intervals. For FSO and UMS units the vessel's underwater areas are inspected every 2.5 years. We have enhanced the resiliency of the underwater coatings and marked each vessel hull to facilitate underwater inspections by divers. Underwater inspections are carried out during the second or third annual inspection.

The vessel's flag state also verifies the vessel condition during annual inspections. Also, authorities of a port of call are authorized to undertake regular and spot checks of vessels visiting their jurisdiction.

Processes followed on board are audited by either the flag state or the classification society acting on behalf of a flag state to ensure that they meet the requirements of the ISM Code. Additionally, we have annual internal audits on each vessel.

We follow a comprehensive inspections scheme and carry out two internal inspections and one internal audit annually, which helps monitor that:

- our vessels and operations adhere to our operating standards;
- the structural integrity of the vessel is being maintained;
- machinery and equipment is being maintained to give reliable service;
- we are optimizing performance in terms of speed and fuel consumption; and
- the vessel's appearance will support our brand and meet customer expectations.

Overall we believe that our vessels are well-maintained and of high quality and provide us with a competitive advantage in the current environment of increasing regulation and customer emphasis on quality of service.

Our FPSO units also have class and flag as described above, but all class surveys and flag inspections are carried out afloat and on location for the full duration of the contract. In addition, all our FPSO units undergo extensive audits by the shelf state authorities of the countries we operate in. Most shelf states do these audits annually, while some do up to 4 audits per year. The main focus of the shelf states relates to our compliance with shelf state requirements and how we manage major accident hazards as well as health, safety and environmental requirements.

To assure ourselves that we comply with all relevant requirements and operate our FPSO units within the operational envelope, we carry out internal major accident hazards audits on our FPSO units annually.

Sustainability

The Partnership annually produces a consolidated sustainability report in which the Partnership's consolidated sustainability performance is described, analysed, and evaluated. Published Altera Infrastructure sustainability reports are available on the Altera Infrastructure website at alterainfra.com.

Documents on Display

Documents concerning us that are referred to herein may be accessed on our website under "Investors - Reports and Presentations" from the home page of our web site at *www.alterainfra.com*, or may be inspected at our principal executive offices at Altera House, Unit 3, Prospect Park, Arnhall Business Park, Westhill, Aberdeenshire, AB32 6FJ, United Kingdom.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The management of Altera, with the participation of the Chief Executive Officer and Chief Financial Officer of the Service Provider, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Annual Report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer of the Service Provider have concluded that, our disclosure controls and procedures were effective as of December 31, 2022 at the reasonable assurance level.

In designing and evaluating our disclosure controls and procedures, our management, with the participation of the Chief Executive Officer and Chief Financial Officer of the Service Provider, recognize that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance that the desired control objectives will be achieved, and that the management must necessarily exercise judgment when evaluating possible controls and procedures. Because of the limitations inherent in all controls systems, no evaluation of controls can provide absolute assurance that all control issues and any instances of fraud in the company have been detected.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed, under the supervision of the Chief Executive Officer and Chief Financial Officer of the Service Provider,

and implemented by our management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with IFRS.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets, provide reasonable assurance that transactions are recorded in the manner necessary to permit the preparation of financial statements in accordance with IFRS, and that receipts and expenditures are only carried out in accordance with the authorization of our management and directors; and provide reasonable assurance regarding the prevention or timely detection of any unauthorized acquisition, use or disposition of our assets, that could have a material effect on our financial statements.

We conducted an evaluation of the effectiveness of our internal control over financial reporting based upon the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements even when determined to be effective and can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. However, based on the evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2022.

Code of Ethics

We have adopted a Code of Conduct that applies to all of our employees and the directors of our general partner. This document is available under "investors - Governance" from the home page of our web site (*www.alterainfra.com*).

Principal Accountant Fees and Services

Our principal accountants for 2022 and 2021 were Ernst & Young AS. The following table shows the fees we incurred for services provided by our principal accountants for 2022 and 2021.

	2022	2021
(in thousands of U.S. Dollars)	$	$
Audit Fees (1)	1,971	1,722
Audit-Related Fees (2)	27	60
Tax Fees (3)	132	200
Total	2,130	1,982

(1) Audit fees represent fees for professional services provided in connection with the audits of our consolidated financial statements and effectiveness of internal control over financial reporting, review of our quarterly consolidated financial statements and audit services provided in connection with other statutory or regulatory filings.

(2) Audit-related fees relate to other accounting consultations.

(3) Tax fees relate primarily to transfer pricing advisory and corporate tax compliance fees.

The Audit Committee of our general partner's board of directors has the authority to pre-approve permissible audit-related and non-audit services not prohibited by law to be performed by our independent auditors and associated fees. Engagements for proposed services either may be separately pre-approved by the Audit Committee or entered into pursuant to detailed pre-approval policies and procedures established by the Audit Committee, as long as the Audit Committee is informed on a timely basis of any engagement entered into on that basis. The Audit Committee separately pre-approved all engagements and fees paid to our principal accountant in 2022.

Financial Statements

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SIGNATURE

The Partnership hereby certifies that the financial statements for the year ended December 31, 2022, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and give a true and fair view of the assets, liabilities, financial position and results of the Partnership and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

ALTERA INFRASTRUCTURE L.P.

By: Altera Infrastructure GP L.L.C., its General Partner

Date: April 26, 2023

By: /s/ Mark Mitchell

Mark Mitchell
Secretary

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders and the Board of Directors of Altera Infrastructure L.P.

Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of Altera Infrastructure L.P. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of income and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Norway, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or

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in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stavanger, April 26, 2023
ERNST & YOUNG AS

Jan Kvalvik
State Authorised Public Accountant (Norway)

A member firm of Ernst & Young Global Limited

ALTERA INFRASTRUCTURE L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of U.S. Dollars)

	Notes	As at December 31, 2022 $	As at December 31, 2021 Restated[(1)] $
ASSETS			
Current assets			
Cash and cash equivalents	3	212,018	190,942
Cash deposits with third-party restrictions	3	92,443	58,566
Financial assets	4	39,505	5,856
Accounts and other receivable, net	5	96,319	127,453
Vessels and equipment classified as held for sale	6	—	5,800
Inventory		31,259	26,601
Due from related parties	21	496	978
Other assets	8	33,185	43,668
Total current assets		505,225	459,864
Non-current assets			
Financial assets	4	724	718
Vessels and equipment	10	2,684,025	2,869,395
Advances on newbuilding contracts	11	—	51,918
Equity-accounted investments	12	240,375	237,469
Other assets	8	100,683	138,247
Goodwill	13	127,113	127,113
Total non-current assets		3,152,920	3,424,860
Total assets		3,658,145	3,884,724
LIABILITIES			
Current liabilities			
Accounts payable and other	14	236,781	249,297
Other financial liabilities	18	11,366	34,679
Borrowings	19,21	1,156,006	407,274
Due to related parties	21	897,906	—
Total current liabilities		2,302,059	691,250
Non-current liabilities			
Accounts payable and other	14	45,619	49,253
Other financial liabilities	18	177,041	188,658
Borrowings	19,21	1,133,246	2,056,753
Due to related parties	21	79,594	797,432
Deferred tax liabilities	20	—	700
Total non-current liabilities		1,435,500	3,092,796
Total liabilities		3,737,559	3,784,046
EQUITY			
Limited partners - Class A common units	22	(7,048)	(4,539)
Limited partners - Class B common units	22	(509,415)	(314,153)
Limited partners - preferred units	22	423,768	392,248
General partner	22	4,090	5,603
Accumulated other comprehensive income		1,959	2,811
Non-controlling interests in subsidiaries	23	7,232	18,708
Total equity		(79,414)	100,678
Total liabilities and equity		3,658,145	3,884,724

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

(1) See Note 2f i) for further details.

ALTERA INFRASTRUCTURE L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(in thousands of U.S. Dollars, except per unit data)

	Notes	Year Ended December 31, 2022 $	Year Ended December 31, 2021 $
Revenues	24	1,141,887	1,151,260
Direct operating costs	25	(676,828)	(654,580)
General and administrative expenses	26	(32,283)	(40,770)
Depreciation and amortization	26	(269,778)	(313,120)
Interest expense	19,21	(256,549)	(206,176)
Interest income		3,799	91
Equity-accounted income (loss)	12	39,445	25,062
Impairment expense, net	10	(38,039)	(116,420)
Gain (loss) on dispositions, net	7	30,686	10,502
Realized and unrealized gain (loss) on derivative instruments	18	7,397	15,732
Foreign currency exchange gain (loss)		(341)	(825)
Gain (loss) on modification of financial liabilities, net	21,29	—	(45,920)
Other income (expenses), net	21,30	(112,413)	48,323
Income (loss) before income tax (expense) benefit		(163,017)	(126,841)
Income tax (expense) benefit			
Current	20	137	(4,603)
Deferred	20	700	(5,006)
Net income (loss)		(162,180)	(136,450)
Attributable to:			
Limited partners - common units		(197,771)	(160,218)
General partner		(1,513)	(1,225)
Limited partners - preferred units		31,520	31,520
Non-controlling interests in subsidiaries	23	5,584	(6,527)
		(162,180)	(136,450)
Basic and diluted earnings (loss) per limited partner common unit	22	(0.48)	(0.39)

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

2ALTERA INFRASTRUCTURE L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands of U.S. Dollars)

	Notes	Year Ended December 31, 2022 $	Year Ended December 31, 2021 $
Net income (loss)		(162,180)	(136,450)
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to net income (loss):			
Pension adjustments, net of taxes		267	233
Items that may be reclassified subsequently to net income (loss):			
To interest expense:			
Realized gain on qualifying cash flow hedging instruments	18	(534)	(750)
To equity-accounted income (loss):			
Realized gain on qualifying cash flow hedging instruments	12	(586)	(743)
Total other comprehensive income (loss)		(853)	(1,260)
Comprehensive income (loss)		(163,033)	(137,710)
Attributable to:			
Limited partners - common units		(198,618)	(161,468)
General partner		(1,519)	(1,235)
Limited partners - preferred units		31,520	31,520
Non-controlling interests in subsidiaries	23	5,585	(6,527)
		(163,032)	(137,710)

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

ALTERA INFRASTRUCTURE L.P AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands of U.S. Dollars and units)

	Notes	PARTNERS' EQUITY									
		Limited Partners									
		Class A Common Units #	Class A Common Units and Additional Paid-in Capital $	Class B Common Units #	Class B Common Units and Additional Paid-in Capital $	Preferred Units #	Preferred Units $	General Partner $	Accumulated Other Comprehensive Income $	Non-controlling Interests $	Total Equity $
Balance as at January 1, 2022		5,217	(4,539)	405,932	(314,153)	15,488	392,248	5,603	2,811	18,708	100,678
Net income (loss)		—	(2,509)	—	(195,262)	—	31,520	(1,513)	—	5,584	(162,180)
Other comprehensive income (loss)		—	—	—	—	—	—	—	(852)	—	(852)
Distribution to non-controlling interests		—	—	—	—	—	—	—	—	(22,360)	(22,360)
Contribution from non-controlling interests		—	—	—	—	—	—	—	—	5,300	5,300
Balance as at December 31, 2022		5,217	(7,048)	405,932	(509,415)	15,488	423,768	4,090	1,959	7,232	(79,414)

	Notes	PARTNERS' EQUITY									
		Limited Partners									
		Class A Common Units #	Class A Common Units and Additional Paid-in Capital $	Class B Common Units #	Class B Common Units and Additional Paid-in Capital $	Preferred Units #	Preferred Units $	General Partner $	Accumulated Other Comprehensive Income $	Non-controlling Interests $	Total Equity $
Balance as at January 1, 2021		5,217	(2,505)	405,932	(157,897)	15,489	376,512	6,828	4,071	17,890	244,899
Net income (loss)		—	(2,034)	—	(158,184)	—	31,520	(1,225)	—	(6,527)	(136,450)
Other comprehensive income (loss)		—	—	—	—	—	—	—	(1,260)	—	(1,260)
Distributions declared:											
Preferred Units - Series A ($0.9062 per unit)		—	—	—	—	—	(5,326)	—	—	—	(5,326)
Preferred Units - Series B ($1.0626 per unit)		—	—	—	—	—	(5,216)	—	—	—	(5,216)
Preferred Units - Series E ($1.1094 per unit)		—	—	—	—	—	(5,218)	—	—	—	(5,218)
Other distributions		—	—	—	—	—	—	—	—	(2,605)	(2,605)
Contribution of capital from Brookfield		—	—	—	1,928	—	—	—	—	—	1,928
Distributions to non-controlling interests		—	—	—	—	—	—	—	—	(8,000)	(8,000)
Contribution from non-controlling interests		—	—	—	—	—	—	—	—	17,950	17,950
Repurchase of preferred units		—	—	—	—	(1)	(24)	—	—	—	(24)
Balance as at December 31, 2021		5,217	(4,539)	405,932	(314,153)	15,488	392,248	5,603	2,811	18,708	100,678

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

ALTERA INFRASTRUCTURE L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. Dollars)

	Notes	Year Ended December 31, 2022 $	Year Ended December 31, 2021 Restated[2] $
Operating Activities			
Net income (loss)		(162,180)	(136,450)
Adjusted for the following items:			
Depreciation and amortization	10	269,778	313,120
Equity-accounted (income) loss, net of distributions received of $39,507 (2021 - $33,428)	12	63	8,368
Impairment expense, net	10	38,039	116,420
(Gain) loss on dispositions, net	7	(30,686)	(10,502)
Unrealized (gain) loss on derivative instruments	18	(24,459)	(173,195)
Deferred income tax expense (benefit)	20	(700)	5,006
Provisions and other items	16	(5,442)	(54,698)
Other non-cash items		123,631	59,937
Changes in non-cash working capital, net	27	46,121	87,289
Net operating cash flow		254,165	215,295
Financing Activities			
Proceeds from borrowings	19	63,195	276,120
Repayments of borrowings and settlement of related derivative instruments	18,19	(253,545)	(579,180)
Financing costs related to borrowings	19	—	(7,720)
Proceeds from borrowings related to sale and leaseback of vessels	11	—	71,400
Repayments of borrowings related to sale and leaseback of vessels	11	(11,272)	(11,335)
Financing costs related to borrowings from sale and leaseback of vessels	11	—	(584)
Proceeds from borrowings from related parties	21	104,000	147,000
Prepayment of borrowings from related parties	21	(22,000)	(30,000)
Lease liability repayments	9	(14,268)	(14,506)
Capital contribution by non-controlling interests		5,300	17,950
Distributions to limited partners and preferred unitholders	22	—	(15,760)
Distributions to non-controlling interests	23	(22,360)	(10,605)
Repurchase of preferred units	22	—	(24)
Cash received in connection with rights offering	3	10,425	—
Net financing cash flow		(140,525)	(157,244)
Investing Activities			
Additions			
Vessels and equipment	10,11	(120,248)	(211,448)
Equity-accounted investments	12	(3,555)	(4,847)
Dispositions			
Vessels and equipment	7	106,240	44,894
Changes in restricted cash	4	(33,106)	78,389
Net investing cash flow		(50,669)	(93,012)
Total Cash and cash equivalents [1]			
Change during the year		62,971	(34,961)
Impact of foreign exchange on cash		(8,018)	(17)
Balance, beginning of the year		249,508	284,486
Balance, end of the year		304,461	249,508

Supplemental cash flow information (Note 27)

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

(1) Total Cash and cash equivalents includes Cash and cash equivalents and Cash deposits with third-party restrictions.
(2) See Note 2f i) for further details.

ALTERA INFRASTRUCTURE L.P. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2022 and 2021 and for the years ended December 31, 2022 and 2021
(all tabular amounts stated in thousands of U.S. Dollars, except unit and per unit data or unless otherwise indicated)

1. Nature and Description of the Partnership

Altera Infrastructure L.P. and its wholly-owned or controlled subsidiaries (collectively the *Partnership*) is an international infrastructure services provider to the offshore oil and gas industry, focused on the ownership and operation of critical infrastructure assets in offshore oil regions of the North Sea, Brazil and the East Coast of Canada. The Partnership was formed as a limited partnership established under the laws of the Republic of the Marshall Islands in August 2006 and the Partnership's affairs are governed by the Marshall Islands Limited Partnership Act and its limited partnership agreement dated January 22, 2020 and as amended on March 24, 2020 and October 27, 2020. The Partnership is a subsidiary of Brookfield Business Partners L.P. (NYSE: BBU) (TSX: BBU.UN) (or with its affiliates, *Brookfield*).

The Partnership's Preferred Units (as defined below) were listed through June 30, 2022 on the New York Stock Exchange under the ticker symbols "ALIN PR A", "ALIN PR B" and "ALIN PR E" respectively. On August 15, 2022, the Partnership received a letter from the New York Stock Exchange (the NYSE) notifying the Partnership that as a result of the Chapter 11 Cases (defined below) and in accordance with section 802.01D of the NYSE's Listed Company Manual, the NYSE has determined that the Partnership's Preferred Units would be delisted from the NYSE, and trading in the Preferred Units was suspended as of August 15, 2022. On January 6, 2023, (the *Effective Date*), all equity securities in the prepetition Partnership outstanding prior to the Effective Date, were cancelled, released and extinguished, and are of no further force or effect without any need for a holder of such equity securities to take further action with respect thereto. See Note 31 for additional information.

The registered head office of the Partnership is Altera House, Unit 3, Prospect Park, Arnhall Business Park, Westhill, Aberdeenshire, AB32 6FJ, United Kingdom.

Unless the context otherwise requires, the terms "we," "us," or "our," as used herein, refer to the Partnership.

2. Significant Accounting Policies

a. Basis of presentation

These consolidated financial statements of the Partnership have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (or *IFRS*) and using the accounting policies described below. The consolidated financial statements have been prepared under the assumption that the Partnership operates on a going concern basis and have been presented in U.S. dollars rounded to the nearest thousand unless otherwise indicated.

In the opinion of management of the Partnership's general partner, Altera Infrastructure GP L.L.C. (or *the general partner*), these consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary to present fairly, in all material respects, the Partnership's consolidated financial position, results of operations, changes in total equity and cash flows as at dates and for the periods presented. These consolidated financial statements were approved by management and authorized for issue on April 26, 2023.

b. Going concern

As at December 31, 2022, the Partnership had a working capital deficit of $1,796.8 million. The working capital deficit of $1,796.8 million as at December 31, 2022 has increased from $231.4 million as at December 31, 2021, primarily related to the classification of $1,156.0 million of outstanding borrowings and $897.9 million of outstanding related party borrowings as current, predominantly as a result of the Partnership entering Chapter 11 bankruptcy protection.

On August 12, 2022, the Partnership and certain of its affiliates and direct and indirect subsidiaries (the *Altera Chapter 11 Parties*), which excluded all entities within the Shuttle Tanker segment, filed prearranged voluntary petitions to commence proceedings (the *Chapter 11 Cases*) under Chapter 11 of Title 11 of the United States Code (the *Bankruptcy Code*) in the United States Bankruptcy Court for the Southern District of Texas (the *Bankruptcy Court*).

On the Effective Date, approximately five months after the Chapter 11 cases were commenced, the Altera Chapter 11 Parties emerged from Chapter 11 with a strengthened balance sheet and foundation for long-term growth. In summary this restructuring:

- was successfully implemented through a pre-arranged Chapter 11 process in U.S. Bankruptcy Court;
- significantly deleveraged the Partnership's balance sheet by equitizing $1.1 billion in junior debt obligations, cancelled $423.8 million of preferred equity, and facilitated a long term, sustainable positive liquidity outlook;
- reprofiled $551.3 million of secured asset-level bank debt to better align its debt service obligations with its cash flows; and
- raised $94.4 million in capital through an equity rights offering, which provided additional liquidity ($10.4 million) and repaid certain credit facilities, including the Chapter 11 DIP financing, in full ($84.0 million).

With the support of all of the Partnership's lenders, including Brookfield Business Partners L.P., and certain of its affiliates and institutional partners, the restructuring comprehensively reprofiled the Partnership's bank loan facilities to better align cash flow with its debt service obligations, and equitized $1.1 billion in junior debt obligations. Please see Note 22 and Note 31 for additional information.

During 2022, the Partnership additionally completed the sale of certain vessels which had reached the end of their useful life, enhancing the Partnership's liquidity and financial flexibility. The working capital deficit as at December 31, 2022, includes $153.3 million in current borrowings related to certain tranches of the Partnership's East Coast of Canada term loans classified as current. These term loans are secured by four vessels on contract until 2030. In March 2023, the Partnership successfully completed an amendment and extension of this financing, which included a $30.0 million upsize to the commercial senior tranche to take-out the junior financing related to the same vessels. Following the amendment, the outstanding amount of the commercial senior tranche is $153.3 million and matures in March 2026. The total amended financing amounts to $332.6 million, which reduces over time with semi-annual repayments and has varying maturities through March 2034. Please see Note 19 for additional information.

ALTERA INFRASTRUCTURE L.P. AND SUBSIDIARIES
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(all tabular amounts stated in thousands of U.S. Dollars, except unit and per unit data or unless otherwise indicated)

In addition to the successfully completed initiatives during 2022 and early-2023, the Partnership will need to obtain refinancing for one of its US private placement facilities which is due to mature in December 2023, which it considers probable of completion based on the Partnership's history of being able to raise and refinance borrowings for similar types of vessels and based on the Partnership's assessment of current conditions and estimated future conditions. The Partnership is in various stages of progression on these matters.

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

Based on the Partnership's liquidity at the date of these consolidated financial statements, the liquidity it expects to generate from operations over the following year, by incorporating the Partnership's successful emergence from Chapter 11, East Coast of Canada term loan refinancing and its plans to raise additional liquidity that it considers probable of completion, the Partnership expects that it will have sufficient liquidity to enable the Partnership to continue as a going concern for at least the one-year period to December 31, 2023.

c. Basis of consolidation

The consolidated financial statements include the accounts of the Partnership and its consolidated subsidiaries, which are the entities over which the Partnership has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Non-controlling interests in the equity of the Partnership's subsidiaries held by others are shown separately in equity in the consolidated statements of financial position. All intercompany balances, transactions, revenues and expenses are eliminated in full in these consolidated financial statements.

As a result of the Chapter 11 Cases, IFRS 10 requires the Partnership to reassess whether it controls its subsidiaries. Prior to the Chapter 11 Filing, the Partnership controlled all its wholly-owned subsidiaries through its 100% ownership of the entities. An investor controls an investee if and only if the investor has all of the following elements:

Power over the investee

After the Chapter 11 Cases, the Partnership continued to operate the business and manage its asset fleet as “debtor-in-possession” (“DIP”) under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. The Partnership is controlled by its board of directors which is appointed by Brookfield. The Partnership has 100% ownership over its wholly-owned subsidiaries as the Partnership owns all the shares. The Partnership's board of directors appoints the Partnership's management to be the board of directors of all its entities. The Chapter 11 Cases did not impact the corporate governance or structure of the entities, as such there was no change to the Partnership's ability to appoint or change the board of director members. The Partnership was able to control (appoint, remove or otherwise update) the board of directors of its entities before, during and after the Chapter 11 Cases.

Exposure, or rights, to variable returns from its involvements with the investee

The Partnership has the right to its wholly-owned subsidiaries returns through its 100% ownership of its entities. The Partnership's wholly-owned subsidiaries are attributable to the Partnership from their entitlement as the sole owner of the entities. This applied before, during and after the Chapter 11 Cases, there was no change to these rights as a result of the Chapter 11 Cases. As such, through majority ownership and control of the Partnership's entities board of directors, the Partnership has a right to the variable returns its wholly-owned subsidiaries.

The ability to use its powers over the investee to affect the amount of the investor's returns.

Throughout the Chaper 11 Cases the Partnership was able to use its powers to affect returns because it continued to control all ordinary course activities of its wholly-owned subsidiaries. There was no change to the Partnership's control over these ordinary course activities, these ordinary course activities are how the Partnership's wholly-owned subsidiaries earn returns (or losses). Brookfield controls the non ordinary course transactions, due to their negotiating power in the Chapter 11 Cases. This is relevant to the assessment of the Partnership's wholly-owned subsidiaries because, as discussed above, Brookfield controls the Partnership. The Partnership concluded that it has control over its wholly-owned subsidiaries during the Chapter 11 Cases giving it the right to continue to consolidate its wholly-owned subsidiaries.

d. Interests in other entities

(i) Subsidiaries

Subsidiaries are consolidated from the date of acquisition, being the date on which the Partnership obtained control, and continue to be consolidated until the date when control is lost.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in the Partnership's capital in addition to changes in ownership interests. Total comprehensive income (loss) is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The following provides information about the Partnership's wholly-owned subsidiaries as at December 31, 2022:

Name of Subsidiary	State or Jurisdiction of Incorporation	Proportion of Ownership Interest
ALP Ace BV	Netherlands	100%
ALP Centre BV	Netherlands	100%
ALP Defender BV	Netherlands	100%

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ALP Forward BV	Netherlands	100%
ALP Guard BV	Netherlands	100%
ALP Ippon BV	Netherlands	100%
ALP Keeper BV	Netherlands	100%
ALP Maritime Contractors BV	Netherlands	100%
ALP Maritime Group BV	Netherlands	100%
ALP Maritime Holding BV	Netherlands	100%
ALP Maritime Services BV	Netherlands	100%
ALP Ocean Towage Holding BV	Netherlands	100%
ALP Striker BV	Netherlands	100%
ALP Sweeper BV	Netherlands	100%
ALP Winger BV	Netherlands	100%
Altera (Atlantic) Chartering ULC	Canada	100%
Altera (Atlantic) Management ULC	Canada	100%
Altera Al Rayyan LLC	Marshall Islands	100%
Altera do Brasil Servicos Maritimos Ltda.	Brazil	100%
Altera Grand Banks AS	Norway	100%
Altera Grand Banks Shipping AS	Norway	100%
Altera Infrastructure (Philippines) Inc.	Philippines	100%
Altera Infrastructure Arendal Holdings Limited	United Kingdom	100%
Altera Infrastructure Coöperatief U.A.	Netherlands	100%
Altera Infrastructure Crewing AS	Norway	100%
Altera Infrastructure FFTA Holdings Limited	United Kingdom	100%
Altera Infrastructure Finance Corp.	Marshall Islands	100%
Altera Infrastructure FPSO Holdings Limited	United Kingdom	100%
Altera Infrastructure FSO Holdings Limited	United Kingdom	100%
Altera Infrastructure Group Ltd.	Marshall Islands	100%
Altera Infrastructure Holdings L.L.C.	Marshall Islands	100%
Altera Infrastructure Holdings Pte. Ltd.	Singapore	100%
Altera Infrastructure Norway AS	Norway	100%
Altera Infrastructure Production (Singapore) Pte. Ltd.	Singapore	100%
Altera Infrastructure Production AS	Norway	100%
Altera Infrastructure Production Crew AS	Norway	100%
Altera Infrastructure Production Holdings Limited	United Kingdom	100%
Altera Infrastructure Project Services LLC	United States of America	100%
Altera Infrastructure Services Pte. Ltd	Singapore	100%
Altera Infrastructure Siri AS	Norway	100%
Altera Infrastructure Ventures AS	Norway	100%
Altera Knarr AS	Norway	100%
Altera Libra Netherlands BV	Netherlands	100%
Altera Luxembourg S.a.r.l.	Luxembourg	100%
Altera Norway Holdings AS	Norway	100%
Altera Norway Marine AS	Norway	100%
Altera Operations Australia Pty Ltd.	Australia	100%
Altera Petrojarl FPSO Petrolífera do Brasil Ltda.	Brazil	100%
Altera Petrojarl I Servicos de Petroleo Ltda.	Brazil	100%
Altera Piranema Servicos de Petroleo Ltda.	Brazil	100%
Altera Production UK Limited	United Kingdom	100%
Altera Shuttle Loading AS	Norway	100%
Altera Shuttle Loading Pte. Ltd.	Singapore	100%
Altera Shuttle Tanker Finance LLC	Marshall Islands	100%
Altera Shuttle Tankers LLC	Marshall Islands	100%
Altera Voyageur Production Limited.	United Kingdom	100%
Altera Wave AS	Norway	100%

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Altera Wind AS	Norway	100%
Amundsen Spirit AS	Norway	100%
Arendal Spirit AS	Norway	100%
Arendal Spirit LLC	Marshall Islands	100%
Arendal Spirit UK Limited	United Kingdom	100%
Aurora Spirit AS	Norway	100%
Bossa Nova Spirit LLC	Marshall Islands	100%
Clipper LLC	Marshall Islands	100%
Current Spirit AS	Norway	100%
Dampier Spirit LLC	Marshall Islands	100%
Gina Krog AS	Norway	100%
Gina Krog II AS	Norway	100%
Gina Krog Offshore Pte. Ltd.	Singapore	100%
Golar Nor (UK) Limited	United Kingdom	100%
Knarr LLC	Marshall Islands	100%
Lambada Spirit LLC	Marshall Islands	100%
Logitel Offshore Norway AS	Norway	100%
Logitel Offshore Pte. Ltd.	Singapore	100%
Logitel Offshore Rig II Pte. Ltd.	Singapore	100%
Logitel Offshore Rig III LLC	Marshall Islands	100%
Nansen Spirit LLC	Marshall Islands	100%
Navion Bergen AS	Norway	100%
Navion Bergen LLC	Marshall Islands	100%
Nordic Brasilia LLC	Marshall Islands	100%
Peary Spirit LLC	Marshall Islands	100%
Petrojarl I LLC	Marshall Islands	100%
Petrojarl I Production AS	Norway	100%
Piranema LLC	Marshall Islands	100%
Piranema Production AS	Norway	100%
Rainbow Spirit AS	Norway	100%
Salamander Production (UK) Limited	United Kingdom	100%
Samba Spirit LLC	Marshall Islands	100%
Scott Spirit LLC	Marshall Islands	100%
Sertanejo Spirit LLC	Marshall Islands	100%
Stella Maris CCS AS	Norway	100%
Teekay Australia Offshore Holdings Pty Ltd.	Australia	100%
Teekay FSO Finance Pty Ltd.	Australia	100%
Teekay Hiload LLC	Marshall Islands	100%
Tide Spirit AS	Norway	100%
Tiro Sidon UK L.L.P.	United Kingdom	100%
Varg LLC	Marshall Islands	100%
Voyageur LLC	Marshall Islands	100%

The following table presents details of non-wholly owned subsidiaries of the Partnership as at December 31, 2022:

Name of Subsidiary	State or Jurisdiction of Incorporation	Proportion of Ownership Interest
Navion Gothenburg LLC	Marshall Islands	50%
Nordic Rio LLC	Marshall Islands	50%

For the 50% owned entities above the Partnership has determined that the entities are non-wholly owned subsidiaries of the Partnership based on its assessment of control. For non-wholly owned subsidiaries, the Partnership is exposed to variable returns from its involvement with the investee and has substantive decision making authority to affect the returns of its investment, as well as the power to direct the activities of the entities that can significantly impact the economic performance of the entity.

(ii) Joint ventures

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Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists when decisions about the relevant activities require unanimous consent of the parties sharing control. The Partnership accounts for joint ventures using the equity method of accounting within equity-accounted investments in the consolidated statements of financial position.

Interests in joint ventures accounted for using the equity method are initially recognized at cost. Subsequent to initial recognition, the carrying value of the Partnership's interest in a joint venture is adjusted for the Partnership's share of comprehensive income and distributions of the investee. Profit and losses resulting from transactions with a joint venture are recognized in the consolidated financial statements based on the interests of unrelated investors in the investee. The carrying value of joint ventures is assessed for impairment at each reporting date. Impairment losses on equity-accounted investments may be subsequently reversed in net income. Further information on the impairment of long-lived assets is available in Note 2(l).

The following table presents details of the Partnership's joint ventures as at December 31, 2022:

Name of Joint Venture	State or Jurisdiction of Incorporation	Proportion of Ownership Interest
OOG-TKP FPSO GmbH	Austria	50%
OOG-TKP FPSO GmbH & Co KG	Austria	50%
OOG-TKP Oil Services Ltd.	Cayman Islands	50%
OOG-TK Libra GmbH	Austria	50%
OOG-TK Libra GmbH & Co KG	Austria	50%
OOGTK Libra Operator Holdings Limited	Cayman Islands	50%
OOGTK Libra Producao de Petroleo Ltda	Brazil	50%
OOG-TKP Operator Holdings Limited	Cayman Islands	50%
OOG-TKP Producao de Petroleo Ltda	Brazil	50%
TK-Ocyan Libra Oil Services Ltd.	Cayman Islands	50%

e. Foreign currency translation

The U.S. dollar is the functional and presentation currency of the Partnership. The Partnership's vessels operate in international shipping markets in which substantially all income and expenses are settled in U.S. dollars. In addition, the Partnership's most significant assets, its vessels and equipment, are bought and sold in U.S. dollars and the Partnership's most significant liabilities, its commercial bank borrowings, are denominated in U.S. dollars. Foreign currency denominated monetary assets and liabilities are translated using the rate of exchange prevailing at the reporting date and non-monetary assets and liabilities are measured at historic cost and are translated at the rate of exchange at the transaction date. Foreign currency denominated revenues and expenses are measured at average rates during the period. Gains or losses on translation of these items are included in foreign currency exchange gain (loss) in the consolidated statements of income (loss).

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand, non-restricted deposits and short-term investments with original maturities of three months or less.

(i) Cash deposits with third-party restrictions

The Partnership has performed an assessment of its restricted cash balances taking into consideration the International Financial Reporting Interpretations Committee (or *IFRIC*) March 2022 update *"Demand Deposits with Restrictions on Use Arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)—Agenda Paper 3"* and has determined the need to reclassify portions of Financial assets to Cash and cash equivalents.

The Partnership has contractual obligations with third parties to keep specified amounts of cash in separate demand deposits and to use the cash only for specified purposes. The Partnership has full discretion and access to these funds but if the amounts held in the demand deposits are used for purposes other than those agreed with the third party, the Partnership would be in breach of its covenants. The Partnership has historically classified these arrangements as restricted cash within Financial assets. After consideration of the IFRIC interpretation, the Partnership has determined that the balances related to the arrangements discussed above meet the definition of cash under IAS 7 and should be classified as such within the consolidated statements of financial position and consolidated statements of cash flows. The Partnership has reflected this change retrospectively by restating its comparative consolidated statement of financial position and comparative consolidated statements of cash flows. Cash deposits with third-party restrictions is disclosed as a separate line item in the consolidated statements of financial position and is considered a component of cash in the consolidated statement of cash flows.

The following table provides a reconciliation of the resulting reclassifications related to the change in accounting policy discussed above to the Partnership's consolidated statements of financial position:

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	As at December 31, 2021 As Previously Reported	Reclassifications	As at December 31, 2021 Restated[1]
	$	$	$
Cash deposits with third-party restrictions	—	58,566	58,566
Financial assets	19,400	(13,544)	5,856
Total current assets	19,400	45,022	64,422
Financial assets	45,740	(45,022)	718
Total non-current assets	45,740	(45,022)	718
	65,140	—	65,140

The following tables provide a reconciliation of the resulting reclassifications related to the change in accounting policy discussed above to the Partnership's consolidated statements of cash flows:

	Year ended December 31, 2021 As Previously Reported	Reclassifications	Year ended December 31, 2021 Restated
	$	$	$
Investing Activities			
Additions			
Vessels and equipment	(211,448)	—	(211,448)
Equity-accounted investments	(4,847)	—	(4,847)
Dispositions			
Vessels and equipment	44,894	—	44,894
Changes in restricted cash	68,575	9,814	78,389
Net investing cash flow	(102,826)	9,814	(93,012)
Total Cash and cash equivalents [1]			
Change during the period	(44,775)	9,814	(34,961)
Impact of foreign exchange on cash	(17)	—	(17)
Balance, beginning of the period	235,734	48,752	284,486
Balance, end of the period	190,942	58,566	249,508

(1) Total Cash and cash equivalents includes Cash and cash equivalents and Cash deposits with third-party restrictions.

g. Accounts and other receivable, net

Accounts and other receivable, net includes trade receivables and other unbilled receivables. Accounts and other receivable, net, except for trade receivables, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are recognized initially at their transaction price.

h. Inventory

Inventories are the materials or supplies consumed in the rendering of services. Inventory is valued at the lower of cost and net realizable value. Cost is determined using specific identification where possible and practicable or using the first-in, first-out method. Costs include direct and indirect expenditures incurred in bringing the inventory to its existing condition and location. Net realizable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The following table presents the details of the Partnership's inventory as at December 31, 2022 and 2021:

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	December 31, 2022	December 31, 2021
	$	$
Fuel oil	28,004	23,203
Materials and consumables	3,255	3,398
Total inventory	31,259	26,601

i. Related party transactions

In the normal course of operations, the Partnership enters into various transactions with related parties, which have been measured at their fair value, which generally is the agreed upon exchange value and are recognized in the consolidated financial statements. Related party transactions are further described in Note 21.

j. Vessels and equipment

Vessels and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset including the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. All pre-delivery costs incurred during the construction of vessels and equipment, including interest, supervision and technical costs, are capitalized. The acquisition cost and all costs incurred to restore used vessels and equipment purchased by the Partnership to the standard required to service the Partnership's customers are capitalized.

Depreciation of an asset commences when it is available for use. Vessels and equipment are depreciated for each component of the asset classes as follows:

Component	Estimated Useful Life
Dry docks and Overhauls	2.5 - 5 years
Capital Modifications (1)	3 - 20 years
Vessels and Equipment (2)	9 - 35 years

(1) Includes field and contract specific equipment for the Partnership's FPSO units and FSO units, capital upgrades for the Partnership's shuttle tankers and mid-life refurbishments for the Partnership's UMS.

(2) Certain of the Partnership's FPSO units and FSO units have undergone conversions or capital upgrades prior to commencing operations under their current contracts. The estimated useful lives of such vessels is generally substantially lower than that of a comparable newbuilding vessel. For a newbuilding vessel, the Partnership uses an estimated useful life of 20 to 25 years for its FPSO units, 20 years for its shuttle tankers, 35 years for its UMS and 25 years for its towage and offshore installation (or *Towage*) vessels. The estimated useful life of the Partnership's FSO units are generally the contract term for the unit, inclusive of extension options.

Depreciation on vessels and equipment is calculated on a straight-line basis so as to write-off the net cost of each asset over its expected useful life to its estimated residual value. Residual value of the vessel hull is estimated as the lightweight tonnage of each vessel multiplied by recycling value per ton. The estimated useful lives, residual values and depreciation methods are reviewed annually, with the effect of any changes recognized on a prospective basis.

Vessel capital modifications include the addition of new equipment or can encompass various modifications to the vessel which are aimed at improving or increasing the operational efficiency and functionality of the asset. This type of expenditure is amortized over the estimated useful life of the modification. Expenditures covering recurring routine repairs or maintenance are expensed as incurred.

Generally, the Partnership dry docks each shuttle tanker every five years and vessels older than 15 years are dry-docked every two and a half years, depending on the nature of work and external requirements. The vessels are required to undergo planned dry docking for replacement of certain components, major repairs and major maintenance of other components, which cannot be carried out while the vessels are operating. The Partnership capitalizes a portion of the costs incurred during dry docking and amortizes those costs on a straight-line basis from the completion of a dry docking over the estimated useful life of the dry dock, which is generally until the commencement of the subsequent dry dock. Included in capitalized dry docking are costs incurred as part of the dry docking to meet regulatory requirements, or expenditures that either add economic life to the vessel, increase the vessel's earning capacity or improve the vessel's operating efficiency. A portion of the cost of acquiring a new vessel is allocated to the components expected to be replaced or refurbished at the next dry-docking. The Partnership expenses costs related to routine repairs and maintenance performed during dry docking that do not improve operating efficiency or extend the useful lives of the assets.

Advances on newbuilding contracts consists of prepayments related to newbuilding contracts for vessels and equipment not yet delivered to the Partnership and include the share of borrowing costs that are directly attributable to the acquisition of the underlying vessel. When a vessel is delivered, the prepaid amount is reallocated to Vessels and equipment.

k. Right-of-use assets and lease obligations

The Partnership assesses whether a contract is, or contains, a lease at inception of the contract. A right-of-use asset and corresponding lease liability is recognized at the lease commencement date for contracts that are, or contain, a lease component, except for short-term leases and leases of low value.

Agreements to charter in vessels and to lease land and buildings for which the Partnership substantially has the right to control the asset for a period of time in exchange for consideration are recognized in the consolidated statements of financial position as right-of-use assets within Other

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assets and are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date. Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and impairment losses, if any. The right-of-use assets are depreciated on a straight-line basis over the lesser of the lease term or remaining life of the underlying asset, depending on the lease terms.

The Partnership charters in vessels from other vessel owners on time-charter contracts, whereby the vessel owner provides use of the vessel to the Partnership, as well as operates the vessel for the Partnership. A time-charter contract is typically for a fixed period of time, although in certain cases the Partnership may have the option to extend the charter. The Partnership will typically pay the owner a daily hire rate that is fixed over the duration of the charter. The Partnership is generally not required to pay the daily hire rate during periods the vessel is not able to operate.

The Partnership has determined that all of its time-charter-in contracts contain both a lease component (lease of the vessel) and a non-lease component (operation of the vessel). The Partnership has allocated the contract consideration between the lease component and non-lease component on a relative standalone selling price basis. Given that there are no observable standalone selling prices for either of these two components, judgment is required in determining the standalone selling price of each component. The standalone selling price of the non-lease component has been determined using a cost-plus approach, whereby the Partnership estimates the cost to operate the vessel using cost benchmarking studies prepared by a third party, when available, or internal estimates when not available, plus a profit margin. The standalone selling price of the lease component has been determined using an adjusted market approach, whereby the Partnership calculates a rate excluding the operating component based on a market time-charter rate from published broker estimates, when available, or internal estimates when not available. The discount rate of the lease is determined using the Partnership's incremental borrowing rate, which is based on the fixed interest rate the Partnership could obtain when entering into a secured loan facility of similar term.

The Partnership has elected to recognize the lease payments of short-term leases in profit or loss on a straight-line basis over the lease term and variable lease payments not dependent on a rate or index in the period in which the obligation for those payments is incurred, which is consistent with the recognition of payment for the non-lease component. Short-term leases are leases with an original term of one year or less, excluding those leases with an option to extend the lease for greater than one year or an option to purchase the underlying asset, that the lessee is reasonably certain to exercise.

The corresponding lease obligation is recognized as a liability in the consolidated statements of financial position under Accounts payable and other and initially measured at the present value of the outstanding lease payments at the commencement date.

The Partnership recognizes the lease payments for leases of low value as an operating expense on a straight-line basis over the term of the lease.

l. Asset impairment

At each reporting date the Partnership assesses whether there is any indication that assets or cash generating units, relating specifically to its vessels and equipment and right-of use-assets, are impaired. This assessment includes a review of internal and external factors which includes, but is not limited to, changes in the technological, political, economic or legal environments in which the Partnership operates, structural changes in the industry, changes in the level of demand, physical damage and obsolescence due to technological changes. The Partnership has determined that, for impairment purposes, each individual vessel, except for the Partnership's contract of affreightment (or *CoA*) vessels, is a cash generating unit. This is due to the fact that the cash inflows from an individual vessel operating in the CoA fleet are not largely independent of the cash inflows from other vessels operating in the CoA fleet, i.e., the individual vessels are not the smallest identifiable group and therefore it is concluded that the CoA fleet is a single cash generating unit.

An impairment is recognized if the recoverable amount, determined as the higher of the estimated fair value less costs of disposal or the value in use, is less than the carrying value of the asset or cash generating unit. In cases where an active second-hand sale and purchase market does not exist, the Partnership uses a discounted cash flow approach to estimate the fair value of its vessel and equipment. In cases where an active second-hand sale and purchase market exists, an appraised value is used to estimate the fair value of the vessel and equipment. An appraised value is generally the amount the Partnership would expect to receive if it were to sell the vessel. Such appraisal is normally completed by the Partnership. The value in use is the present value of the future cash flows that the Partnership expects to derive from the asset or cash generating unit. The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of conditions anticipated to prevail.

At each reporting date the Partnership assesses whether there is any indication that an impairment loss may have decreased. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate.

m. Goodwill

Goodwill represents the excess of the price paid for the acquisition of a business over the fair value of the net tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash generating unit or units to which it relates. The Partnership identifies cash generating units as identifiable groups of assets whose cash inflows largely independent of the cash inflows from other assets or groups of assets. The Partnership has identified the shuttle tanker segment as the group of cash generating units to which the Partnership's goodwill relates.

Goodwill is evaluated for impairment on an annual basis or more frequently if an event occurs or circumstances change that would indicate that the recoverable amount of a reporting unit was below its carrying value. Impairment is determined for goodwill by assessing if the carrying value of a cash generating unit, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal or the value in use. Impairment losses recognized in respect of a cash generating unit are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the cash generating unit. Any goodwill impairment is charged to Impairment expense, net on the consolidated statements of income (loss) in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

n. Revenues

Each vessel charter may, depending on its terms, contain a lease component, a non-lease component or both. Revenues that are fixed on or prior to the commencement of the contract are recognized by the Partnership on a straight-line basis daily over the term of the contract.

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The Partnership's primary source of revenues is chartering its vessels and offshore units to its customers. The Partnership utilizes five primary forms of contracts, consisting of FPSO contracts, CoA, time-charter contracts, bareboat charter contracts and voyage charter contracts.

A highly probable criterion is required to be met with regards to recognizing revenue arising from variable consideration resulting from contract modifications and claims. For variable consideration, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(i) FPSO Contracts

Pursuant to an FPSO contract, the Partnership charters an FPSO unit to a customer for a fixed period of time, generally more than one year. The obligations within an FPSO contract, which include the lease of the FPSO unit to the charterer as well as the operation of the FPSO unit, are satisfied as services are rendered over the duration of such contract, as measured using the time that has elapsed from commencement of performance. Fees relating to the lease and operation of the FPSO (or hire) are typically invoiced monthly in arrears, based on a fixed daily hire amount. In certain FPSO contracts, the Partnership is entitled to a lump sum amount due upon commencement of the contract and may also be entitled to termination fees if the contract is canceled early. While the fixed daily hire amount may be the same over the term of the FPSO contract, in certain cases, the daily hire amount declines over the duration of the FPSO contract. As a result of the Partnership accounting for compensation from such charters on a straight-line basis over the duration of the charter, FPSO contracts where revenues are recognized before the Partnership is entitled to such amounts under the FPSO contracts will result in the Partnership recognizing a contract asset and FPSO contracts where revenues are recognized after the Partnership is entitled to such amounts under the FPSO contracts will result in the Partnership recognizing a contract liability.

Some FPSO contracts include variable consideration components in the form of expense adjustments or reimbursements, incentive compensation and penalties. For example, some FPSO contracts contain provisions that allow the Partnership to be compensated for increases in the Partnership's costs to operate the unit during the term of the contract. Such provisions may be in the form of annual hire rate adjustments for changes in inflation indices or foreign currency rates, or in the form of cost reimbursements for vessel operating expenditures incurred. The Partnership may also earn additional compensation from periodic production tariffs, which are based on the volume of oil produced, the price of oil, as well as other monthly or annual operational performance measures. During periods in which production on the FPSO unit is interrupted, penalties may be imposed. Variable consideration under the Partnership's contracts is typically recognized as incurred as either such revenues are allocated and accounted for under lease accounting requirements or, alternatively, when such consideration is allocated to the distinct period in which such variable consideration was earned. The Partnership does not engage in any specific activities to minimize residual value risk. Given the uncertainty involved in oil field production estimates and the resulting impact on oil field life, FPSO contracts typically will include extension options or options to terminate early.

The Partnership has allocated the contract consideration between the lease component and non-lease component on a relative standalone selling price basis. Given that there are no observable standalone selling prices for either of these two components, judgment is required in determining the standalone selling price of each component. The standalone selling price of the non-lease component has been determined using a cost-plus approach, whereby the Partnership estimates the cost to operate the unit using internal estimates, plus a profit margin. The standalone selling price of the lease component has been determined using an adjusted market approach, whereby the Partnership calculates a rate excluding the operating component based on a market rate from published broker estimates, when available, or internal estimates when not available.

(ii) CoAs

Voyages performed pursuant to a CoA for the Partnership's shuttle tankers are priced based on the pre-agreed terms in the CoA. The obligations within a voyage performed pursuant to a CoA, which the Partnership believes will typically include the lease of the vessel to the charterer as well as the operation of the vessel, are satisfied as services are rendered over the duration of the voyage, as measured using the time that has elapsed from commencement of performance. In addition, any expenses that are unique to a particular voyage, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions, are the responsibility of the vessel owner. Consideration for such voyages consists of a fixed daily hire rate for the duration of the voyage, the reimbursement of costs incurred from fuel consumed during the voyage, as well as a fixed lump sum intended to compensate for time necessary for the vessel to return to the field following completion of the voyage. While such consideration is generally fixed, certain sources of variability exist, including variability in the duration of the voyage and the actual quantity of fuel consumed during the voyage. Payment for the voyage is not due until the voyage is completed. The duration of a single voyage will typically be less than two weeks and, as a result, the Partnership has applied the practical expedient in IFRS 15.121(a), which permits an entity, with a contract that has an original expected duration of one year or less, to not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the period. The Partnership does not engage in any specific activities to minimize residual value risk due to the short-term nature of the contracts.

The Partnership has allocated the contract consideration between the lease component and non-lease component on a relative standalone selling price basis. Given that there are no observable standalone selling prices for either of these two components, judgment is required in determining the standalone selling price of each component. The standalone selling price of the non-lease component has been determined using a cost-plus approach, whereby the Partnership estimates the cost to operate the vessel using internal estimates, plus a profit margin. The standalone selling price of the lease component has been determined using an adjusted market approach, whereby the Partnership calculates a rate excluding the operating component based on a market rate from published broker estimates, when available, or internal estimates when not available.

(iii) Time Charter Contracts

Pursuant to a time charter contract, the Partnership charters a vessel, FSO unit or UMS unit to a customer for a fixed period of time, generally one year or more. The obligations under a time-charter contract, which includes the lease of the vessel to the charterer as well as the operation of the vessel, are satisfied as services are rendered over the duration of such contract, as measured using the time that has elapsed from commencement. In addition, any expenses that are unique to a particular voyage, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions, are the responsibility of the customer, as long as the vessel is not off-hire. Hire is typically invoiced monthly in advance for time-charter contracts, based on a fixed daily hire amount. In certain long-term time-charters, the fixed daily hire amount will increase on an annual basis by a fixed amount to offset expected increases in operating costs. Therefore, the Partnership has applied the practical expedient in IFRS 15.B16, which permits an entity to recognize revenue based on the amount it has a right to invoice.

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As a result of the Partnership accounting for compensation from such charters on a straight-line basis over the duration of the charter, such fixed increases in rate will result in revenues being accrued in the first portion of the charter and such amount drawn down in the last portion of the charter. Sometimes charters include variable consideration components in the form of expense adjustments or reimbursements, incentive compensation and penalties. For example, certain time charters contain provisions that allow the Partnership to be compensated for increases in the Partnership's costs during the term of the charter. Such provisions may be in the form of annual hire rate adjustments for changes in inflation indices or in the form of cost reimbursements for vessel operating expenditures or dry-docking expenditures. During periods in which the vessels are off-hire or minimum speed and performance metrics are not met, penalties may be imposed. Variable consideration under the Partnership's contracts is typically recognized as incurred as either such revenues are allocated and accounted for under lease accounting requirements or, alternatively, as such consideration is allocated to the distinct period in which such variable consideration was earned. The Partnership does not engage in any specific activities to minimize residual value risk.

The Partnership has allocated the contract consideration between the lease component and non-lease component on a relative standalone selling price basis. Given that there are no observable standalone selling prices for either of these two components, judgment is required in determining the standalone selling price of each component. The standalone selling price of the non-lease component has been determined using a cost-plus approach, whereby the Partnership estimates the cost to operate the vessel using internal estimates, plus a profit margin. The standalone selling price of the lease component has been determined using an adjusted market approach, whereby the Partnership calculates a rate excluding the operating component based on a market rate from published broker estimates, when available, or internal estimates when not available.

(iv) Bareboat Charter Contracts

Pursuant to a bareboat charter contract, the Partnership charters a vessel or FSO unit to a customer for a fixed period of time, generally one year or more, at rates that are generally fixed. The customer is responsible for operation and maintenance of the vessel with their own crew as well as any expenses that are unique to a particular voyage, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions. If the vessel goes off-hire due to a mechanical issue or any other reason, the monthly hire received by the vessel owner is normally not impacted by such events. A bareboat charter contract contains only a lease component and revenue is recognized over the duration of such contract, as measured using the time that has elapsed from commencement of the lease. Hire is typically invoiced monthly in advance for bareboat charters, based on a fixed daily hire amount. Revenue is recognized in line with invoicing using the practical expedient in IFRS 15.B16.

(v) Voyage Charters

Voyage charters are charters for a specific voyage. Voyage charters for the Partnership's shuttle tankers and towage vessels are priced on a current or "spot" market rate. The obligations within a voyage charter contract are satisfied as services are rendered over the duration of the voyage, as measured using the time that has elapsed from commencement of performance. In addition, expenses that are unique to a particular voyage, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions, are the responsibility of the vessel owner. The Partnership's voyage charters for shuttle tankers normally contain a lease, whereas for towage vessels such contracts do not normally contain a lease. Such determination involves judgment about the decision-making rights the charterer has under the contract. Consideration for such contracts is generally fixed; however, certain sources of variability exist. Delays caused by the charterer result in additional consideration. Payment for the voyage is not due until the voyage is completed. The duration of a single voyage will typically be less than three months and, as a result, the Partnership has applied the practical expedient in IFRS 15.121(a). The Partnership does not engage in any specific activities to minimize residual value risk due to the short-term nature of the contracts.

Where the term of the contract is based on the duration of a single voyage, the Partnership uses a load-to-discharge basis in determining proportionate performance. Consequently, the Partnership does not begin recognizing revenue until a voyage charter has been agreed to by the customer and the Partnership, even if the vessel has discharged its prior cargo and is sailing to the anticipated load location for its next voyage. For towage voyages, proportionate performance is determined based on commencement of the tow to completion of the tow.

The consolidated statements of financial position reflect, in Other assets, the accrued portion of revenues for those voyages that commence prior to the consolidated statement of financial position date and complete after the date of the consolidated statement of financial position and reflect, in Accounts payable and other, the deferred portion of revenues which will be earned in subsequent periods.

(vi) Management Fees and Other

The Partnership also generates revenues from the operation of volatile organic compounds (or *VOC*) systems on certain of the Partnership's shuttle tankers, and from the management of certain vessels on behalf of the disponent owners or charterers of these assets. Such services include the arrangement of third-party goods and services for the asset's disponent owner or charterer. The obligations within these contracts typically consists of crewing, technical management, insurance and, potentially, commercial management. The obligations are satisfied concurrently and rendered over the duration of the management contract, as measured using the time that has elapsed from commencement of the contract. Consideration for such contracts generally consists of a fixed monthly management fee, plus the reimbursement of crewing costs for vessels being managed and all operational costs for the VOC systems. Management fees are typically invoiced monthly. Revenue is recognized in line with invoicing using the practical expedient in IFRS 15.B16.

o. Direct operating costs

Direct operating cost include the following expenses: voyage expenses; operating expenses; charter hire and compensation. Voyage expenses are all expenses unique to a particular voyage, including bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions. Operating expenses include ship management services, repairs and maintenance, insurance, stores, lube oils and communication expenses. Charter hire expenses represent the cost to charter-in a vessel for a fixed period of time. Compensation includes the compensation costs for crewing and shore-based employees.

Voyage expenses and operating expenses are recognized when incurred except when the Partnership incurs pre-operational costs related to the repositioning of a vessel that relates directly to a specific customer contract, that generates or enhances resources of the Partnership that will be

used in satisfying performance obligations in the future, and where such costs are expected to be recovered via the customer contract. In this case, such costs are capitalized as contract costs and amortized over the duration of the customer contract.

The Partnership recognizes operating leases from vessels chartered from other owners in charter hire expenses.

p. Financial instruments

Classification and measurement

The table below summarizes the Partnership's classification and measurement of financial assets and liabilities:

	Measurement Category	Consolidated Statement of Financial Position Account
Financial assets		
Cash and cash equivalents	Amortized cost	Cash and cash equivalents
Cash deposits with third-party restrictions	Amortized cost	Cash deposits with third-party restrictions
Restricted cash	Amortized cost	Financial assets
Derivative instruments	FVTPL	Financial assets
Other financial assets	Amortized cost	Financial assets
Accounts receivable	Amortized cost	Accounts and other receivable, net
Due from related parties	Amortized cost	Due from related parties
Investment in finance leases	Amortized cost	Other assets
Financial liabilities		
Accounts payable and other	Amortized cost	Accounts payable and other
Derivative instruments	FVTPL	Other financial liabilities
Obligations relating to leases	Amortized cost	Other financial liabilities
Due to related parties	Amortized cost	Due to related parties
Borrowings	Amortized cost	Borrowings

The classification of financial assets depends on the specific business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

At initial recognition, the Partnership measures a financial asset or liability at its fair value plus, in the case of a financial asset not at fair value through profit or loss (or *FVTPL*), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets and liabilities carried at FVTPL are expensed in Other income (expenses), net in the consolidated statements of income (loss).

Financial assets are measured at amortized cost dependent on their contractual cash flow characteristics and the business model for which they are held. Financial assets classified as amortized cost are recorded initially at fair value, then subsequently measured at amortized cost using the effective interest rate method, less any impairment.

Financial liabilities measured at amortized cost are initially recorded at fair value and, in the case of borrowings, net of directly attributable transaction costs. Financial liabilities are then subsequently measured at amortized cost using the effective interest rate method.

Gains or losses are recognized in the consolidated statements of income (loss) when a financial asset or liability is remeasured due to a modification of terms that does not result in derecognition or when derecognition occurs and the modified financial instrument is recorded at fair value.

Impairment

The Partnership recognizes a loss allowance for expected credit losses (or *ECL*) on financial assets measured subsequently at amortized cost, including trade receivables, amounts due from related parties, investments in finance leases and contract assets. The ECL is recognized upon inception of the financial asset and revised at each reporting date thereafter until maturity or disposal of the financial asset. The Partnership measures the loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on a financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly, the Partnership measures the loss allowance for that financial instrument at an amount equal to the 12-months ECL. In making this assessment, the Partnership considers information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

The Partnership utilizes a simplified approach for measuring the loss allowance at an amount equal to the lifetime ECL for trade receivables, contract assets and investments in finance leases. The ECL on trade receivables are estimated by using reference to past default experience of the debtor and an analysis of the debtor's current financial position, which also forms a basis for the Partnership's future expectations for potential defaults of the debtor.

The ECL is presented as a direct reduction to the carrying value of the financial asset it relates to. The initial recognition of an ECL and all changes to an ECL at each reporting date thereafter are reflected in Other income (expenses), net in the consolidated statements of income (loss). As at December 31, 2022, the Partnership recorded an ECL of $0.6 million (December 31, 2021 - $0.6 million).

Derivative instruments

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The Partnership selectively utilizes derivative financial instruments primarily to manage financial risks, including foreign exchange risks and interest rate risks. All derivative instruments are initially recorded at fair value as either assets or liabilities in the accompanying consolidated statements of financial position and subsequently remeasured to fair value, regardless of the purpose or intent for holding the derivative instrument.

Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure and there is assurance that it will continue to be highly effective as a hedge based on an expectation of offsetting cash flows or fair value. Hedge accounting is not applied if the hedge is not effective or will no longer be effective, the derivative was sold or exercised, or the hedged item was sold, repaid or is no longer probable of occurring. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. Once discontinued, the cumulative change in fair value of a derivative that was previously recorded in Other comprehensive income by the application of hedge accounting will be recognized in the Partnership's profit or loss over the remaining term of the original hedging relationship as amounts related to the hedged item are recognized in profit or loss. The Partnership has not designated, for accounting purposes, any derivatives as hedges of a specific exposure for all periods presented in these consolidated financial statements.

For derivative financial instruments that are not designated as accounting hedges, the changes in the fair value of the derivative financial instruments are recognized in the profit or loss. Gains and losses from the Partnership's non-designated foreign currency forward contracts and interest rate swaps are recorded in realized and unrealized gain (loss) on derivative instruments in the consolidated statements of income (loss). The assets or liabilities relating to unrealized mark-to-market gains and losses on derivative financial instruments are recorded in financial assets and other financial liabilities, respectively.

q. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Partnership takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurement is disaggregated into three hierarchical levels: Level 1, 2 or 3. Fair value hierarchical levels are based on the degree to which the inputs to the fair value measurement are observable. The levels are as follows:

Level 1 -	Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2 -	Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset's or liability's anticipated life.
Level 3 -	Inputs are unobservable and reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs in determining the estimate.

Further information on fair value measurements is described in Note 3.

r. Income taxes

The Partnership is subject to income taxes relating to its subsidiaries in Norway, Australia, Brazil, the United Kingdom, Singapore, Qatar, United States of America, Canada, Luxembourg, the Netherlands, the Philippines and Thailand.

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the reporting date.

(ii) Deferred income tax

Deferred income tax liabilities are provided for using the liability method on temporary differences between the tax bases used in the computation of taxable income and carrying amounts of assets and liabilities in the consolidated financial statements.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. Such deferred income tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income, other than in a business combination. The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the income tax asset will be recovered.

Deferred income tax liabilities are recognized for taxable temporary differences associated with equity-accounted investments, except where the Partnership is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Partnership expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority within a single taxable entity or the Partnership intends to settle its

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current tax assets and liabilities on a net basis in the case where there exist different taxable entities in the same taxation authority and when there is a legally enforceable right to set off current tax assets against current tax liabilities.

s. Provisions

Provisions are recognized when the Partnership has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Partnership will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are recorded within Accounts payable and other in the consolidated statements of financial position.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(i) Decommissioning liability

The Partnership has a decommissioning liability related to the requirement to remove the sub-sea mooring and riser system associated with the *Randgrid* FSO unit and to restore the environment surrounding the facility. The costs associated with this decommissioning liability are to be reimbursed by the charterer, if certain conditions associated with the work are met. The obligation is expected to be settled at the end of the contract under which the FSO unit currently operates.

The Partnership recognizes a decommissioning liability in the period in which it has a present legal or constructive liability and a reasonable estimate of the amount can be made. Liabilities are measured based on current requirements, technology and price levels and the present value is calculated using amounts discounted over the period for which the cash flows are expected to occur. Amounts are discounted using a rate that reflects the risks specific to the liability. On a periodic basis, management reviews these estimates and changes, if any, will be applied prospectively. The estimated decommissioning liability is recorded as a non-current liability, with a corresponding increase in the carrying amount of the related asset. As the decommissioning liability will be covered by contractual payments to be received from the charterer, the Partnership has recorded a separate receivable as a contract asset within Other assets. The liability and associated receivable are increased in each reporting period due to the passage of time, and the amount of accretion is charged to Other income (expense), net in the period. Periodic revisions to the estimated timing of cash flows, to the original estimated undiscounted cost and to changes in the discount rate can also result in an increase or decrease to the decommissioning liability and associated receivable. Actual costs incurred upon settlement of the obligation are recorded against the decommissioning liability to the extent of the liability recorded.

t. Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification subject to limited exceptions.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and are classified as current. Once classified as held for sale, vessels and equipment are no longer depreciated.

u. Deferred financing costs

Deferred financing costs related to a borrowing, including bank fees, commissions and legal expenses, are deferred and amortized, over the term of the relevant loan facility, to interest expense using an effective interest rate method. Deferred financing costs are presented as a reduction from the carrying amount of the related financial liability, unless no amounts have been drawn under the debt liability or the debt issuance costs exceed the carrying value of the related debt liability, in which case the debt issuance costs are presented as Other non-current assets.

If a debt modification is considered substantial, fees paid to amend an arrangement pursuant to which a credit facility is extinguished are associated with the extinguishment of the old debt instrument and included in determining the debt extinguishment gain or loss to be recognized. Any unamortized deferred financing costs are written off. If a debt modification is not considered substantial, then the fees associated with the modification, along with any existing unamortized deferred financing costs and premium or discount, are included in the calculation of the gain or loss associated with the modification. The remeasurement of the financial instrument is recalculated by discounting the revised estimated future cash flows at the instrument's original effective interest rate.

v. Other income (expenses), net

Other income (expenses), net, are unusual income and expenses with limited predictive value. Income and expenses have limited predictive value when it is reasonable to expect that income or expenses that are similar in type and amount will not arise for several future annual reporting periods. The Partnership has presented all liability management costs related to the Chapter 11 Cases within Financial restructuring costs, a subtotal of Other income (expenses), net, within Note 30 of the consolidated financial statements.

w. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated 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. Actual results may differ from these estimates.

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The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

Critical judgments and estimates made by management and utilized in the normal course of preparing the Partnership's consolidated financial statements are outlined below.

Critical accounting judgments

(i) Determination of control

The Partnership consolidates an investee when it controls the investee, with control existing if, and only if, the Partnership has (a) power over the investee, (b) exposure, or rights, to variable returns from involvement with the investee and (c) the ability to use that power over the investee to affect the amount of the Partnership's returns.

In determining if the Partnership has power over an investee, judgments are made when identifying which activities of the investee are relevant in significantly affecting returns of the investee and the extent of existing rights that give the Partnership the current ability to direct the relevant activities of the investee. Judgments are required to assess the Partnership's control over its non-wholly owned subsidiaries and investments in joint ventures. Judgments are made as to the amount of potential voting rights, the existence of contractual relationships that provide voting power and the ability for the Partnership to appoint directors. The Partnership enters into voting agreements which provide it the ability to contractually direct the relevant activities of the investee. In assessing if the Partnership has exposure, or rights, to variable returns from involvement with the investee, judgments are made concerning whether returns from an investee are variable and how variable those returns are on the basis of the substance of the arrangement, the size of those returns and the size of those returns relative to others, particularly in circumstances where the Partnership's voting interest differs from the ownership interest in an investee. In determining if the Partnership has the ability to use its power over the investee to affect the amount of its returns, judgments are made when the Partnership is an investor as to whether it is a principal or agent and whether another entity with decision making rights is acting as the Partnership's agent. If it is determined that the Partnership is acting as an agent, as opposed to a principal, the Partnership does not control the investee. See Note 2d(ii) for additional information.

(ii) Lease classification and term

At the inception of the charter, the classification of the lease as an operating lease or a finance lease may involve the use of judgment as to the determination of the lease term. Such judgment is required as the duration of certain of the Partnership's charters is unknown at commencement of the charter. The charterer may have the option to extend the charter or terminate the charter early. In addition, certain charters impose penalties on the charterer if it terminates the charter early and such penalties can vary in size depending on when, during the term of the charter, the termination right is exercised. Such penalties could impact the determination of the lease term and requires the use of judgment.

(iii) Determination if a contract contains a lease

Each vessel charter may, depending on its terms, contain a lease component, a non-lease component or both. Judgment is required in determining the composition of the lease and non-lease components of the Partnership's charters. The Partnership has determined the following for its charters:

	FPSO Contracts	CoA[2]	Time Charter	Bareboat Charter	Voyage Charter [1]
Lease component	Yes	Yes	Yes	Yes	Depends
Non-lease component	Yes	Yes	Yes	No	Depends

(1) The Partnership believes that the conclusion as to whether or not a voyage charter contains a lease component rests principally on whether the customer has the substantive right to select and change the load and discharge ports. If the customer does not have this substantive right then the charter would not contain a lease component. The Partnership has categorized the charters for its shuttle tankers that are priced on spot market rates, and its towage vessels, as voyage charters. Based on the conclusion above, the Partnership has determined that the contracts for its shuttle tankers classified as voyage charters normally contain a lease, whereas the contracts for its towage vessels do not normally contain a lease.

(2) The Partnership has determined that as the relevant decisions about how and for what purpose the vessel is used are not predetermined under a CoA, but the customer has the right to make those relevant decisions, then the customer directs the use of the vessel. Based on this conclusion, the customer has the substantive right to select and change the load and discharge ports under a CoA charter and therefore the Partnership believes that a CoA charter contains a lease component, in addition to a non-lease component.

The Partnership also generates revenues from the operation of VOC systems on certain of the Partnership's shuttle tankers, and from the management of certain vessels on behalf of the disponent owners or charterers of these assets. The Partnership has determined that as the leasing of its VOC equipment is classified as a finance lease, the finance income associated with these leases are recognized as lease income. Additionally, as the contracts pertaining to the management of certain vessels on behalf of the disponent owners or charterers of these assets do not contain an identified asset, the Partnership believes that these do not contain a lease.

For charters which contain both, the Partnership has allocated the contract consideration between the lease component and non-lease component on a relative standalone selling price basis. Given that there are no observable standalone selling prices for either of these two components, judgment is required in determining the standalone selling price of each component. The standalone selling price of the non-lease component has been determined using a cost-plus approach, whereby the Partnership estimates the cost to operate the unit using internal estimates, plus a profit margin. The standalone selling price of the lease component has been determined using an adjusted market approach, whereby the Partnership calculates a rate excluding the operating component based on a market rate from published broker estimates, when available, or internal estimates when not available.

(iv) Impairment

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Judgment is applied when determining whether indicators of impairment exist when assessing the carrying values of the Partnership's assets, the likelihood the Partnership will sell the vessel or equipment prior to the end of its useful life, the estimation of a cash generating units future revenues and direct costs, and the determination of discount rates. The Partnership has determined that, as the cash inflows of the individual vessels in its CoA fleet are not largely independent from each other, the CoA fleet is treated as a single cash generating unit for impairment purposes.

Estimation uncertainty

(i) Decommissioning liabilities

Decommissioning costs will be incurred at the end of the operating life of one of the Partnership's vessels. This obligation is often many years in the future and requires judgment to estimate. The estimate of decommissioning costs can vary in response to many factors including changes in relevant legal, regulatory, and environmental requirements, the emergence of new restoration techniques or experience at other production sites. Inherent in the calculations of these costs are assumptions and estimates including the ultimate settlement amounts, inflation factors, discount rates, and timing of settlements. See Notes 2s(i) and 14 for additional information.

(ii) Vessels and equipment - useful lives and residual value

The cost of the Partnership's vessels and equipment are depreciated on a straight-line basis over each asset's estimated useful life to an estimated residual value. The estimated useful life of the Partnership's vessels, including individual components, takes into account design life, commercial considerations and regulatory restrictions. The determination of the components, if any, of an asset and the estimated useful life of such asset or components involves judgment. See Note 2j for additional information.

(iii) Impairment

The recoverable amounts of each vessel, being defined as a cash-generating unit, is the higher of its fair value less cost of disposal and its value in use. The fair value less cost of disposal calculation is based on the discounted cash flow model and is the same as the value in use. Value in use calculations are based on contracted cash flows and estimates of uncontracted cash flows for the useful lives of each vessel, including residual values discounted by an estimated discount rate. Assumptions on uncontracted cash flows are based on several variables, such as comparing the specifications on a particular vessel with planned new projects around the world, assessment of investment levels to redeploy the vessel on a new field and assumptions on rates to be achieved from redeployment. The key assumptions used for the impairment testing of our fleet are described in Note 10.

All impairment assessment calculations demand a high degree of estimation. The Partnership must make complex assessment of the expected cash flows arising from such assets and the selection of discount rates. Changes to these estimates could have significant impact on the impairments recognized and future changes may lead to reversals of recognized impairments. See Notes 10 and 13 for additional information.

(iv) Taxes

The future realization of deferred tax assets depends on the existence of sufficient taxable income to utilize tax losses. This analysis requires, among other things, the use of estimates and projections in determining future reversals of temporary differences, forecasts of future profitability and evaluating potential tax-planning strategies. See Note 20 for additional information.

(v) Going concern

The Partnership's assessment of its ability to continue operating on a going concern basis requires judgment and the estimation of the probability in obtaining additional sources of financing to meet its obligations and commitments and minimum liquidity requirements under its financial covenants. See Note 2b for additional information.

(vi) COVID-19

The Partnership has not identified any new significant developments related to the COVID-19 pandemic which would impact key critical judgments, estimates and assumptions that affect the reported and contingent amount of assets, liabilities, revenues and expenses, including whether any additional indicators of impairment were present for the year ended December 31, 2022. The Company will continue to monitor the COVID-19 situation and review its critical estimates and judgements as circumstances evolve.

(vii) Climate Change

The Partnership could face the impact of an accelerated energy transition driven by climate change. The Partnership'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 it. The effect on the Partnership's compliance costs, capital expenditures, cash flow from operation and other assumptions are inherently uncertain and may differ from actual amounts. The Partnership did not experience any impact from an accelerated energy transition driven by climate change on the financial results as at December 31, 2022. The risks will however remain as key considerations for impairment testing, estimation of remaining useful life and provisions for future periods. See Note 28e) for additional information.

(viii) The Invasion of Ukraine by Russia

Following Russia's invasion of Ukraine in February 2022, the U.S., several European Union nations, and other countries have announced sanctions against Russia. While it is difficult to anticipate the potential for any indirect impact the sanctions announced to date may have on the Partnership's business and the Partnership, any further sanctions imposed or actions taken by the U.S., EU nations or other countries, and any retaliatory measures by Russia in response, including restrictions on oil shipments from Russia, could lead to increased volatility in global oil demand, which could have a material adverse impact on the Partnership's business, results of operations and financial condition. The Partnership has no operations or contracts with counterparties in Ukraine, Belarus or Russia and did not experience any material impact from the invasion on its financial results as at December 31, 2022. The Partnership intends to continue to monitor the situation and review its critical estimates and judgments as circumstances evolve.

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x. Earnings (loss) per Limited Partnership Unit

The Partnership calculates basic earnings (loss) per unit by dividing net income (loss) attributable to limited partners by the weighted average number of limited partnership common units outstanding during the period. The net income (loss) attributable to limited partners is allocated between the Class A and Class B limited partners' based on their proportionate ownership percentages. Basic earnings (loss) per unit has been presented on an aggregate basis and includes net income (loss) attributable to Class A limited partners and net income (loss) attributable Class B limited partners, which, if disaggregated, would not have a material effect.

For the purpose of calculating diluted earnings (loss) per unit, the Partnership adjusts net income (loss) attributable to limited partners, and the weighted average number of limited partnership common units outstanding, for the effects of all dilutive potential limited partnership common units, consisting of restricted common units and any warrants exercisable for common units. Consequently, the weighted average number of common units outstanding is increased assuming conversion of the restricted units and exercise of the warrants. The computation of diluted earnings (loss) per unit does not assume the issuance of common units if the effect would be anti-dilutive.

y. Segments

The Partnership's operating segments are components of the business for which discrete financial information is reviewed regularly by the Chief Operating Decision Maker (or *CODM*) to assess performance and make decisions regarding resource allocation. The Partnership has assessed the CODM to be its Chief Executive Officer. For the year ended December 31, 2022, the Partnership's operations were organized into five operating segments: FPSO, Shuttle Tanker, FSO, UMS and Towage, and two business segments: New Ventures and Corporate/Eliminations. For year ended December 31, 2021, the Partnership's operations were organized into five operating segments: FPSO, Shuttle Tanker, FSO, UMS, and Towage and one business segment: Corporate/Eliminations.

As at January 1, 2021, the Partnership modified the cost allocations between its operating segments. The Partnership's components of the business for which discrete financial information is reviewed to assess performance and make decisions regarding resource allocation is still based upon five operating segments. However, the allocation of certain expenditures, relating to direct operating costs and general and administrative expenses, has been modified to show the impact of certain corporate direct operating costs in the corporate segment before reallocation to the operating segments. Additionally, certain expenditures that relate directly to corporate activities will be retained within the corporate segment. Previously all of these expenditures were allocated directly to the five operating segments based on an estimated use of corporate resources. The 2020 and 2019 comparative information has been restated as a result of this change and the modifications have been deemed to not be material for all operating segments and all periods presented.

z. Employee Pension Plans

The Partnership has defined contribution pension plans covering the majority of its employees. Pension costs associated with the Partnership's required contributions under its defined contribution pension plans are based on a percentage of employees' salaries and are charged to earnings in the year incurred. During the year ended December 31, 2022, the amount of cost recognized for the Partnership's defined contribution pension plans was $4.9 million (December 31, 2021 - $6.6 million).

The Partnership also has defined benefit pension plans covering a small number of active and retired employees in Norway. The Partnership accrues the costs and related obligations associated with its defined benefit pension plans based on actuarial computations using the projected benefits obligation method and management's best estimates of expected plan investment performance, salary escalation, and other relevant factors. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. The overfunded or underfunded status of the defined benefit pension plans is recognized as assets or liabilities in the consolidated statements of financial position. The Partnership recognizes as a component of Other comprehensive income (loss), the gains or losses that arise during a period but that are not recognized as part of net periodic benefit costs. The pension assets have been guaranteed a minimum rate of return by the provider, thus reducing potential exposure to the Partnership to the extent the provider honors its obligations. The Partnership's funded status relating to its defined benefit pension plans was a shortfall of $0.5 million as at December 31, 2022 (December 31, 2021 - a shortfall of $0.8 million).

aa. New standards, interpretations, amendments and policies adopted by the Partnership

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

i. Amendments to IAS 1 – Presentation of financial statements

The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2024. The Partnership is currently assessing the impact of these amendments on the consolidated financial statements.

ii. Amendments to IAS 1 and IFRS Practice Statement 2

The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023. The Partnership is currently assessing the impact of these amendments on the consolidated financial statements.

iii. Amendments to IAS 12 – Income taxes

The amendments clarify that the initial recognition exception does not apply to the initial recognition of transactions that give rise to equal taxable and deductible temporary differences. The amendments to IAS 12 apply to annual reporting periods beginning on or after January 1, 2023. The Partnership is currently assessing the impact of these amendments on the consolidated financial statements.

iv. International Tax Reform – Pillar Two Model

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In December 2021, OECD released Model Global Anti-Base Erosion (GloBE) rules under Pillar Two. These rules set forth a Global Minimum Tax at 15% for Multinational Enterprises with a turnover of more than EUR750 million. The Partnership does not expect to be materially impacted by the International Tax Reform – Pillar Two Model Rules due to exemptions provided under being defined as an international shipping company with limited presence in low-tax regimes. Additionally, the Partnership does not anticipate any impact to its deferred tax assets, in line with the IASB Exposure Draft from Jan 9, 2023. The International Tax Reform – Pillar Two Model Rules apply to annual reporting periods beginning on or after January 1, 2023. The Partnership is currently assessing the impact of these requirements on the consolidated financial statements and tax filings.

3. Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics and risk profiles, or internal or external valuation models, such as discounted cash flow analysis, maximizing observable market inputs.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, the Partnership looks primarily to external readily observable market inputs such as interest rate yield curves and price and rate volatilities as applicable. Financial instruments classified as fair value through profit or loss (or *FVTPL*) are carried at fair value in the consolidated statements of financial position and changes in fair values are recognized in profit or loss.

The following tables provide the details of financial instruments and their associated classifications as at December 31, 2022 and 2021:

	December 31, 2022			December 31, 2021		
Measurement Basis	**FVTPL $**	**Amortized cost $**	**Total $**	**FVTPL $**	**Amortized cost $**	**Total $**
Financial assets						
Cash and cash equivalents	—	212,018	212,018	—	190,942	190,942
Cash deposits with third-party restrictions	—	92,443	92,443	—	58,566	58,566
Financial assets (current and non-current)	875	39,354	40,229	325	6,249	6,574
Accounts and other receivable, net (current and non-current)(1)	—	90,610	90,610	—	120,940	120,940
Due from related parties (current and non-current)	—	496	496	—	978	978
Other assets (current and non-current)(2)	—	43,996	43,996	—	53,158	53,158
Total	875	478,917	479,792	325	430,833	431,158
Financial liabilities						
Accounts payable and other(3)	—	31,944	31,944	—	62,414	62,414
Other financial liabilities (current and non-current)(4)	321	188,086	188,407	24,229	199,108	223,337
Due to related parties (current and non-current)	—	977,500	977,500	—	797,432	797,432
Borrowings (current and non-current)	—	2,289,252	2,289,252	—	2,464,027	2,464,027
Total	321	3,486,782	3,487,103	24,229	3,522,981	3,547,210

(1) Excludes tax receivable of $5.7 million as at December 31, 2022 (December 31, 2021 - $6.5 million).

(2) Includes investments in finance leases. Refer to Note 8 below.

(3) Includes accounts payable and lease liabilities. Refer to Note 14 below.

(4) Includes derivative instruments, obligations relating to leases and other financial liabilities. Refer to Note 18 below.

Included in Cash and cash equivalents as at December 31, 2022 is $212.0 million of cash (December 31, 2021 - $190.9 million) and $nil of cash equivalents (December 31, 2021 - $nil). As at December 31, 2022, prior to the Effective Date, in connection with a rights offering of the Partnership pursuant to the plan of reorganization, the Partnership received $10.4 million of cash from certain participating parties. On the Effective Date, the Partnership issued common units in exchange for the rights offering cash. As at December 31, 2022, the rights offering cash was included within Cash and cash equivalents in the Partnership's consolidated statements of financial position. See Note 31 for additional information.

Included in Cash deposits with third-party restrictions as at December 31, 2022 was $92.4 million (December 31, 2021 - $58.6 million) for loan facility repayments restricted by third party arrangements, subject to loan default in the event of a covenant breach. See Note 2f i) for further details.

The fair value of all financial assets and liabilities as at December 31, 2022 approximated their carrying values, with the exception of the borrowings, where fair value which was determined using Level 1 and Level 2 inputs and resulted in a fair value of $1,998 million (December 31, 2021: $2,362 million) versus a carrying value of $2,289 million (December 31, 2021: $2,464 million). The fair value of the Partnership'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 Partnership.

Fair value hierarchical levels - financial instruments

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There were no transfers between levels during the years ended December 31, 2022 and December 31, 2021. The following table categorizes financial assets and liabilities, which are carried at fair value through profit or loss on a recurring basis, based upon the level of input as at December 31, 2022 and 2021:

	December 31, 2022			December 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	$	$	$	$	$	$
Financial assets						
Derivative instruments	—	875	—	—	325	—
Total	—	875	—	—	325	—
Financial liabilities						
Derivative instruments	—	321	—	—	24,229	—
Total	—	321	—	—	24,229	—

The following table summarizes the valuation techniques and key inputs used in the fair value measurement of Level 2 financial instruments:

	Carrying value		
	December 31, 2022	December 31, 2021	
Type of Asset / Liability	$	$	Valuation Techniques and Key Inputs
Derivative instruments	554	(23,904)	The fair value of derivative instruments incorporates observable forward exchange rates and forward interest rates from observable yield curves, respectively, at the end of the reporting period, and the current credit worthiness of both the Partnership and the derivative counterparties. The estimated amount is the present value of future cash flows.

4. Financial Assets

	December 31, 2022	December 31, 2021
	$	$
Current		
Restricted cash[(1)]	38,630	5,531
Derivative instruments[(2)]	875	325
Total current	39,505	5,856
Non-current		
Restricted cash[(1)]	724	718
Derivative instruments[(2)]	—	—
Total non-current	724	718

(1) Restricted cash as at December 31, 2022 includes amounts held in escrow related to debtors in possession financing, a guarantee for certain operating expenses, funds to settle a legal claim, withholding taxes and office lease prepayments (December 31, 2021 - funds for withholding taxes and office lease prepayments).

(2) See Note 18 for additional information

5. Accounts and Other Receivable, Net

	December 31, 2022	December 31, 2021
	$	$
Current		
Accounts receivable - trade	84,090	110,301
Other non-trade receivable	12,229	17,152
Total current	96,319	127,453

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6. Vessels and Equipment Classified as Held for Sale

Vessel	Segment	December 31, 2022 $	December 31, 2021 $
Petrojarl Varg (1)	FPSO Segment	—	5,800
		—	5,800

(1) Classification as a result of the highly probable sale of the vessels, which was completed in second quarter of 2022 (see Note 7 for additional information).

The fair value of vessels and equipment classified as held for sale measured on a non-recurring basis was $nil and $5.8 million as at December 31, 2022 and December 31, 2021, respectively (see Note 10 for additional information).

7. Gain (Loss) on Dispositions, Net

Period	Vessel	Segment	Net Proceeds	Gain (Loss) on Dispositions, Net
Q4-22	*Nordic Rio*	Shuttle Tanker Segment	27,309	11,680
Q4-22(1)	*Navion Gothenburg*	Shuttle Tanker Segment	—	(155)
Q4-22(2)	*HiLoad DP Unit*	Corporate/Elimination	—	196
Q3-22(2)	*HiLoad DP Unit*	Corporate/Elimination	—	(55)
Q3-22	*Falcon Spirit*	FSO Segment	10,432	3,432
Q3-22	*Petronordic*	Shuttle Tanker Segment	6,992	8
Q3-22	*Navion Gothenburg*	Shuttle Tanker Segment	25,638	(120)
Q3-22	*ALP Ace*	Towage Segment	7,048	—
Q3-22	*ALP Ippon*	Towage Segment	7,048	—
Q2-22	*Petrojarl Varg*	FPSO Segment	21,500	15,700
Gain (loss) on dispositions, net for the year ended December 31, 2022				30,686
Q4-21	*Navion Stavanger*	Shuttle Tanker Segment	9,915	(2)
Q3-21	*Navion Anglia*	Shuttle Tanker Segment	6,144	1,397
Q2-21	*Dampier Spirit*	FSO Segment	3,970	3,970
Q2-21	*Navion Oceania*	Shuttle Tanker Segment	10,618	2,576
Q2-21	*Navion Oslo*	Shuttle Tanker Segment	3,160	(29)
Q2-21	*Stena Natalita*	Shuttle Tanker Segment	8,198	(299)
Q2-21(3)	*Apollo Spirit*	FSO Segment	2,889	2,889
Gain (loss) on dispositions, net for the year ended December 31, 2021				10,502

(1) The Navion Gothenburg Shuttle Tanker was sold during the third quarter of 2022 and a loss of $0.1 million was recorded as at September 30, 2022. An additional loss of $0.2 million was recorded in December 2022 after a correction of the gain (loss) on sale calculation.

(2) The HiLoad DP unit was sold during the second quarter of 2020 and a loss of $1.4 million was recorded as at December 31, 2020. An additional gain of $0.1 million was recorded during the year ended December 31, 2022 after a correction of the gain (loss) on sale calculation.

(3) The *Apollo Spirit* FSO was sold in December 2020 and a gain on sale of $5.4 million was recorded as at December 31, 2020. An additional gain of $2.9 million was recorded in June 2021 after the official recycling of the vessel was completed based on a recycling rate agreed upon with the buyer per the terms of the contract.

8. Other Assets

	December 31, 2022 $	December 31, 2021 $
Current		
Prepayments	16,222	9,590
Investment in finance leases(1)	9,234	9,162
Contract assets(2)	7,729	24,916
Total current	33,185	43,668
Non-current		
Investment in finance leases(1)	34,762	43,996
Right-of-use assets(3)	11,528	25,386
Contract assets(2)	31,004	37,597
Other assets(2)	23,389	31,268
Total non-current	100,683	138,247

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(1) Includes the VOC systems on certain of the Partnership's shuttle tankers. See Note 24 for additional information.

(2) See Note 17 for additional information.

(3) See Note 9 for additional information.

9. Right-of-use Assets and Lease Liabilities

The following table presents the change in the balance of the Partnership's right-of-use assets for the years ended December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
	$	$
Gross Carrying Amount		
Opening balance at beginning of year	55,257	51,067
Additions (cash and non-cash)	—	4,190
Dispositions	(32,599)	—
Closing balance at end of year	22,658	55,257
Accumulated Depreciation		
Opening balance at beginning of year	(29,871)	(15,754)
Depreciation expense	(12,736)	(14,117)
Dispositions	31,477	—
Closing balance at end of year	(11,130)	(29,871)
Net book value	11,528	25,386

As at December 31, 2022 and 2021, the Partnership's right-of-use assets were as follows:

			As at December 31, 2022	
	December 31, 2022	December 31, 2021	Weighted-average remaining lease term	Weighted-average implicit interest rate
	$	$	(years)	(%)
Vessels and equipment	—	10,956	—	—%
Office leases	11,528	14,430	3.9	5.3%
Total	11,528	25,386		

There were no indicators of impairment nor were there any impairments recorded as at December 31, 2022 and 2021 on the Partnership's right of use assets.

Lease related items for which the Partnership was a lessee for the years ended December 31, 2022 and December 31, 2021, were as follows:

	Year Ended December 31,	
	2022	2021
	$	$
Amounts recognized in profit and loss		
Depreciation expense on right-of-use vessels and equipment	9,834	11,015
Depreciation expense on right-of-use office leases	2,902	3,102
Interest expense on lease liabilities	793	1,291
Short-term lease expense	4,109	2,713
	17,638	18,121

As at December 31, 2022, the undiscounted contractual maturities of the Partnership's lease liabilities were as follows:

	Total	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter
	(in millions of U.S. Dollars)						
Lease liabilities	12.8	3.0	2.9	2.9	2.4	1.5	0.1

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10. Vessels and Equipment

	December 31, 2022	December 31, 2021
	$	$
Gross carrying amount:		
Opening balance at beginning of year	4,074,960	4,025,498
Additions[(1)]	49,926	30,185
Dispositions[(2)]	—	(85,424)
Transferred from advances on newbuilding contracts	123,669	253,301
Vessels and equipment reclassified as held for sale[(3)]	(167,364)	(148,600)
Closing balance at end of year	4,081,191	4,074,960
Accumulated Depreciation and Impairment:		
Opening balance at beginning of year	(1,205,565)	(996,083)
Depreciation and amortization[(4)]	(252,861)	(296,380)
Impairment expense, net[(5)]	(38,039)	(108,092)
Transferred to other assets	(840)	—
Dispositions[(2)]	—	60,518
Vessels and equipment reclassified as held for sale[(3)]	100,139	134,472
Closing balance at end of year	(1,397,166)	(1,205,565)
Net book value	2,684,025	2,869,395

(1) Additions by segment for the year ended December 31, 2022 is as follows: FPSO $21.7 million, Shuttle Tanker $17.6 million, UMS $3.5 million and Towage $7.1 million (December 31, 2021 - FPSO nil, Shuttle Tanker $24.8 million, UMS $0.9 million and Towage $4.5 million). Additions include drydocks and overhauls, which are only included in the Partnership's Shuttle Tanker and Towage segments, and capital modifications.

(2) Includes the sale of vessels and the disposal upon the replacement of certain components of vessels and equipment.

(3) See Note 6 for additional information.

(4) Excludes depreciation and amortization on the Partnership's right-of-use assets. See Note 9 for additional details.

(5) See below for additional information. Excludes impairment expense on vessels and equipment classified as held for sale during the years ended December 31, 2021.

Impairment expense, net

The following tables contains a summary of Partnership's impairment expense, net for the years ended December 31, 2022 and 2021, by vessel and by segment:

Period	Vessel	Segment	Event	Fair Value Hierarchical Level	Valuation Techniques and Key Inputs	Impairment Expense $
Q2 2022	*Petrojarl I*	FPSO	Change in expected earnings of the vessel	Level 3	Value in use using a discounted cash flow valuation	13,212
Q2 2022	*Petrojarl Knarr*	FPSO	Change in expected earnings of the vessel	Level 3	Value in use using a discounted cash flow valuation	18,702
Q2 2022[(1)]	*Petronordic*	Shuttle Tanker	Sale of the vessel considered highly probable	Level 2	Fair value less cost to sell using an appraised valuation	4,959
Q2 2022[(1)]	*ALP Ace*	Towage	Sale of the vessel considered highly probable	Level 2	Fair value less cost to sell using an appraised valuation	838
Q2 2022[(1)]	*ALP Ippon*	Towage	Sale of the vessel considered highly probable	Level 2	Fair value less cost to sell using an appraised valuation	328
Impairment expense, net for the year ended December 31, 2022						38,039
Q4 2021[(1)]	*Petrojarl Varg*	FPSO	Sale of the vessel considered highly probable	Level 2	Fair value less cost to sell using an appraised valuation	8,328
Q4 2021	*Voyageur Spirit*	FPSO	Change in expected earnings of the vessel	Level 3	Value in use using a discounted cash flow valuation	73,447
Q4 2021	*Piranema Spirit*	FPSO	Change in expected earnings of the vessel	Level 3	Value in use using a discounted cash flow valuation	34,645
Impairment expense, net for the year ended December 31, 2021						116,420

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

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The fair value of vessels and equipment measured on a non-recurring basis was $nil and $38.9 million as at December 31, 2022 and 2021, respectively.

The following table summarizes the significant unobservable inputs used in the Level 3 fair value measurements for the discounted cash flow valuations used for the Partnership's vessels and equipment:

Period	Vessel	Segment	Period of Projected Cash Flows (years)	Growth Rate[(1)] (%)	Discount Rate (%)	Sensitivity Analysis - Increase in impairment expense due to 0.5% increase in discount rate (in million USD)
Q2 2022	*Petrojarl I*	FPSO	1.9 - 2.9	2.50 - 3.00	8.51	0.4
Q2 2022	*Petrojarl Knarr*	FPSO	13.3 - 29.2	2.00 - 3.00	8.51	20.7
Q4 2021	*Voyageur Spirit*	FPSO	2 - 13	2.50 - 3.00	9.01	1.0
Q4 2021	*Piranema Spirit*	FPSO	1 - 13.5	2.50 - 3.00	9.01	0.3

(1) The growth rates indicated in the table above are the implicit rates used in the discounted cash flow valuations, however, cash flows have been adjusted for contractual revenues and expected offhire due to repairs and maintenance or drydocking.

As at December 31, 2022, due to uncertainty in the redeployment market where there is no signed contract in place and short remaining contract lengths, the Partnership identified impairment triggers for four of its shuttle tankers, and its one UMS unit. The tests of these assets did not result in a recoverable value lower than the carrying value and were therefore not impaired. When estimating the recoverable amount, the Partnership makes assumptions for the uncontracted cash flows over the useful life for each unit. These are estimated based on the Partnership's market knowledge, experience and return on invested capital. These assumptions are used to create scenarios with different cash flows for each unit. Based on the attractiveness of the various assets, the assumptions can include extensions on current contracts, new contracts, sale or a recycling option. The recoverable amount is a weighted average of all the scenarios.

The Partnership's impairment tests are sensitive to changes in key assumptions such as discount rate, assumed contract rates and the weight applied to the various scenarios. For the assets for-which the impairment tests as at December 31, 2022 did not result in an impairment:

- An increase of 0.5% for the discount rate would not result in any impairment.
- An additional one-year before redeployment of the units in the weighted scenarios would result in an impairment of $51.9 million.
- A 10% reduction in rate/sales proceeds from the weighted scenarios on the same units would result in an impairment of $46.3 million.

As at December 31, 2022, the Partnership had four vessels and equipment, with a carrying value of $520.1 million, which were in lay-up (none of which was classified as held for sale) (December 31, 2021 - four vessels and equipment with a carrying value of $103.1 million (one of which were classified as held for sale - $5.8 million)). See Note 6 for additional information.

11. Advances on Newbuilding Contracts

	December 31, 2022	December 31, 2021
	$	$
Opening balance at beginning of year	51,918	127,335
Additions	71,001	176,964
Capitalized borrowing costs	750	920
Transferred to vessels and equipment	(123,669)	(253,301)
Closing balance at end of year	—	51,918

Since 2017, the Partnership has entered into shipbuilding contracts for the construction of seven shuttle tanker newbuildings. As at December 31, 2022, all seven of these vessels have been delivered to the Partnership. As at December 31, 2022, gross payments made towards these commitments were $963.4 million. The Partnership has secured $733.5 million of borrowings or long-term financing under sale and leaseback transactions relating to these shuttle tanker newbuildings (see Notes 18 and 19 for additional information).

As at December 31, 2022, the contractual maturities of the Partnership'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	190.4	11.3	11.3	11.3	11.3	11.3	133.9

As at December 31, 2022, the Partnership had leases secured by two vessels (December 31, 2021 - two vessels) with a combined carrying value of $227.8 million (December 31, 2021 - $240.6 million).

12. Equity Accounted Investments

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The Partnership has investments in two separate joint ventures, whereby the parties that have joint control of the arrangement have the rights to the net assets of the joint arrangement. Please refer to Note 2d(ii) - Joint ventures.

Libra Joint Venture

The Partnership's investment in the Libra Joint Venture (as defined below) includes its investments in the below entities:

Name of Joint Venture	State or Jurisdiction of Incorporation	Proportion of Ownership Interest
OOG-TK Libra GmbH	Austria	50%
OOG-TK Libra GmbH & Co KG	Austria	50%
OOGTK Libra Operator Holdings Limited	Cayman Islands	50%
OOGTK Libra Producao de Petroleo Ltda	Brazil	50%
TK-Ocyan Libra Oil Services Ltd.	Cayman Islands	50%

In October 2014, the Partnership sold a 1995-built shuttle tanker to OOG-TK Libra GmbH & Co KG (or *Libra Joint Venture*), a 50/50 joint venture between the Partnership and Ocyan S.A. (or *Ocyan)* which vessel was converted to an FPSO unit for the Libra field in Brazil. The FPSO unit commenced operations in late-2017. Included in the joint venture is a ten-year plus construction period loan facility, which as at December 31, 2022 had an outstanding balance of $414.4 million (December 31, 2021 - $471.8 million). The interest payments of the loan facility are based on LIBOR, plus a margin of 2.65%. The final payment under the loan facility is due October 2027. In addition, the Libra Joint Venture entered into ten-year interest rate swap agreements, with an aggregate notional amount of $378.2 million as at December 31, 2022 (December 31, 2021 - $430.8 million), which amortize quarterly over the term of the agreements. These interest rate swap agreements exchange the receipt of LIBOR-based interest for the payment of a weighted average fixed rate of 2.52%. These interest rate swap agreements are not designated as qualifying cash flow hedging relationships for accounting purposes.

Itajai Joint Venture

The Partnership's investment in the Itajai Joint Venture (as defined below) includes its investments in the below entities:

Name of Joint Venture	State or Jurisdiction of Incorporation	Proportion of Ownership Interest
OOG-TKP FPSO GmbH	Austria	50%
OOG-TKP FPSO GmbH & Co KG	Austria	50%
OOG-TKP Oil Services Ltd.	Cayman Islands	50%
OOG-TKP Operator Holdings Limited	Cayman Islands	50%
OOG-TKP Producao de Petroleo Ltda	Brazil	50%

In June 2013, the Partnership acquired its interest in OOG-TKP FPSO GmbH & Co KG (or *Itajai Joint Venture*), a 50/50 joint venture between the Partnership and Ocyan, which owns the *Cidade de Itajai* FPSO unit currently operating in Brazil. Included in the joint venture was a term loan facility, which was amended during the year ended December 31, 2021. The final payment under the amended loan facility was paid in 2022 and as at December 31, 2022 the facility had an outstanding balance of $nil (December 31, 2021 - $14.4 million). The interest payments on the amended loan facility were based on LIBOR, plus a margin of 3.50%. As part of the amendment of the loan facility, the joint venture terminated the associated interest rate swap agreements and as at December 31, 2022, the joint venture held no interest rate swap agreements (December 31, 2021 - the joint venture held no interest rate swap agreements).

The Partnership relies on the expertise and relationships that its joint ventures and joint venture partners may have with current and potential customers to jointly pursue FPSO projects and provide assistance in competing in new markets.

As at December 31, 2022 and 2021, the Partnership had total investments of $240.4 million and $237.5 million, respectively, in its equity-accounted investments.

During the year ended December 31, 2021, the Partnership's equity in earnings in the joint venture included an impairment expense of $36.1 million recognized within the Partnership's Itajai Joint Venture on the *Cidade de Itajai* FPSO. The following table summarizes the impairment expense within the Partnership's Itajai Joint Venture:

Period	Vessel	Segment	Event	Fair Value Hierarchical Level	Valuation Techniques and Key Inputs	Impairment Expense $
Q4 2021	*Cidade de Itajai*	FPSO	Change in expected earnings of the vessel	Level 3	Value in use using a discounted cash flow valuation	36,096

The following table summarizes the significant unobservable inputs used in the Level 3 fair value measurement of the principle asset within the Itajai Joint Venture:

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Period	Vessel	Segment	Period of Projected Cash Flows (years)	Growth Rate[(1)] (%)	Discount Rate (%)	Sensitivity Analysis - Increase in impairment expense due to 0.5% increase in discount rate (in million USD)
Q4 2021	*Cidade de Itajai*	FPSO	6.1 - 11.1	1.50 -14.50	9.01	2.0

(1) The growth rates indicated in the table above are the implicit rates used in the discounted cash flow valuations, however, cash flows have been adjusted for contractual revenues and expected offhire due to repairs and maintenance or drydocking.

As at December 31, 2022, due to unit downtime and dispute negotiations, the Partnership identified impairment triggers for its two joint ventures. The tests of the principle assets did not result in a recoverable value lower than the carrying value and were therefore not impaired. When estimating the recoverable amount, the Partnership makes assumptions for the uncontracted cash flows over the useful life for each unit. These are estimated based on the Partnership's market knowledge, experience and return on invested capital. These assumptions are used to create scenarios with different cash flows for each unit. Based on the attractiveness of the various assets, the assumptions can include extensions on current contracts, new contracts, sale or a recycling option. The recoverable amount is a weighted average of all the scenarios.

The Partnership's impairment tests are sensitive to changes in key assumptions such as discount rate, assumed contract rates and the weight applied to the various scenarios. For the two FPSO units for-which the impairment tests as at December 31, 2022 did not result in an impairment:

- An increase of 0.5% for the discount rate would not result in an impairment.
- A 10% reduction in the probability of a contract extension in the weighted scenarios would result in an impairment of $0.6 million.
- A 10% reduction in rate from the weighted scenarios on the same units would not result in an impairment.

The following tables presents summarized financial information assuming a 100% ownership interest in the Partnership's equity-accounted investments.

	December 31, 2022			December 31, 2021		
	Libra Joint Venture	Itajai Joint Venture	Total	Libra Joint Venture	Itajai Joint Venture	Total
	$	$	$	$	$	$
Current assets	99,642	41,727	141,369	119,700	31,210	150,910
Non-current assets	685,440	187,418	872,858	719,339	191,680	911,019
Current liabilities	93,490	13,130	106,620	82,515	21,489	104,004
Non-current liabilities	406,081	20,776	426,857	482,986	1	482,987
Net assets	285,511	195,239	480,750	273,538	201,400	474,938
Ownership interest	50%	50%	50%	50%	50%	50%
Equity-accounted investments	142,756	97,620	240,375	136,769	100,700	237,469
Cash and cash equivalents	6,592	20,882	27,474	9,311	6,717	16,028
Current financial liabilities[(1)]	57,785	—	57,785	64,146	15,297	79,443
Non-current financial liabilities[(1)]	352,550	—	352,550	420,414	—	420,414

(1) Excludes provisions, trade and other payables.

	Year ended December 31,			Year ended December 31,		
	2022	2022	2022	2021	2021	2021
	Libra Joint Venture	Itajai Joint Venture	Total	Libra Joint Venture	Itajai Joint Venture	Total
	$	$	$	$	$	$
Revenues	137,825	73,850	211,675	180,796	82,754	263,550
Depreciation and amortization	(43,921)	(11,782)	(55,703)	(44,099)	(19,109)	(63,208)
Interest expense	(20,408)	(100)	(20,508)	(15,234)	(1,595)	(16,829)
Interest income	532	2,782	3,314	199	1,219	1,418
Income tax (expense) benefit	(73)	(8)	(81)	(612)	(356)	(968)
Net income (loss) and other comprehensive income (loss)	52,254	26,636	78,890	90,046	(39,922)	50,124
Ownership interest	50%	50%	50%	50%	50%	50%
Equity-accounted income (loss)	26,127	13,318	39,445	45,023	(19,961)	25,062
Dividends received by the Partnership	21,505	18,002	39,507	29,055	4,373	33,428

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The Partnership's investment in equity-accounted investments and its interest in the net income of its equity-accounted investments are included in the Partnership's FPSO segment.

13. Goodwill

The Partnership has identified the Shuttle Tanker segment as the group of cash generating units to which the Partnership's goodwill relates.

The carrying amount of goodwill for the Shuttle Tanker segment was $127.1 million as at December 31, 2022 and 2021. The Partnership conducted its annual goodwill impairment evaluation during 2022 and 2021, and concluded that no impairment had occurred as the recoverable amount, based on the fair value less cost of disposal using a discounted cash flow model incorporating significant unobservable inputs, exceeded the carrying amount of goodwill. The estimates regarding the expected future cash flows and discount rates are Level 3 fair value inputs based on various assumptions including existing contracts, future vessel redeployment rates, financial forecasts and industry trends. The Partnership has not previously recorded any impairment expense related to the carrying amount of goodwill for the Shuttle Tanker segment.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent the Partnership's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2022	2021
Discount rate	8.76%	7.29%
Exit multiple	8.0	8.0

Discount rate

The discount rate is a post-tax measure, with a possible debt leveraging of 70% for 2022 (2021 - 70%) estimated based on the observed leveraging within the industry and the long-term target leverage of the Partnership, at market interest rates of 5.9% for 2022 (2021 - 4.2%).

Exit Multiple

The cash flow projections include specific estimates for generally five years and a terminal value thereafter. The terminal value is estimated using an EBITDA multiple generally applied to the year-five EBITDA and discounted using the discount rates described above. The EBITDA multiple was determined based on an average of the EBITDA multiples used by the Company's industry peers and is therefore determined to be consistent with the assumptions that a market participant would make.

The Company has identified that a reasonably possible change in these key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	2022	2021
Discount rate	4.97%	3.98%
Exit multiple	(2.1)	(1.6)

14. Accounts Payable and Other

	December 31, 2022	December 31, 2021
	$	$
Current		
Accounts payable	21,874	36,954
Accrued liabilities(1)	170,915	132,797
Provisions(4)	3,903	9,598
Deferred revenues(2)	37,445	55,617
Lease liabilities(3)	2,644	14,331
Total current	236,781	249,297
Non-current		
Deferred revenues(2)	2,765	358
Lease liabilities(3)	7,426	11,129
Provisions(4)	3,657	3,404
Decommissioning liability(5)	31,004	33,309
Other	767	1,053
Total non-current	45,619	49,253

(1) See Note 15 for additional information.

(2) See Note 17 for additional information.

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(3) See Notes 9 and 27 for additional information.

(4) See Note 16 for additional information.

(5) Decommissioning liability relates to the Partnership's requirement to remove the sub-sea mooring and riser system associated with the *Randgrid* FSO unit and restore the environment surrounding the facility. The liability represents the estimated cost to remove this equipment and restore the environment and takes into account the estimated timing of the cost to be incurred in future periods. The liability for the year ended December 31, 2022 was determined using a risk-free rate between 2.5% and 4.3% (December 31, 2021 - 0.6% and 1.0%) and an inflation rate of 2.5% (December 31, 2021 - 2.5%).

15. Accrued Liabilities

	December 31, 2022	December 31, 2021
	$	$
Interest including interest rate swaps	41,948	27,554
Payroll and benefits	37,170	40,020
Audit, legal and other general expenses	52,705	16,446
Voyage and vessel expenses	36,801	46,139
Income and other tax payable	2,291	2,638
	170,915	132,797

16. Provisions and Contingencies

	December 31, 2022	December 31, 2021
	$	$
Opening balance at beginning of year	13,002	67,701
Additional provisions recognized	856	152
Reduction arising from payments / derecognition	(6,298)	(54,851)
Closing balance at end of year	7,560	13,002

Occasionally the Partnership has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of its business, principally personal injury and property casualty claims. Certain of these claims have been assessed by the Partnership as having a remote possibility of any outflow from settlement and are therefore not included in the disclosures below. In addition to the claims described below, as at December 31, 2022, approximately $4.0 million has been accrued by the Partnership and its subsidiaries relating to other various legal claims.

a) In August 2014, the Partnership acquired 100% of the outstanding shares of Logitel Offshore Holding AS (or *Logitel*), a Norway-based company focused on high-end UMS. At the time of the transaction, affiliates of Logitel were parties to construction contracts for three UMS newbuildings ordered from the COSCO (Nantong) Shipyard (or *COSCO*) in China. The Partnership took delivery of one of the UMS newbuildings, the *Arendal Spirit* UMS, in February 2015.

In June 2016, the Partnership canceled the UMS construction contracts for the two remaining UMS newbuildings, the *Stavanger Spirit* and the *Nantong Spirit*. As a result of this cancellation, during 2016, the Partnership wrote-off $43.7 million of assets related to these newbuildings and reversed contingent liabilities of $14.5 million associated with the delivery of these assets. During December 2017, Logitel Offshore Rig II Pte Ltd., the single-purpose subsidiary relating to the *Stavanger Spirit*, received a notice of arbitration from COSCO to arbitrate all disputes arising from the cancellation of the construction contract of the *Stavanger Spirit* UMS and during March 2018, COSCO commenced arbitration against Logitel Offshore Rig II Pte Ltd. and Logitel Offshore Pte. Ltd. claiming $186.2 million plus interest, damages and costs. Pursuant to the *Stavanger Spirit* newbuilding contract and related agreements, COSCO only has recourse to the single-purpose subsidiary that was a party to the *Stavanger Spirit* newbuilding contract and its immediate parent company, Logitel Offshore Pte. Ltd., for damages incurred. Logitel Offshore Rig II Pte Ltd. and Logitel Offshore Pte. Ltd. are disputing this claim. The original estimate of the potential damages for the cancellation of the *Stavanger Spirit* newbuilding contract was based on the amount due for the final yard installment of approximately $170 million less the estimated fair value of the *Stavanger Spirit*. Given the unique design of the vessel as well as the lack of recent sale and purchase transactions for this type of asset in 2016, the value of this vessel, and thus ultimately the amount of potential damages that may result from the cancellation, is uncertain.

The Partnership's original estimate of potential damages for the cancellation of the *Nantong Spirit* newbuilding contract was based upon estimates of a number of factors, including accumulated costs incurred by COSCO, sub-supplier contract cancellation costs, as well as how such costs are treated under the termination provisions in the contract. Pursuant to the *Nantong Spirit* newbuilding contract, COSCO only has recourse to the single-purpose subsidiary that was a party to the *Nantong Spirit* newbuilding contract. During June 2017, Logitel Offshore Rig III LLC, the single-purpose subsidiary relating to the *Nantong Spirit*, received a claim from COSCO for $51.9 million for the unpaid balance for work completed, cancellation costs and damages, and during the third quarter of 2017, COSCO commenced arbitration against Logitel Offshore Rig III LLC. Logitel Offshore Rig III LLC is disputing this claim.

During the fourth quarter of 2021, pursuant to the level of maturity in settlement discussions held with COSCO, the Partnership has released $49.3 million of accrued provisions relating to these claims. Throughout 2022, the Partnership's subsidiaries have paid $4.7 million in respect of the above COSCO claims related to Logitel and as at December 31, 2022, the Partnership's subsidiaries have accrued $3.6 million in aggregate related to same claims.

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b) During 2019, certain entities and individuals, which together claim to hold approximately 5,000,000 of the Partnership's common units, filed complaints in the United States District Court for the Southern District of New York naming as defendants the Partnership, the general partner, current and former members of the board of directors of the general partner, certain senior management of the Partnership, Brookfield and Brookfield Asset Management Inc. In October 2019, a joint stipulation was filed by the plaintiffs to consolidate the separate complaints. The plaintiffs purported to assert claims on behalf of a class of holders of the Partnership's common units in relation to Brookfield's unsolicited non-binding proposal, made in May 2019, pursuant to which Brookfield would acquire all of the Partnership's issued and outstanding common units that Brookfield did not already own in exchange for $1.05 in cash per common unit. On October 1, 2019, the Partnership entered into an agreement with Brookfield to acquire by merger all of the outstanding publicly held common units not already held by Brookfield in exchange for $1.55 in cash per common unit (or, as an alternative, other equity consideration) and on January 22, 2020, Brookfield completed the merger of all of the outstanding publicly held and listed common units representing the Partnership's limited partner interests held by parties other than Brookfield (see Note 22 for additional information). On January 28, 2020, the same plaintiffs filed an amended complaint in which the plaintiffs purport to allege further claims in respect of the merger process and the ultimate agreed consideration of $1.55 in cash per common unit or alternative equity consideration.

The complaints allege breaches of the Partnership's limited partnership agreement and, in the alternative, breaches of an implied covenant of good faith and fair dealing. The complaints seek damages in an unspecified amount and an award to the plaintiffs of their costs and expenses incurred in the action, including their attorneys' fees. The Partnership believes that there is no merit to these claims.

On October 29, 2020, one of the lead plaintiffs filed, unsolicited, a notice of voluntary dismissal, effectively withdrawing its particular claim. On March 25, 2021, the court awarded a dismissal against all parties, with the exception of the Partnership. On August 17, 2022, the Partnership filed a notice of bankruptcy proceedings with the relevant. In November, certain of the individual claimants filed proofs of claims as general unsecured claimants against the Partnership's Chapter 11 restructuring plan. Given the nature of the claims at issue, these are properly classified as section 510(b) claims, which has the effect of subordinating such claims to the priority of prepetition equity. As such, these claimants would not be entitled to a recovery under the plan. The Partnership filed the necessary objections and on March 21, 2023, received an order granting dismissal of all claims and defenses related to this lawsuit, extinguishing these claims concurrent with our emergence from Chapter 11 completed on January 6, 2023. See Note 31 for additional information.

17. Contracts in Progress

Contract Assets and Liabilities

Certain customer contracts that the Partnership enters into will result in situations where the customer will pay consideration for performance to be provided in the following month or months. These receipts are a contract liability and are presented within accounts payable and other as deferred revenues until performance is provided. In other cases, the Partnership will provide performance in the month or months prior to it being entitled to invoice for such performance. This results in such receipts being reflected as a contract asset that is presented within other assets. In addition to these short-term timing differences between the timing of revenue recognition and when the entity's right to consideration in exchange for goods or services is unconditional, the Partnership has long-term charter arrangements whereby it has received payments that are larger in the early periods of the arrangements and long-term charter arrangements whereby it will receive payments that are larger in the latter periods of the arrangements. The following table presents the contract assets and contract liabilities on the Partnership's consolidated statements of financial position associated with these long-term charter arrangements from contracts with customers:

	December 31, 2022	December 31, 2021
	$	$
Contract assets		
Current	7,729	24,916
Non-current	31,004	37,597
	38,733	62,513
Contract liabilities		
Current	37,445	55,617
Non-current	2,765	358
	40,210	55,975

During the year ended December 31, 2022, the Partnership recognized revenue of $55.6 million, which was included in contract liabilities on December 31, 2021.

Contract Costs

In certain cases, the Partnership incurs pre-operational costs that relate directly to a specific customer contract and that generate or enhance resources of the Partnership to satisfy future performance obligations, and where such costs are expected to be recovered via the customer contract. These costs include costs incurred to mobilize an offshore asset to an oil field, pre-operational costs incurred to prepare for commencement of operations of an offshore asset or costs incurred to reposition a vessel to a location where a charterer will take delivery of the vessel. In certain cases, the Partnership will need to make judgments about whether costs relate directly to a specific customer contract and whether costs were factored into the pricing of a customer contract and thus expected to be recovered. Such deferred costs are amortized into direct operating costs over the duration of the customer contract. Amortization of such costs for the Partnership for the years ended December 31, 2022 and 2021 were $20.5 million and $19.3 million, respectively.

The balances of assets recognized from the costs to fulfill a contract with a customer classified as other assets, split between current and non-current portions, on the Partnership's consolidated statements of financial position, by main category, excluding balances in the Partnership's

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equity-accounted investments, are as follows:

	December 31, 2022	December 31, 2021
	$	$
Pre-operational costs	435	2,803
Offshore asset mobilization costs	2,595	8,978
Vessel repositioning costs	12,626	10,583
	15,656	22,364

18. Other Financial Liabilities

	December 31, 2022	December 31, 2021
	$	$
Current		
Derivative instruments	321	23,688
Obligations relating to leases[1]	11,045	10,991
Total current	11,366	34,679
Non-current		
Derivative instruments	—	541
Obligations relating to leases[1]	177,041	188,117
Total non-current	177,041	188,658

(1) See Notes 11 and 27 for additional information. The financing liability accrued interest at a fixed rate of 5.5% until the related newbuilding vessels were delivered to the Partnership during the first quarter of 2021, after which they accrue interest at a variable rate of LIBOR plus 2.85%.

Derivative Financial Instruments

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

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

	December 31, 2022		December 31, 2021	
	Financial Asset	Financial Liability	Financial Asset	Financial Liability
	$	$	$	$
Interest rate swaps	—	—	—	23,470
Foreign currency forward contracts	875	321	325	758
Total	875	321	325	24,228
Total current	875	321	325	23,688
Total non-current	—	—	—	541

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

As at December 31, 2022, the Partnership is not part of any interest rate swaps, as the previously entered interest rate swaps have all been terminated. The Partnership has not designated, for accounting purposes, any of its interest rate swaps held during the years ended December 31, 2022 and 2021 as hedges of variable rate debt. Certain of the Partnership's interest rate swaps have historically been secured by vessels.

In September 2022, the Partnership terminated, on maturity, one of its interest rate swaps, which as at June 30, 2022, had a notional amount of $100.0 million and a total fair value asset of $nil. In August 2022, the Partnership terminated four of its interest rate swaps, which as at June 30, 2022, had a notional amount of $23.6 million and a total fair value asset of $0.5 million. This interest rate swap included an automatic early termination provision if an event of default occurs, which was exercised in August 2022 when the Altera Chapter 11 Parties filed the Chapter 11 Cases. In June 2022, the Partnership terminated three of its interest rate swaps, which as at March 31, 2022, had a notional amount of $285.3 million and a total fair value asset of $1.6 million.

In March 2021, the Partnership terminated one of its interest rate swaps, which as at December 31, 2020, had a notional value of $90.4 million and a fair value liability of $37.1 million. In February 2021, the Partnership terminated two and amended two of its interest rate swap agreements, which as at December 31, 2020, had a total notional amount of $600.3 million and a total fair value liability of $147.5 million. These interest rate swaps included early termination provisions, which if exercised, would have terminated these interest rate swaps in February 2021. Following the terminations and amendments, the total notional amount relating to the two remaining interest rate swap agreements was reduced to $132.0 million

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in April 2021. These agreements included mandatory termination provisions which terminated these two interest rate swaps in February 2022. As at December 31, 2021, these two interest rate swaps had a total notional amount of $130.9 million and a total fair value liability of $17.0 million.

During the year ended December 31, 2022, the effective portion of previously designated and qualifying cash flow hedges recorded in accumulated other comprehensive income during the term of the hedging relationship and reclassified to earnings and reported in interest expense was a gain of $0.5 million (December 31, 2021 - gain of $0.8 million).

As at December 31, 2022, the Partnership had no interest rate swaps, only foreign currency forward contacts governed by master agreements. As at December 31, 2021, the Partnership had multiple interest rate swaps and foreign currency forward contracts governed by certain master agreements. The fair value of these derivatives is presented on a gross basis in the Partnership's consolidated statements of financial position. As at December 31, 2021, these derivatives had an aggregate fair value asset amount of $0.3 million and an aggregate fair value liability amount of $0.8 million.

Total realized and unrealized gain (loss) on the Partnership's derivative financial instruments that are not designated, for accounting purposes, as hedges are recognized in earnings and reported in realized and unrealized gain (loss) on derivative instruments in the consolidated statements of income (loss) for the years ended December 31, 2022 and 2021 as follows:

	Year Ended December 31,	
	2022	2021
	$	$
Realized gain (loss) on derivative instruments		
Interest rate swaps	(12,536)	(164,216)
Foreign currency forward contracts	(4,526)	6,753
	(17,062)	(157,463)
Unrealized gain (loss) on derivative instruments		
Interest rate swaps	23,470	180,127
Foreign currency forward contracts	989	(6,932)
	24,459	173,195
Total realized and unrealized gain (loss) on derivative instruments	7,397	15,732

(1) See below for additional information.

The Partnership is exposed to credit loss in the event of non-performance by the counterparties, all of which are financial institutions, to the foreign currency forward contracts and its previously held interest rate swap agreements.

The following table presents the notional amounts underlying the Partnership's derivative financial instruments by term to maturity as at December 31, 2022:

	Total	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter
	(in millions of U.S. Dollars)						
Fair value through profit or loss							
Foreign currency forward contracts	38.7	38.7	—	—	—	—	—
Total	38.7	38.7	—	—	—	—	—

19. Borrowings

	December 31, 2022	December 31, 2021	Weighted average term		Weighted average rate	
			December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	$	$	(years)	(years)	(%)	(%)
Revolving Credit Facilities	244,201	308,887	1.39	2.34	7.24	2.70
Term Loans	1,252,165	1,282,848	3.44	4.77	6.17	2.71
Public Bonds	655,730	725,072	1.78	2.4	9.44	8.10
Non-Public Bonds	158,280	179,462	3.12	4.14	6.18	6.18
Total	2,310,376	2,496,269	2.73	3.74	7.21	4.52
Less: deferred financing costs and other	(21,124)	(32,242)				
Total borrowings	2,289,252	2,464,027				
Less current portion	(1,156,006)	(407,274)				
Long-term portion	1,133,246	2,056,753				

Revolving Credit Facilities

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As at December 31, 2022, the Partnership had one revolving credit facilities outstanding secured by 8 vessels (December 31, 2021 - two revolving credit facilities outstanding secured by 12 vessels) with a combined carrying value of $442.7 million (December 31, 2021 - $566.8 million), which, as at such date, provided for total borrowings of up to $244.2 million (December 31, 2021 - $308.9 million) and were fully drawn (December 31, 2021 - fully drawn).

Term Loans

As at December 31, 2022, the Partnership had term loans outstanding secured by 21 vessels (December 31, 2021 - secured by 23 vessels) with a combined carrying value of $1.8 billion (December 31, 2021 - $1.9 billion), which, as at such date, provided for total borrowings of $1.3 billion (December 31, 2021 - $1.3 billion). The term loans reduce over time with quarterly or semi-annual payments and have varying maturities through 2034.

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

In February 2022, the Partnership amended an existing term loan relating to the financing of the *Arendal Spirit* UMS unit. As at December 31, 2021, this term loan had an outstanding balance of $25.7 million and matured in February 2022. Following the amendment, this term loan had an outstanding balance of $8.5 million and matures in February 2023. The interest payments on the amended facility are based on SOFR plus a margin of 2.0% per annum. See Note 31 for additional information.

Public and Non-Public Bonds

As at December 31, 2022, the Partnership had public bonds outstanding which totaled $655.7 million (December 31, 2021 - $725.1 million). The public bonds have varying maturities through 2025.

As at December 31, 2022, the Partnership had non-public bonds outstanding secured by two vessels (December 31, 2021 - secured by two vessels), with a combined carrying value of $144.3 million (December 31, 2021 - $156.9 million), which, as at such date provided for total borrowings of $158.3 million (December 31, 2021 - $179.5 million). The non-public bonds reduce over time with semi-annual payments and varying maturities through 2027.

In August 2022, on maturity, a subsidiary of the Partnership redeemed the remaining $68.8 million of bonds on its outstanding 7.125% senior unsecured bonds listed on the Oslo Stock Exchange. The bonds were repaid at 101% of par value as per the amended loan agreement.

In August 2021, a subsidiary of the Partnership entered into an agreement with Brookfield, which involved, among other things, the exchange of $411.3 million in aggregate principal amount of the Partnership's 8.50% Senior Notes due 2023 (or the *8.5% Senior Notes)* for newly issued 11.50% Senior Secured PIK Notes due August 2026 of Holdco (or the *11.50% PIK Notes*) in an equal aggregate principal amount. See Note 21a for a detailed description of the Brookfield Exchanges.

In December 2021, the Partnership's wholly-owned subsidiary Altera Shuttle Tankers L.L.C. issued $180.0 million in senior unsecured bonds in the Norwegian bond market that mature in December 2025. These bonds are listed on the Oslo Stock Exchange. The interest payments on the bonds are fixed at a rate of 9.50%. The bonds are non-callable for three years and all distributions by Altera Shuttle Tankers L.L.C. have been suspended for the life of the bonds. These bonds were issued at a discount to par value of 3% and the proceeds plus cash on hand were used to repurchase $181.2 million of the Altera Shuttle Tankers LLC's pre-existing 7.125% senior unsecured $250.0 million bond maturing in August 2022.

As at December 31, 2022, the contractual maturities of the Partnership's borrowings were as follows:

	Total	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter
	(in millions of U.S. Dollars)						
Borrowings:							
Secured debt - scheduled repayments	520.1	118.0	87.2	64.1	53.5	50.5	146.8
Secured debt - repayments on maturity	1,134.6	767.5	169.4	—	197.7	—	—
Bond repayments	655.7	275.7	200.0	180.0	—	—	—
Total borrowings	2,310.4	1,161.2	456.6	244.1	251.2	50.5	146.8

See Note 21 for information regarding the Partnership's borrowings due to related parties.

In addition to the secured vessels discussed above, the Partnership's loan agreements typically include customary security provisions including assignment of insurance and earnings, pledged in favor of our lenders. As at December 31, 2022, the Partnership's pledged accounts consisted of $118.0 million in Cash and cash equivalents ($75.6 million - December 31, 2021), $92.4 million Cash deposits with third-party restrictions ($58.7 million - December 31, 2021), $9.0 million in Financial assets (current and non-current) ($1.1 million - December 31, 2021), $80.8 million in Accounts and other receivable, net (current and non-current) ($118.5 million - December 31, 2021) and $142.8 million in Equity-accounted investments ($136.8 million - December 31, 2021). As at December 31, 2022, the Partnership has obtained guarantee arrangements with certain financial institutions which in the event of default provide for $8.8 million of guarantee coverage ($28.6 million - December 31, 2021).

As a result of the Chapter 11 Cases, the principal and interest due under the Altera Chapter 11 Parties' Debt Instruments (as defined below in Note 31) became immediately due and payable. The Altera Chapter 11 Parties believe that any efforts to enforce the financial obligations under the Debt

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Instruments are stayed as a result of the filing of the Chapter 11 Cases in the Bankruptcy Court. Except from the Altera Chapter 11 Parties' Debt Instruments, the Partnership was in compliance with its covenant requirements under its borrowings at December 31, 2022.

Pursuant to the terms of the Plan, on the Effective Date, certain prepetition obligations of the Debtors were amended and restated. See Note 31 for additional information.

20. Income Taxes

Income taxes are recognized for the amount of taxes payable by the Partnership's subsidiaries and for the impact of deferred income tax assets and liabilities related to such subsidiaries.

The significant components of the Partnership's deferred tax assets and liabilities as at December 31, 2022 and 2021, are as follows:

	December 31, 2022 $	December 31, 2021 $
Tax losses carried forward	—	—
Other timing differences	—	(700)
Total net deferred tax assets (liabilities)	—	(700)
Reflected in the statement of financial position as follows:		
Deferred tax assets	—	—
Deferred tax liabilities	—	700
Net deferred tax assets (liabilities)	—	(700)

The recognition of the deferred tax assets is based on the expectation that sufficient taxable income will be available through forecast supported future taxable income.

The net deferred tax assets (liabilities) movements are as follows:

	December 31, 2022 $	December 31, 2021 $
Opening net deferred tax assets (liabilities) balance at beginning of year	(700)	4,453
Deferred income tax (expense) benefit	700	(5,006)
Other	—	(147)
Closing net deferred tax assets (liabilities) balance at end of year	—	(700)

The following table details the expiry date, if applicable, of the unrecognized deferred tax assets:

	December 31, 2022 $	December 31, 2021 $
One year from reporting date	—	—
Two years from reporting date	—	—
Three years from reporting date	—	—
After three years from reporting date	95,815	103,579
Do not expire	156,766	188,771
Total	252,581	292,350

The major components of income tax expense for the years ended December 31, 2022 and 2021 are as follows:

	Year Ended December 31, 2022 $	Year Ended December 31, 2021 $
Current income tax (expense) benefit	137	(4,603)
Deferred income tax (expense) benefit:		
Origination and reversal of temporary differences	32,406	193,486
Benefit (expense) arising from previously unrecognized (derecognized) tax assets	(31,706)	(198,492)
Total deferred income taxes	700	(5,006)
Income tax (expense) benefit	837	(9,609)

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The Partnership operates in countries that have differing tax laws and rates. Consequently, a consolidated weighted average tax rate will vary from year to year according to the source of earnings or losses by country and the change in applicable tax rates. The below reconciliation has been prepared using a composite statutory-rate for jurisdictions where the Partnership's subsidiaries operate:

	Year Ended December 31, 2022 $	Year Ended December 31, 2021 $
Income (loss) before income tax (expense) benefit	(163,017)	(126,841)
Net income (loss) not subject to taxes	(104,740)	(6,194)
Net income (loss) subject to taxes	(58,277)	(120,647)
Applicable statutory tax rate	18%	14%
Net income (loss) subject to taxes at applicable statutory tax rates	(10,731)	(16,801)
Permanent differences	26,451	(29,345)
Adjustments related to currency differences	—	147
Derecognition of deferred tax assets and other	(16,557)	55,608
Tax expense (benefit) related to current year	(837)	9,609

The unrecognized tax benefits movements are as follows:

	December 31, 2022 $	December 31, 2021 $
Opening unrecognized tax benefits balance at beginning of year	292,350	262,737
Increases for positions related to the current year	(39,769)	29,613
Closing unrecognized tax benefits balance at end of year	252,581	292,350

21. Related Party Transactions

The key management personnel that are principally responsible for the operations of the Partnership 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.

For the years ended December 31, 2022 and 2021 the total compensation expenses of these three key management personnel of the Partnership are as follows:

	Salary $	Bonus $	Pension Benefits $	Other Benefits $	Total Compensation $
2022	1,458	4,276	63	48	5,845
2021	1,585	1,788	93	70	3,536

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

a) On August 27, 2021, a wholly owned subsidiary of the Partnership, Altera Infrastructure Holdings L.L.C. (*IntermediateCo)*, as issuer, and the Partnership, as parent guarantor, entered into an agreement to exchange an aggregate of $699.3 million of indebtedness in the Partnership with interest rates ranging from 5.00% to 11.50% and with maturities ranging from 2022 to 2024 (the *Brookfield Exchanges*). The exchanges included $415.2 million in aggregate principal amount of the 8.50% Senior Notes, $236.9 million in aggregate principal amount of loans relating to an unsecured revolving credit facility provided by Brookfield, which was due to mature in October 2024, $30.0 million in aggregate principal amount of loans relating to an unsecured revolving credit facility provided by Brookfield, which was due to mature in February 2022, and $17.2 million in aggregate principal amount of loans relating to an unsecured revolving credit facility provided by Brookfield, which was due to mature in July 2022, in each case for newly issued 11.50% Senior Secured PIK Notes due August 2026 in an equal aggregate principal amount. As at December 31, 2022, the Partnership had recorded $37.5 million of PIK interest which was added to the outstanding principal amount of 11.50% PIK Notes upon payment date in February 2022 and accrued a further $75.4 million of interest. The Chapter 11 Cases constituted an event of default under the Indenture governing the 11.50% PIK Notes. As a result of this event of default, all amounts outstanding under the 11.50% PIK Notes became immediately due and payable. The Altera Chapter 11 Parties believe that any efforts to enforce the financial obligation under the 11.50% PIK Notes are stayed as a result of the filing of the Chapter 11 Cases in the Bankruptcy Court. Pursuant to the terms of the Plan, on the Effective Date, certain prepetition obligations of the Debtors were cancelled. See Note 31 for additional information.

On July 2, 2018, the Partnership issued, in a U.S. private placement, a total of $700.0 million senior unsecured bonds due in July 2023. The interest payments on the bonds were fixed at a rate 8.50% (see Note 19 for additional information). Brookfield purchased $500.0 million of these bonds and as at the date of the Brookfield Exchanges, August 27, 2021, Brookfield held $411.3 million of these bonds. As part of the

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Brookfield Exchanges, IntermediateCo issued to Brookfield additional 11.50% PIK Notes in an aggregate principal amount equal to the $4.0 million then accrued and unpaid interest under the exchanged 8.50% Senior Notes. Consistent with the Partnership's new accounting policy election in August 2021, these notes have been retrospectively reclassified from Borrowings (non-current) to Due to related parties (non-current) on the Partnership's consolidated statements of financial position. Please refer to Note 2i for additional information.

As of August 27, 2021, the date of the Brookfield Exchanges, the Partnership had an undrawn balance of $nil relating to an unsecured revolving credit facility provided by Brookfield, which had previously provided for borrowings of up to $225.0 million and matured on October 31, 2024. The interest payments on the facility were based on LIBOR plus a margin of 5.00%. The facility provided the Partnership the option to defer interest payments of up to $25.0 million until maturity. As at August 27, 2021, the Partnership had deferred a total of $11.9 million of interest payments, which deferred interest was exchanged for the issuance to Brookfield as part of the Brookfield Exchanges of additional 11.50% PIK Notes with an aggregate principal amount of $11.9 million. As a result of the Brookfield Exchanges, the Partnership determined that the 11.50% PIK Notes were issued at fair value and therefore the then-remaining unamortized discount of $28.0 million was recorded as a loss through Gain (loss) on modification of financial liabilities, net on the Partnership's consolidated statements of income (loss) during the year ended December 31, 2021.

Prior to the Brookfield Exchanges, during the year ended December 31, 2021, the Partnership entered into an unsecured revolving credit facility provided by Brookfield, which had previously provided for borrowings of up to $30.0 million and as at the date of the Brookfield Exchanges, August 27, 2021, was fully drawn. The interest payments on the facility were based on LIBOR plus a margin of 5.00% and the facility matured in February 2022. Any outstanding principal balances were due on the maturity date. During the year ended December 31, 2021, the Partnership determined that the interest rate under the facility was deemed to be at below market terms and therefore, Brookfield was acting in its capacity as an equity owner. The Partnership recorded a $1.3 million decrease in the carrying value of the facility, which was classified as an equity contribution in the Partnership's consolidated statements of changes in equity during the year ended December 31, 2021. As a result of the Brookfield Exchanges, the Partnership determined that the 11.50% PIK Notes were issued at fair value and therefore the then-remaining unamortized discount of $0.5 million was recorded as a loss through Gain (loss) on modification of financial liabilities, net on the Partnership's consolidated statements of income (loss) during the year ended December 31, 2021.

Prior to the Brookfield Exchanges, during the year ended December 31, 2021, a subsidiary of the Partnership entered into an unsecured revolving credit facility provided by Brookfield, which had previously provided for borrowings of up to $17.0 million and as at the date of the Brookfield Exchanges, August 27, 2021, was fully drawn. Borrowings under the facility bore interest solely in kind at a rate of 11.50% per annum. The facility had a maturity date of July 2022. Any outstanding principal balances were due on the maturity date. As part of the Brookfield Exchanges, Holdco issued to Brookfield additional 11.50% PIK Notes with an aggregate principal amount of $0.2 million, equal to the then accrued and unpaid interest under the term loan facility.

b) On December 14, 2021, a wholly owned subsidiary of the Partnership, Altera Shuttle Tankers L.L.C., entered into an agreement with Brookfield to issue $70.0 million aggregate principal amount unsecured PIK notes (or the *12.50% PIK Notes*), which contemporaneously discharged the then-existing $70.0 million unsecured revolving credit facility which was fully drawn, accrued interest at a rate equal to LIBOR plus a margin of 5.00% and was due to mature in February 2022. Interest under the 12.50% Notes is payable in kind at a fixed rate of 12.50% and the facility matures in June 2026. The 12.50% PIK Notes are to be listed on The International Stock Exchange. Additional 12.50% PIK Notes may only be issued to satisfy the interest payable under the notes. As at December 31, 2022, the Partnership has accrued a total of $9.6 million of PIK interest, increasing the outstanding principal amount of the 12.50% PIK Notes in an amount equal to the interest. Any outstanding principal balances are due on the maturity date. As at December 31, 2022, the Partnership was in compliance with the covenant requirements of this facility.

During the year ended December 31, 2021, the Partnership determined that the interest rate under the $70.0 million revolving credit facility described above was deemed to be at below market terms and therefore, Brookfield was acting in its capacity as an equity owner. The Partnership recorded a $0.6 million decrease in the carrying value of the facility, which was classified as an equity contribution in the Partnership's consolidated statements of changes in equity during the year ended December 31, 2021.

c) On January 14, 2022, a wholly owned subsidiary of the Partnership, IntermediateCo, entered into a revolving credit facility provided by Brookfield, dated January 14, 2022 (the *IntermediateCo* RCF), among IntermediateCo, as borrower, the Altera Chapter 11 Parties and certain of their subsidiaries, as guarantors, certain lenders from time to time party thereto, and U.S. Bank National Association, as administrative agent. As at December 31, 2022, $32.0 million of borrowings were available under the IntermediateCo RCF, with an undrawn balance of $nil, On August 13, 2022, as part of the terms of the DIP Facility, the IntermediateCo RCF provided for $20.0 million of roll-up loans (see Note 21d for additional information). The facility was due to mature in June 2022 and interest payments on the facility are based on a fixed rate of 10.00% per annum. IntermediateCo entered into an extension agreement to defer the principal payment under the IntermediateCo RCF through August 12, 2022. IntermediateCo's Chapter 11 Case constituted an event of default under the agreement governing the IntermediateCo RCF. As a result of the event of default, all amounts outstanding under the IntermediateCo RCF became immediately due and payable against the Altera Chapter 11 Parties party thereto. The Altera Chapter 11 Parties believe that any efforts to enforce the financial obligation under the IntermediateCo RCF are stayed as a result of the filing of the Chapter 11 Cases in the Bankruptcy Court. Pursuant to the terms of the Plan, on the Effective Date, certain prepetition obligations of the Debtors were cancelled. See Note 31 for additional information.

d) On August 13, 2022, IntermediateCo, the Altera Chapter 11 Parties and certain of their subsidiaries entered into the DIP Facility, pursuant to which, and subject to satisfaction of certain customary conditions, including the approval of the Bankruptcy Court, the DIP Lenders have agreed to provide IntermediateCo with a senior secured superpriority debtor-in-posession term loan credit facility in a principal amount of new money equal to $50.0 million (before giving effect to the attendant commitment fee) plus the roll-up of $20.0 million in loans under the IntermediateCo RCF. The proceeds of the DIP Facility was primarily used to fund the Altera Chapter 11 Parties' working capital needs as debtors in the Chapter 11 Cases and to pay certain enumerated professional fees and expenses pursuant to the Chapter 11 Cases. Pursuant to the terms of the Plan, on the Effective Date, certain prepetition obligations of the Debtors were cancelled. See Note 31 for additional information.

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As at December 31, 2022, the contractual maturities of the Partnership'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:							
11.50% Senior Secured PIK Notes [1]	811.0	811.0	—	—	—	—	—
12.50% Unsecured PIK Notes [2]	79.6	—	—	—	79.6	—	—
10.00% IntermediateCo RCF [3]	12.7	12.7	—	—	—	—	—
DIP facility [4]	74.2	74.2	—	—	—	—	—
Total borrowings due to related parties	977.5	897.9	—	—	79.6	—	—

(1) Includes PIK interest of $37.5 million and accrued interest of $75.4 million. See Note 21a for additional information.

(2) Includes PIK interest of $9.6 million. See Note 21b for additional information.

(3) Includes accrued interest of $1.6 million. See Note 12c for additional information.

(4) Includes accrued interest of $3.8 million. See Note 12d for additional information.

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

	Year Ended December 31, 2022 $	Year Ended December 31, 2021 $
Revenues[1]	8,940	9,414
General and administrative expenses[2]	(2,288)	(1,119)
Depreciation and amortization	(231)	(209)
Interest expense[3][4][5]	(99,761)	(69,695)
Other income (expense), net[6]	—	(28,517)

(1) Includes revenue from services provided to the Partnership's equity-accounted investments.

(2) Includes reimbursements to the general partner for costs incurred on the Partnership's behalf.

(3) Includes interest expense of $nil for the year ended December 31, 2022 (December 31, 2021 - $22.8 million), incurred on a portion of five-year senior unsecured bonds held by Brookfield.

(4) Includes interest expense of $nil for the year ended December 31, 2022 (December 31, 2021 - $10.9 million) and a net interest accretion expense of $nil for the year ended December 31, 2022 (December 31, 2021 - a net interest accretion expense of $7.7 million) incurred on the unsecured revolving credit facility provided by Brookfield. See Note 21a additional information.

(5) Includes interest expense of $85.3 million incurred on the 11.50% PIK Notes for the year ended December 31, 2022 (December 31, 2021 - $27.7 million), interest expense of $9.1 million incurred on the 12.50% PIK Notes for the year ended December 31, 2022 (December 31, 2021 - $0.5 million), interest expense of $1.6 million incurred on the IntermediateCo RCF for the year ended December 31, 2022 (December 31, 2021 - $nil) and interest expense of $3.8 million incurred on the DIP facility for the year ended December 31, 2022 (year ended December 31, 2021 - $nil). See Notes 12a, b, c and d for additional information.

(6) Relates to a loss on refinancing of an unsecured revolving credit facility provided by Brookfield of $28.5 million during the year ended December 31, 2021. See Note 21a additional information.

As at December 31, 2022, the carrying value of amounts due from related parties totaled $0.5 million (December 31, 2021 - $1.0 million) mainly related to services provided to the Partnership's joint venture. As at December 31, 2022, the carrying value of amounts due to related parties totaled $977.5 million (December 31, 2021 - $797.4 million) and consisted only of 11.50% PIK Notes and 12.50% PIK Notes issued to Brookfield and the IntermediateCo RCF and the DIP Facility provided by Brookfield. See Notes 21a, b, c and d for additional information.

22. Equity

As at December 31, 2022, the Partnership's capital structure was comprised of three classes of partnership units; Class A common units, Class B common units and preferred limited partnership units, in addition to the general partnership interest. The Partnership may issue additional securities at any time and from time to time for such consideration and on such terms and conditions as the General Partner shall determine, without the approval of any Limited Partners.

Limited Partners' Rights

Significant rights of the Class A Common Unitholders include the following:

- The Class A Common Unitholders are entitled to receive, to the extent permitted by law, such distributions as may from time to time be declared by the general partner's board of directors. Upon any liquidation, dissolution or winding up of the Partnership's affairs, whether voluntary or involuntary, the Class A Common Unitholders are entitled to receive distributions of the Partnership's assets, after it has satisfied or made provision for its debts and other obligations and for payment to the holders any class or series of limited partner interests (including the Partnership's preferred units) having preferential rights to receive distributions of Partnership assets.

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- No limited partner has any management power over the Partnership's business and affairs; the general partner conducts, directs and manages the Partnership's activities.
- The Class A Common Units have no voting rights except as required by the Marshall Islands Limited Partnership Act, but only to the extent that such voting rights under such Act may not be waived.
- Class A Unitholders have certain pre-emptive rights, entitling them to purchase a portion of certain issuances of additional common units (or other securities that have rights and preferences that rank pari passu with the common units).
- The Class A Common Units are subject to certain redemption provisions in connection with any Brookfield Sales Event (as defined in the Partnership's partnership agreement).
- No Class A Common Unitholder may sell, assign, convey, pledge, transfer or otherwise dispose of any Class A Common Units other than in connection with a Brookfield Sales Event (as defined in the Partnership's partnership agreement), and any sale, assignment, conveyance, pledge, transfer or other disposition of Class A Common Units in violation of the Partnership's partnership agreement, other than by operation of law (including intestacy), shall be null and void.

Significant rights of the Class B Common Unitholders include the following:

- Right to receive distributions of Available Cash (as defined in the Partnership's partnership agreement) similar to those applicable to the Class A Common Unitholders.
- No limited partner has any management power over the Partnership's business and affairs; the general partner conducts, directs and manages the Partnership's activities.
- The Class B Common Units are entitled to vote on various matters, as specified in the Partnership's partnership agreement.
- The general partner may be removed if such removal is approved by the Class B Common Unitholders holding at least 66.67% of the outstanding units voting as a single class, including units held by the general partner and its affiliates.

At December 31, 2022, Brookfield held 100% of the Class B Common Units, representing 98.7% of the outstanding common units and 100% of the general partner interest. All of the Partnership's Class A Common Units, representing 1.3% of the Partnership's outstanding common units, were held by entities other than Brookfield and its affiliates. In accordance with the Plan, on the Effective Date, all equity securities in the prepetition Partnership outstanding prior to the Effective Date, were cancelled, released and extinguished, and are of no further force or effect without any need for a holder of such equity securities to take further action with respect thereto. See Note 31 for additional information.

Series A, B and E Preferred Units

At December 31, 2022, all of the Partnership's outstanding 7.25% Series A Cumulative Redeemable Preferred Units (or the *Series A Preferred Units*), 8.50% Series B Cumulative Redeemable Preferred Units (or the *Series B Preferred Units*) and 8.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units (or the *Series E Preferred Units* and, together with the Series A Preferred Units and the Series B Preferred Units, the *Preferred Units*) were held by entities other than Brookfield and its affiliates. On August 15, 2022, the Partnership received a letter from the New York Stock Exchange (the NYSE) notifying the Partnership that as a result of the Chapter 11 Cases and in accordance with section 802.01D of the NYSE's Listed Company Manual, the NYSE has determined that the Partnership's Preferred Units would be delisted from the NYSE, and trading in the Preferred Units was suspended as of August 15, 2022.

In April 2013, the Partnership issued 6.0 million Series A Preferred Units in a public offering with an aggregate redemption amount of $150.0 million, for net proceeds of $144.8 million. Pursuant to the partnership agreement, distributions on the Series A Preferred Units to preferred unitholders are cumulative from the date of original issue and are payable quarterly in arrears, when, as and if declared by the board of directors of the general partner. At any time on or after April 30, 2018, the Series A Preferred Units may be redeemed by the Partnership at a redemption price of $25.00 per unit plus an amount equal to all accumulated and unpaid distributions to the date of redemption. These units were listed on the New York Stock Exchange under the symbol "ALIN PR A".

In April 2015, the Partnership issued 5.0 million Series B Preferred Units in a public offering with an aggregate redemption amount of $125.0 million, for net proceeds of $120.8 million. Pursuant to the partnership agreement, distributions on the Series B Preferred Units to preferred unitholders are cumulative from the date of original issue and are payable quarterly in arrears, when, as and if declared by the board of directors of the general partner. At any time on or after April 20, 2020, the Series B Preferred Units may be redeemed by the Partnership at a redemption price of $25.00 per unit plus an amount equal to all accumulated and unpaid distributions to the date of redemption. These units were listed on the New York Stock Exchange under the symbol "ALIN PR B".

In January 2018, the Partnership issued 4.8 million Series E Preferred Units in a public offering for net proceeds of $116.0 million. Pursuant to the partnership agreement, distributions on the Series E Preferred Units to preferred unitholders are cumulative from the date of original issue, payable quarterly in arrears, when, as and if declared by the board of directors of the general partner. Distributions are payable on the Series E Preferred Units (i) from and including the original issue date to, but excluding, February 15, 2025 at a fixed rate equal to 8.875% per annum of the stated liquidation preference of $25.00 per unit and (ii) from and including February 15, 2025, at a floating rate equal to three-month LIBOR plus 6.407%. These units were listed on the New York Stock Exchange under the symbol "ALIN PR E".

In accordance with the Plan, on the Effective Date, all equity securities in the prepetition Partnership outstanding prior to the Effective Date, were cancelled, released and extinguished, and are of no further force or effect without any need for a holder of such equity securities to take further action with respect thereto. See Note 31 for additional information.

Net Income (Loss) Per Limited Partner Unit

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The general partner's and common unitholders' interests in net income (loss) are calculated as if all net income (loss) were distributed, regardless of whether those earnings would or could be distributed. The partnership agreement does not provide for the distribution of net income (loss); rather, it provides that, with respect to any quarter, the general partner may elect to distribute Available Cash, which is a contractually defined term that generally means all cash on hand at the end of each quarter less, among other things, the amount of cash reserves established by the general partner's board of directors to provide for the proper conduct of the Partnership's business, including, among other things, any accumulated distributions on, or redemptions of, the Series A, Series B and Series E Preferred Units. Unlike available cash, net income (loss) is affected by non-cash items such as depreciation and amortization, unrealized gain or loss on derivative instruments and unrealized foreign currency translation gain and loss.

For all periods presented in these consolidated financial statements, no common unit equivalent warrants or restricted units were included in the computation of limited partners' interest in net income (loss) per common unit - diluted, as their effect was anti-dilutive.

The weighted average number of total common units were as follows for the periods indicated:

	Year Ended December 31,	
	2022	2021
Weighted average number of total common units	411,148,991	411,148,991

Preferred Unit Distributions

The distributions payable or paid on the preferred units for the year ended December 31, 2022 were $nil (December 31, 2021 - $15.8 million), and the amount of cumulative preference dividends that has not been recognized for the year ended December 31, 2022 were $31.5 million (December 31, 2021 - $15.8 million).

In July 2021, the Partnership suspended the payment of quarterly cash distributions on its outstanding Preferred Units, commencing with the distributions payable with respect to the period of May 15, 2021 to August 14, 2021. All distributions on the Preferred Units will continue to accrue and must be paid in full before distributions to Class A and Class B common unitholders can be made. No distributions on the Preferred Units will be permitted without noteholder consent while the newly issued 11.50% PIK Notes issued in the Brookfield Exchanges remain outstanding (see Note 21a).

In the event of a liquidation, all property and cash in excess of that required to discharge all liabilities and liquidation amounts on the Series A, Series B and Series E Preferred Units will be distributed to the common unitholders and the general partner in proportion to their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of the Partnership's assets in liquidation in accordance with the partnership agreement.

Chapter 11 Cases and Emergence impact on equity

In accordance with the Plan, on the Effective Date, all equity securities in the prepetition Partnership outstanding prior to the Effective Date, were cancelled, released and extinguished, and are of no further force or effect without any need for a holder of such equity securities to take further action with respect thereto. See Note 31 for additional information.

23. Non-Wholly Owned Subsidiaries

The following tables present the assets and liabilities from the Partnership's investments in non-wholly owned subsidiaries as at December 31, 2022 and 2021, as well as of revenues, net income, other comprehensive income and distributions for the years ended December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
	$	$
Current assets	15,045	7,967
Non-current assets	—	40,284
Current liabilities	2,026	6,568

	Year Ended December 31,	
	2022	2021
	$	$
Revenues	25,684	22,410
Net income (loss) and other comprehensive income (loss)	9,794	(10,830)
Distributions paid to non-controlling interests	(22,360)	(10,605)

The Partnership's investments in non-wholly owned subsidiaries are in its shuttle tanker and FSO segments. See Note 2d i) for further details.

24. Revenues

a) Revenues by type

The Partnership's primary source of revenues is chartering its vessels and offshore units to its customers. The Partnership utilizes five primary forms of contracts, consisting of FPSO contracts, CoAs, time-charter contracts, bareboat charter contracts and voyage charter contracts. All of the Partnership's revenues relate to services transferred over a period of time. During the year ended December 31, 2022, the Partnership also

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generated revenues from the operation of VOC systems on certain of the Partnership's shuttle tankers, and from the management of three FPSO units (December 31, 2021 - two FPSO units) on behalf of the disponent owners or charterers of these assets.

The following tables contain the Partnership's revenue for the years ended December 31, 2022 and 2021, by contract type and by segment:

Year Ended December 31, 2022	FPSO Segment	Shuttle Tanker Segment	FSO Segment	UMS Segment	Towage Segment	New Ventures Segment	Corporate/ Eliminations(1)	Total
Revenues from contracts with customers								
FPSO contracts	178,947	—	—	—	—	—	—	178,947
CoAs	—	126,309	—	—	—	—	—	126,309
Time charters	—	110,379	30,149	32,218	—	—	—	172,746
Voyage charters	—	—	—	—	96,409	—	(4,785)	91,624
Management fees and other	84,417	6,122	—	—	—	185	—	90,724
	263,364	242,810	30,149	32,218	96,409	185	(4,785)	660,350
Other revenues								
FPSO contracts	84,156	—	—	—	—	—	—	84,156
CoAs	—	108,128	—	—	—	—	—	108,128
Time charters	—	177,692	35,782	—	—	—	—	213,474
Voyage charters	—	75,779	—	—	—	—	—	75,779
	84,156	361,599	35,782	—	—	—	—	481,537
Total revenues	347,520	604,409	65,931	32,218	96,409	185	(4,785)	1,141,887

(1) Includes revenues earned between segments of the Partnership, during the year ended December 31, 2022

Year Ended December 31, 2021	FPSO Segment	Shuttle Tanker Segment	FSO Segment	UMS Segment	Towage Segment	Corporate/ Eliminations(1)	Total
Revenues from contracts with customers							
FPSO contracts	145,461	—	—	—	—	—	145,461
CoAs	—	85,190	—	—	—	—	85,190
Time charters	—	96,196	32,323	—	—	(487)	128,032
Voyage charters	—	—	—	—	79,913	(8,821)	71,092
Management fees and other	150,274	14,417	1,843	895	221	761	168,411
	295,735	195,803	34,166	895	80,134	(8,547)	598,186
Other revenues							
FPSO contracts	194,143	—	—	—	—	—	194,143
CoAs	—	121,872	—	—	—	—	121,872
Time charters	—	160,767	39,966	—	—	—	200,733
Bareboat charters	—	9,604	1,273	—	—	—	10,877
Voyage charters	—	25,449	—	—	—	—	25,449
	194,143	317,692	41,239	—	—	—	553,074
Total revenues	489,878	513,495	75,405	895	80,134	(8,547)	1,151,260

(1) Includes revenues earned between segments of the Partnership, during the year ended December 31, 2021.

b) Finance leases

Leasing of certain vessels and equipment and VOC equipment are accounted for as finance leases.

During the year ended December 31, 2022, the Partnership recorded finance income of $3.8 million on its investment in finance leases (December 31, 2021 - $4.5 million).

As at December 31, 2022, the minimum lease payments receivable under the Partnership's finance leases approximated $— million (December 31, 2021 - $63.4 million), including unearned income of $7.9 million (December 31, 2021 - $11.8 million). As at December 31, 2022, future scheduled payments under the finance leases to be received by the Partnership were as follows:

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	Total	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter
			(in millions of U.S. Dollars)				
Finance leases	50.6	12.1	11.5	11.5	11.5	4.0	—

c) Operating leases

As at December 31, 2022, the carrying amount of the Partnership's vessels and equipment subject to operating leases in which the Partnership is a lessor was $1.9 billion (December 31, 2021 - $2.5 billion). As at December 31, 2022, the undiscounted contractual earnings receivable of the Partnership's operating leases by expected period of receipt were as follows:

	Total	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter
			(in millions of U.S. Dollars)				
Operating leases	1,408.4	344.2	176.3	158.0	145.5	138.3	446.1

25. 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 years ended December 31, 2022 and 2021 by nature:

	Year Ended December 31,	
	2022	2021
	$	$
Voyage expenses[1]	213,398	133,179
Operating expenses	242,501	275,258
Charter hire	12,342	10,995
Compensation	208,587	235,148
Total	676,828	654,580

(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.

26. Segment Information

For the year ended December 31, 2022, the Partnership's operations were organized into five operating segments: FPSO, Shuttle Tanker, FSO, UMS and Towage, and two business segments: New Ventures and Corporate/Eliminations (December 31, 2021 - five operating segments: FPSO, Shuttle Tanker, FSO, UMS and Towage, and one business segment: Corporate/Eliminations).

These segments are regularly reviewed by the Partnership's CODM for the purpose of allocating resources to the segment and to assess its performance. The key measure used by the CODM in assessing performance and in making resource allocation decisions is Adjusted EBITDA, which is calculated as net income (loss) before interest expense, interest income, income tax expense, and depreciation and amortization, 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 management, in assessing the Partnership's performance, views 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 equity-accounted income (loss) and other income (expense), net. Adjusted EBITDA also includes the Partnership's proportionate share of Adjusted EBITDA from its equity-accounted investments and excludes the non-controlling interests' proportionate share of Adjusted EBITDA. The Partnership does not have control over the operations of, nor does it have any legal claim to the revenues and expenses of its equity-accounted investments. Consequently, the cash flow generated by the Partnership's equity-accounted investments may not be available for use by the Partnership in the period that such cash flows are generated.

Adjusted EBITDA is also used by external users of the Partnership's consolidated financial statements, such as investors and the Partnership's controlling unitholder.

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The following tables include the results for the Partnership's reportable segments for the periods presented in these consolidated financial statements:

Year Ended December 31, 2022	FPSO Segment	Shuttle Tanker Segment	FSO Segment	UMS Segment	Towage Segment	New Ventures	Corporate/ Eliminations (3)	Total
Revenues	347,520	604,409	65,931	32,218	96,409	185	(4,785)	1,141,887
Direct operating costs	(205,015)	(305,529)	(23,120)	(30,079)	(75,895)	(326)	(36,865)	(676,829)
General and administrative[1]	(28,082)	(27,562)	(4,349)	(2,857)	(3,612)	(1,935)	36,114	(32,283)
Adjusted EBITDA from equity-accounted investments[2]	58,551	—	—	—	—	—	—	58,551
Adjusted EBITDA attributable to non-controlling interests	—	(1,133)	—	—	—	—	—	(1,133)
Adjusted EBITDA	172,974	270,185	38,462	(718)	16,902	(2,076)	(5,536)	490,193

Year Ended December 31, 2021	FPSO Segment	Shuttle Tanker Segment	FSO Segment	UMS Segment	Towage Segment	Corporate/ Eliminations (3)	Total
Revenues	489,878	513,495	75,405	895	80,134	(8,547)	1,151,260
Direct operating costs	(279,677)	(245,753)	(30,292)	(3,069)	(67,632)	(28,157)	(654,580)
General and administrative[1]	(30,521)	(30,180)	(4,360)	(5,252)	(2,346)	31,889	(40,770)
Adjusted EBITDA from equity-accounted investments[2]	95,880	—	—	—	—	—	95,880
Adjusted EBITDA attributable to non-controlling interests	—	162	9	—	—	—	171
Adjusted EBITDA	275,560	237,724	40,762	(7,426)	10,156	(4,815)	551,961

(1) Includes direct general and administrative expenses and indirect general and administrative expenses (allocated to each segment based on estimated use of corporate resources).

(2) Adjusted EBITDA from equity-accounted investments represents the Partnership's proportionate share of Adjusted EBITDA from equity-accounted vessels.

(3) Includes revenues earned and direct operating costs incurred between segments of the Partnership of $4.8 million and $4.8 million, respectively, for the year ended December 31, 2022 (December 31, 2021 - $9.2 million and $9.2 million, respectively)

The following table includes reconciliations of Adjusted EBITDA to net income (loss) for the periods presented in these consolidated financial statements:

	Year Ended December 31,	
	2022	2021
	$	$
Adjusted EBITDA	490,193	551,961
Depreciation and amortization[1]	(269,778)	(313,120)
Interest expense[2]	(256,549)	(206,176)
Interest income	3,799	91
Expenses and gains (losses) relating to equity-accounted investments[3]	(19,105)	(70,818)
Impairment expense, net[4]	(38,039)	(116,420)
Gain (loss) on dispositions, net[5]	30,686	10,502
Realized and unrealized gain (loss) on derivative instruments[6]	7,397	15,732
Foreign currency exchange gain (loss)	(341)	(825)
Gain (loss) on modification of financial liabilities, net	—	(45,920)
Other income (expenses), net	(112,413)	48,323
Adjusted EBITDA attributable to non-controlling interests	1,133	(171)
Income (loss) before income tax (expense) benefit	(163,017)	(126,841)
Income tax (expense) benefit		
Current	137	(4,603)
Deferred	700	(5,006)
Net income (loss)	**(162,180)**	**(136,450)**

(1) Depreciation and amortization by segment for the year ended December 31, 2022 is as follows: FPSO $68.9 million, Shuttle Tanker $158.7 million, FSO $21.5 million, UMS $2.5 million, and Towage $17.7 million (December 31, 2021 - FPSO $92.2 million, Shuttle Tanker $172.7 million, FSO $25.2 million, UMS $2.3 million and Towage $17.8 million).

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(2) Interest expense by segment for the year ended December 31, 2022 is as follows: FPSO $24.7 million, Shuttle Tanker $106.7 million, FSO $3.9 million, UMS $0.4 million, Towage $5.6 million and Corporate/Eliminations $115.1 million (December 31, 2021 - FPSO $24.4 million, Shuttle Tanker $81.6 million, FSO $2.4 million, UMS $0.7 million, Towage $5.2 million and Corporate/Eliminations $91.9 million).

(3) Includes depreciation and amortization, interest expense, interest income, realized and unrealized gain (loss) on derivative instruments, foreign currency exchange gain (loss) and income tax (expense) benefit relating to equity-accounted investments. The sum of (a) Adjusted EBITDA from equity-accounted investments and (b) expenses and gains (losses) relating to equity-accounted investments from this table equals the amount of equity-accounted income (loss) included on the Partnership's consolidated statements of income (loss).

(4) Impairment expense, net by segment for the year ended December 31, 2022 is as follows: FPSO $31.9 million, Shuttle Tanker $5.0 million and Towage $1.2 million (December 31, 2021 - FPSO $116.4 million).

(5) Gain (loss) on dispositions, net by segment for the year ended December 31, 2022 is as follows: FPSO $15.7 million, Shuttle Tanker $11.4 million, Corporate/ eliminations $0.1 million and FSO $3.4 million (December 31, 2021 - Shuttle Tanker $3.6 million and FSO $6.9 million.

(6) Excludes the realized loss on foreign currency forward contracts for the years ended December 31, 2021.

Segment Assets

For the purpose of monitoring segment performance and allocating resources between segments, the CODM monitors the assets, including equity-accounted investments, attributable to each segment.

A reconciliation of the Partnership's asset by reportable operating segment as at December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
	$	$
FPSO segment	839,874	963,625
Shuttle tanker segment	1,962,572	2,093,467
FSO segment	163,578	198,703
UMS segment	68,658	58,900
Towage segment	269,009	308,621
Corporate/Other		
Cash and cash equivalents, Restricted cash and Cash deposits with third-party restrictions	343,817	255,756
Other assets	10,637	5,652
Total assets	3,658,145	3,884,724

Revenues from External Customers

The table below summarize the Partnership's segment revenue by geography based on the operating location of the Partnership's assets for the years ended December 31, 2022 and 2021:

Year Ended December 31, 2022	FPSO Segment	Shuttle Tanker Segment	FSO Segment	UMS Segment	New Ventures	Towage Segment	Corporate/ Eliminations (2)	Total
Revenues from contracts with customers								
Norway(1)	140,454	153,645	19,021	—	185	—	—	313,305
Brazil(1)	71,786	29,476	—	—	—	—	—	101,262
Netherlands	—	—	—	—	—	96,409	(4,785)	91,624
Canada	—	59,689	—	—	—	—	—	59,689
United Kingdom(1)	51,124	—	—	—	—	—	—	51,124
Other	—	—	11,128	32,218	—	—	—	43,346
Total revenues from contracts with customers	263,364	242,810	30,149	32,218	185	96,409	(4,785)	660,350
Other revenues								
Norway(1)	46,470	184,629	25,121	—	—	—	—	256,220
Brazil(1)	37,669	57,937	—	—	—	—	—	95,606
Canada	—	74,224	—	—	—	—	—	74,224
United Kingdom(1)	17	—	—	—	—	—	—	17
Other	—	44,809	10,661	—	—	—	—	55,470
Total other revenues	84,156	361,599	35,782	—	—	—	—	481,537
Total revenues	347,520	604,409	65,931	32,218	185	96,409	(4,785)	1,141,887

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

(2) Includes revenues earned between segments of the Partnership, during the year ended December 31, 2022.

Year Ended December 31, 2021	FPSO Segment	Shuttle Tanker Segment	FSO Segment	UMS Segment	Towage Segment	Corporate/ Eliminations (2)	Total
Revenues from contracts with customers							
Norway(1)	144,743	110,809	23,098	895	—	274	279,819
Brazil(1)	40,358	34,233	—	—	—	—	74,591
Netherlands	—	—	—	—	80,134	(8,821)	71,313
Canada	—	49,150	—	—	—	—	49,150
United Kingdom(1)	110,634	—	—	—	—	—	110,634
Other	—	1,611	11,068	—	—	—	12,679
Total revenues from contracts with customers	295,735	195,803	34,166	895	80,134	(8,547)	598,186
Other revenues							
Norway(1)	153,448	170,165	27,276	—	—	—	350,889
Brazil(1)	36,298	65,757	—	—	—	—	102,055
Canada	—	60,216	—	—	—	—	60,216
United Kingdom(1)	4,397	—	—	—	—	—	4,397
Other	—	21,554	13,963	—	—	—	35,517
Total other revenues	194,143	317,692	41,239	—	—	—	553,074
Total revenues	489,878	513,495	75,405	895	80,134	(8,547)	1,151,260

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

(2) Includes revenues earned between segments of the Partnership, during the year ended December 31, 2021.

The following table presents revenues and percentage of consolidated revenues for customers that accounted for more than 10% of the Partnership's consolidated revenues during the periods presented:

(U.S. Dollars in millions, except percentages)	Year Ended December 31, 2022	Year Ended December 31, 2021
Royal Dutch Shell Plc (1)	$253.7 or 22%	$349.2 or 30%
BP Plc (1)	$110.5 or 10%	$173.0 or 15%
Equinor ASA (2)	$123.2 or 11%	$119.7 or 10%

(1) Shuttle tanker and FPSO segments.

(2) Shuttle tanker and FSO segments.

Non-current Assets

The tables below summarize the Partnership's non-current assets by geography as at December 31, 2022 and 2021:

December 31, 2022	FPSO Segment	Shuttle Tanker Segment	FSO Segment	UMS Segment	Towage Segment	Corporate/ Other	Total
Norway	430,570	1,104,805	115,919	59,600	—	7,022	1,717,916
Brazil	340,061	344,188	—	—	—	1,325	685,574
Netherlands	—	—	—	—	251,820	—	251,820
Canada	—	430,939	—	—	—	—	430,939
United Kingdom	28,527	—	—	—	—	—	28,527
Other	—	—	37,420	—	—	—	37,420
Total non-current assets(1)	799,158	1,879,932	153,339	59,600	251,820	8,347	3,152,196

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December 31, 2021	FPSO Segment	Shuttle Tanker Segment	FSO Segment	UMS Segment	Towage Segment	Corporate/ Other	Total
Norway	482,441	1,171,584	135,029	58,368	—	8,690	1,856,112
Brazil	367,477	406,665	—	—	—	1,622	775,764
Netherlands	—	—	—	—	277,567	—	277,567
Canada	—	365,608	—	—	—	—	365,608
United Kingdom	31,204	38,402	—	—	—	—	69,606
Other	—	29,037	50,446	—	—	—	79,483
Total non-current assets[(1)]	881,122	2,011,296	185,475	58,368	277,567	10,312	3,424,140

(1) Excludes financial instruments and deferred tax assets.

27. Supplemental Cash Flow Information

	Year Ended	
	December 31, 2022	December 31, 2021
	$	$
Interest paid	140,388	163,830
Income taxes paid	2,415	3,950

Amounts paid and received for interest were reflected as operating cash flows in the consolidated statements of cash flow.

The changes in non-cash working capital items related to operating activities for the years ended December 31, 2022 and 2021 are as follows:

	Year Ended	
	December 31, 2022	December 31, 2021
	$	$
Accounts and other receivable, net	31,134	95,176
Other assets	8,401	(14,225)
Accounts payable and other	6,104	13,309
Due from (to) related parties	482	(6,971)
Changes in non-cash working capital, net	46,121	87,289

The following table presents the change in the balance of borrowings arising from financing activities as at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
	$	$
Opening balance of borrowings at beginning of year	2,464,027	2,759,717
Cash flows related to borrowings	(190,350)	(310,780)
Non-cash changes:		
Deferred financing costs amortization	10,867	15,768
Other financing costs[(1)]	4,311	—
Other	397	(678)
Closing balance of borrowings at end of year	2,289,252	2,464,027

(1) Related to PIK interest on borrowings. See Note 19 for additional information.

The following table presents the change in the balance of obligations related to leases arising from financing activities as at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
	$	$
Opening balance of obligations relating to leases at beginning of year	199,108	139,239
Cash flows related to obligations relating to leases	(11,272)	59,481
Non-cash changes:		
Other	250	388
Closing balance of obligations relating to leases at end of year[(1)]	188,086	199,108

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(1) See Note 18 for additional information.

The following table presents the change in the balance of borrowings from related parties arising from financing activities as at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
	$	$
Opening balance of borrowings from related parties at beginning of year	797,432	622,014
Cash flows related to borrowings from related parties	82,000	117,000
Non-cash changes:		
Changes in fair value	—	26,590
Funding working capital requirements	—	(16,119)
Other financing costs(1)	98,068	47,791
Other	—	156
Closing balance of borrowings from related parties at end of year	977,500	797,432

(1) Includes deferred interest payments, accretion income, and PIK interest on borrowings from related parties.

The following table presents the change in the balance of lease liabilities arising from financing activities as at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
	$	$
Opening balance of lease liabilities at beginning of year	25,460	35,828
Cash flows related to lease liabilities	(14,268)	(14,506)
Non-cash changes:		
Additions	—	4,190
Dispositions	(1,122)	—
Other	—	(52)
Closing balance of lease liabilities at end of year(1)	10,070	25,460

(1) See Note 14 for additional information.

28. Financial Risk Management

The Partnership recognizes that financial risk management is an integral part of a strong management practice.

The Partnership is exposed to the following risks: capital risk, liquidity risk, market risk (i.e. interest rate risk, foreign currency risk and commodity risk) and credit risk. The following is a description of these risks and how they are managed:

a. Capital risk management

The capital structure of the Partnership consists of borrowings, offset by cash and equity. The Partnership's equity consists of Class A common units, Class B common units, preferred units, the general partners interest, accumulated other comprehensive income and non-controlling interests in subsidiaries.

	December 31, 2022	December 31, 2021
	$	$
Borrowings	2,289,252	2,464,027
Obligations relating to leases	188,086	199,108
Due to related parties(1)	977,500	797,432
Less:		
Cash and cash equivalents	212,018	190,942
Cash deposits with third-party restrictions	92,443	58,566
Restricted cash	39,354	6,249
Net debt	3,111,023	3,204,810
Total equity	(79,414)	100,678
Total equity and net debt	3,031,609	3,305,488
Net debt to capitalization ratio	103%	97%

(1) Includes borrowings from related parties. Refer to Note 19.

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The Partnership manages its debt exposure by financing its operations with non-recourse borrowings in subsidiaries of the Partnership, ensuring a diversity of funding sources as well as managing its maturity profile. The Partnership also borrows in U.S. Dollars in order to mitigate its currency risk.

As disclosed in Note 19, the Partnership has various credit facilities in place. In certain cases, the facilities have financial covenants which are generally in the form of debt service coverage ratios, vessel values to drawn principal balance ratios and minimum liquidity requirements. The Partnership does not have any market capitalization covenants attached to any of its borrowings, nor does it have any other externally imposed capital requirements.

b. Liquidity risk management

The Partnership maintains sufficient financial liquidity to be able to meet its ongoing operating requirements. The Partnership's primary liquidity needs for the next twelve months are to pay existing committed capital expenditures, to pay scheduled debt repayments, to pay debt service costs, to pay direct operating costs and dry-docking expenditures, to fund general working capital requirements, to settle claims and potential claims against the Partnership and to manage its working capital deficit.

For further information on the Partnership's contractual obligations, including a maturity analysis, please refer to Notes 9, 11, 18 and 19. See Note 2b for the Partnership's assessment of its ability to meet these obligations for at least the one-year period to December 31, 2023.

c. Market risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the Partnership will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, foreign currency exchange rates and changes in market prices due to factors other than interest rates or foreign currency exchange rates, such as changes in commodity prices or credit spreads.

Financial instruments held or previously held by the Partnership that are subject to market risk include borrowings and derivative instruments, such as interest rate swaps and foreign currency forward contracts.

Interest rate risk management

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 Partnership is exposed to the impact of interest rate changes, primarily through its floating-rate borrowings that require it to make interest payments based on LIBOR and/or SOFR. Significant increases in interest rates could adversely affect operating margins, results of operations and the Partnership's ability to service its debt. The Partnership may use interest rate swaps to reduce its exposure to market risk from changes in interest rates. The principal objective of these contracts is to minimize the risks and costs associated with the Partnership's floating-rate debt. As at December 31, 2022, the Partnership is not part of any interest rate swaps, as the previously entered interest rate swaps have all been terminated.

As announced by the Financial Conduct Authority (FCA) in early 2022, the panel bank submissions for US dollar LIBOR will cease in mid-2023. The Partnership plans to transition the majority of its LIBOR-linked contracts to risk-free rates through amendments to fallback clauses in its floating-rate credit facilities and debt instruments which would change the basis for determining the interest rate cash flows from LIBOR to SOFR at an agreed point in time. As at December 31, 2022, the Partnership has not finished the process of implementing appropriate fallback provisions for all LIBOR indexed exposures. It is assumed that the result of the negotiations with external banks and the implementation of SOFR will not have material impacts on the Partnership's future financial results.

As at December 31, 2022, the Partnership had $1.5 billion of outstanding LIBOR-referenced borrowings summarized as follows:

	Principal	Weighted-average term	Transition Progress
	$	(years)	
Revolving Credit Facilities	244,201	1.39	Expected to amend fallback clauses prior to cessation of publication of LIBOR.
Term Loans	1,066,846	2.81	
Public Bonds	200,000	1.8	
Total	1,511,047	2.45	

As at December 31, 2022, the Partnership had outstanding floating-rate debt balance of $1.5 billion (December 31, 2021 - $1.6 billion) and an outstanding notional balance of $nil (December 31, 2021 - $0.5 billion) of interest rate swaps. A 100 basis point decrease in the Partnership's interest rates is expected to increase future cash flows by $15.1 million (December 31, 2021 - $9.9 million).

The Partnership is exposed to credit loss in the event of non-performance by the counterparties, all of which are financial institutions, to its previously held interest rate swap agreements. In order to minimize counterparty risk, to the extent possible and practical, interest rate swaps are entered into with different counterparties to reduce concentration risk.

For further information on the financial instruments held by the Partnership that are subject to interest rate risk, including borrowings and derivative instruments, please refer to Note 3, which includes the fair values of the interest rate risk sensitive financial instruments, and Notes 18 and 19, which include the expected cash flows from the interest rate risk sensitive financial instruments.

Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The net income impact to the Partnership of foreign currency risk associated with financial instruments is limited as its financial assets and liabilities are generally denominated in the Partnership's functional currency. However, the Partnership is exposed to foreign currency risk on the net assets

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of its foreign currency denominated operations. The Partnership enters into foreign currency forward contracts to mitigate the impact from movements in foreign exchange rates against the U.S. dollar. The following tables set out the Partnership's currency exposure of financial instruments as at December 31, 2022 and 2021:

(in thousands of U.S. Dollars)	December 31, 2022								
	USD	**NOK**	**AUD**	**GBP**	**CAD**	**EUR**	**BRL**	**Other**	**Total**
Financial assets									
Current assets	356,097	19,313	1,059	3,006	14,197	21,906	25,156	3,572	444,306
Non-current assets	34,762	724	—	—	—	—	—	—	35,486
Total	390,859	20,037	1,059	3,006	14,197	21,906	25,156	3,572	479,792
Financial liabilities									
Current liabilities	1,180,165	7,342	3,923	762	2,498	4,627	—	—	1,199,317
Non-current liabilities	2,287,783	—	3	—	—	—	—	—	2,287,786
Total	3,467,948	7,342	3,926	762	2,498	4,627	—	—	3,487,103

(in thousands of U.S. Dollars)	December 31, 2021								
	USD	**NOK**	**AUD**	**GBP**	**CAD**	**EUR**	**BRL**	**Other**	**Total**
Financial assets									
Current assets	297,763	19,349	—	14,084	3,918	—	3,647	2,661	341,422
Non-current assets	89,018	718	—	—	—	—	—	—	89,736
Total	386,781	20,067	—	14,084	3,918	—	3,647	2,661	431,158
Financial liabilities									
Current liabilities	479,493	—	4,701	—	4,782	3,208	719	335	493,238
Non-current liabilities	3,047,748	5,649	3	—	55	—	517	—	3,053,972
Total	3,527,241	5,649	4,704	—	4,837	3,208	1,236	335	3,547,210

The Partnership's exposures to foreign currencies of financial instruments and the sensitivity of net income and other comprehensive income, on a pre-tax basis, to a 10% change in the exchange rates is summarized below:

	December 31, 2022	
(in thousands of U.S. Dollars)	**10% decrease**	**10% increase**
Brazilian Real	(2,516)	2,516
Euro	(1,728)	1,728
Norwegian Krone	(1,270)	1,270
Canadian Dollar	(1,170)	1,170
Other	(295)	295

	December 31, 2021	
(in thousands of U.S. Dollars)	**10% decrease**	**10% increase**
Norwegian Krone	(1,442)	1,442
British Pound	(1,408)	1,408
Other	409	(409)

Commodity price risk management

The Partnership could be exposed to changes in forecasted bunker fuel costs when vessels are idle or off hire. The Partnership may use bunker fuel swap contracts as economic hedges to protect against changes in bunker fuel costs, however, the Partnership has deemed the exposure to be limited, and therefore, as at December 31, 2022, the Partnership was not committed to any bunker fuel swap contracts.

d. Credit risk

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations.

The Partnership assesses the credit worthiness of each counterparty before entering into contracts and ensures that counterparties meet minimum credit quality requirements. The Partnership also evaluates and monitors counterparty credit risk for derivative financial instruments and endeavors to minimize counterparty credit risk through diversification.

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All of the Partnership’s derivative financial instruments involve either counterparties that are banks or other financial institutions. The Partnership does not have any significant credit risk exposure to any single counterparty.

Based on no experience of past default of the Partnership's debtors and no expectations of future losses as a result of default, the Partnership has determined its credit risk to be low. For the purposes of credit risk, the Partnership has applied a definition to the term default as an assessment that a counterparty is unlikely to pay, as well as an amount outstanding from a counterparty which is 90 days past due. As at December 31, 2022, the Partnership recorded an ECL of $0.6 million (December 31, 2021 - $0.6 million).

e. Climate risk

The Partnership climate-related risks stem mostly from the transition to a decarbonised energy system, in the form of changing market conditions, shifting political and regulatory frameworks, and stigmatisation of the industry, which may increase the cost of financial capital, and make it more difficult to attract and retain talent. Increased pricing of emissions will increase the Partnership and its clients' costs, and the Partnership is monitoring proposed changes to emissions and carbon costs closely. The Partnership also faces some risks arising from the physical and political impacts of climate change. Severe weather events and geopolitical instability resulting from climate change may disrupt the Partnership's crewing schedules and supply chains and increase the costs of inputs to our business activities.

The Partnership’s primary revenue stream is owning, leasing and operating offshore infrastructure to oil and gas operators. Reduced market demand for our services in the long-term could prompt assets within the Partnership's fleet to become stranded. Climate change issues may cause a shift toward alternative sources of energy, lowering demand for our services, resulting in potential impairments impacting the book value of the Partnership's assets. The Partnership evaluates its assets with various considerations and sensitivities in this regard and has not identified any stranded assets as at December 31, 2022.

The Partnership supports the core objectives of the Paris Agreement on Climate Change and the global goal to achieve climate neutrality by 2050. Meeting this ambition within the infrastructure of offshore energy will require individual players to dramatically reduce their emissions from current activities and industry-wide action to develop a new climate-neutral model. The International Maritime Organization (IMO) has set a target to reduce the carbon intensity of international shipping by 40% by 2030, compared to a calculated 2008 baseline; the Partnership has set a reduction pathway in line with such endeavors.

During 2022, the Partnership sold three shuttle tankers, two towage vessels, one FSO and one FPSO, thus making the operations and fleet more resilient towards stringent environmental regulations and reduces residual value risk. The Partnership's E-shuttle tankers are some of the most advanced and energy efficient shuttle tankers on the market. They boast a unique future-proof design that can use liquid natural gas (LNG), recovered volatile organic compound (VOC) emissions, and even potential zero-emissions fuels, such as bio-LNG and synthetic methane, as fuel. A Green Bond was raised to part-finance the E-Shuttles, and all proceeds from this bond have been used for this purpose. The bond received a light green rating from Cicero.

The Partnership expects reasonably steady operational conditions in the near to medium-term with the potential for more transformative changes to the energy sector in the long-term. The long-term impacts on the energy sector are still relatively unknown and hard to predict. To respond to this market risk, the Partnership is investigating new commercial models aligned with the energy transition.

29. Gain (Loss) on Modification of Financial Liabilities, Net

The table below summarizes the Partnership's gain (loss) on modification of financial liabilities, net for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
	$	$
Gain (loss) on modification of financial liabilities, net[1]	—	(45,920)
Total gain (loss) on modification of financial liabilities, net	—	(45,920)

(1) During the year ended December 31, 2021, the Partnership recognized a loss on modification of financial liabilities of $45.9 million due to the substantial modification of certain unsecured revolving credit facilities provided by Brookfield (see Note 21a) and refinancing activities related to the $180.0 million unsecured bonds issued in December 2021 (see Note 19).

30. Other Income (Expenses), Net

The table below summarizes the Partnership's other income (expenses), net for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
	$	$
Restructuring costs[1]	(2,554)	(1,928)
Financial Restructuring costs[2]	(110,834)	—
Other, net[3][4]	975	50,251
Total other income (expenses), net	(112,413)	48,323

(1) During the year ended December 31, 2022, the Partnership recognized restructuring costs of $2.6 million (December 31, 2021 - $1.9 million), primarily due severance costs associated with certain vessels coming off contract.

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(2) During the year ended December 31, 2022, the Partnership recognized financial restructuring costs of $110.8 million due to liability management expenses. See Note 2v) for further information.

(3) During the year ended December 31, 2021, the Partnership released an accrual related to claims related to Logitel from COSCO of $49.3 million (see Note 16a).

(4) During the year ended December 31, 2021, the Partnership released a provision of $0.8 million related to its ECL (see Note 2p).

31. Chapter 11 Cases and Emergence

On August 12, 2022, the Partnership, and certain of its affiliates and subsidiaries (the *Debtors* and, on a post-emergence basis, as the context requires, the *Reorganized Debtors*), commenced cases under chapter 11 (the *Chapter 11 Cases*) of title 11 of the United States Code (the *Bankruptcy Code*) in the U.S. Bankruptcy Court for the Southern District of Texas, Houston Division (the *Bankruptcy Court*). The Chapter 11 Cases were jointly administered under the caption *In re Altera Infrastructure L.P.*, Case No. 22-90130 (MI).

On September 1, 2022, the Debtors filed the *Joint Chapter 11 Plan of Reorganization of Altera Infrastructure L.P. and Its Debtor Affiliates*, which was amended on October 5, 2022, October 11, 2022, and November 3, 2022 (as so amended, the *Plan*) and the related the *Disclosure Statement for the Joint Chapter 11 Plan of Reorganization of Altera Infrastructure L.P. and Its Debtor Affiliates*, which was initially filed on September 1, 2022 and amended on September 26, 2022, October 5, 2022 and October 11, 2022 (as so amended, the *Disclosure Statement*). On October 7, 2022, the Bankruptcy Court entered an order conditionally approving the adequacy of the Disclosure Statement and the solicitation and notice procedures and the forms of voting ballots and notices in connection therewith. The order established September 30, 2022 as the voting record date and November 1, 2022 as the deadline to cast votes in favor of or against the Plan and to file objections to Bankruptcy Court approval of the Plan.

On October 25, 2022, the Debtors filed the *Notice of Filing of Plan Supplement*, which was supplemented on October 28, November 1, November 3, November 4, December 14 and January 5, 2023 (as so supplemented, as further supplemented, the *Plan Supplement*). On November 3, 2022, the Debtors filed an amended version of the Plan.

On November 4, 2022, the Bankruptcy Court entered the *Order Approving the Debtors' Disclosure Statement and Confirming the Joint Chapter 11 Plan of Reorganization of Altera Infrastructure L.P. and Its Debtor Affiliates* (the *Confirmation Order*), which approved the Disclosure Statement on a final basis and confirmed the Plan.

On January 6, 2023, the Debtors satisfied the remaining conditions precedent to consummation of the Plan as set forth in the Plan, the Plan became effective in accordance with its terms and the Reorganized Debtors emerged from the Chapter 11 Cases without any need for further action or order of the Bankruptcy Court.

The foregoing descriptions of the Disclosure Statement, the Plan, the Plan Supplement and the Confirmation Order do not purport to be complete and are qualified in their entirety by reference to the full text of each of the Disclosure Statement, the Plan, the Plan Supplement and the Confirmation Order. The Disclosure Statement, the Plan, the Plan Supplement and the Confirmation Order, along with additional information regarding the Chapter 11 Cases, other Bankruptcy Court filings and information about the claims process are available at https://cases.stretto.com/Altera, by calling the Partnership's claims agent, (855) 300-3407, toll-free at (949) 266-0151 or sending an email to AlteraInquiries@stretto.com.

Equinor Contract

In connection with the Plan, the Debtors reached an agreement with Equinor UK Limited for a bareboat charter (the *Equinor Contract*) in respect of the *Petrojarl Knarr* FPSO unit. The terms of the Equinor Contract were disclosed in the Plan Supplement filed on December 14, 2022 and approved by the Bankruptcy Court in the Confirmation Order. The asset is set to be deployed for the Rosebank field development project, pending final investment decision and regulatory approvals. The Equinor Contract is firm for nine years, with options up to a total of 25 years. The Equinor Contract also provides liquidity for substantial capex upgrades based on a 25-year design.

Amendment and Restatement of Certain Prepetition Obligations

Pursuant to the terms of the Plan, on the Effective Date, certain prepetition obligations of the Debtors were amended and restated as follows (such amended and restated agreements, the *Amended and Restated Bank Facilities*):

- The $815,000,000 senior secured credit facility originally dated February 24, 2014 between, among others, Knarr L.L.C. as borrower and Crédit Agricole Corporate and Investment Bank as facility agent;
- the $230,000,000 senior secured credit facility originally dated November 24, 2015 between, among others, Gina Krog Offshore Pte Ltd. as borrower and ING Bank N.V., Singapore Branch as facility agent;
- the $26,500,000 senior secured credit facility originally dated August 28, 2019 between, among others, Clipper L.L.C. as borrower and DNB Bank ASA, New York Branch as facility agent;
- the $75,000,000 senior secured credit facility originally dated February 25, 2021 between, among others, Petrojarl I L.L.C. as borrower and DNB Bank ASA, New York Branch, as facility agent;
- the $112,500,000 senior secured credit facility originally dated September 15, 2017 between, among others, Arendal Spirit L.L.C. as borrower and Citibank Europe plc, UK Branch as facility agent;
- the $45,272,000 senior secured credit facility originally dated July 17, 2015 between, among others, ALP Keeper B.V. as borrower and Citibank Japan Ltd. as facility agent;
- the $48,224,000 senior secured credit facility originally dated July 17, 2015 between, among others, ALP Striker B.V. as borrower and Citibank Japan Ltd. as facility agent;

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- the $45,384,000 senior secured credit facility originally dated July 17, 2015 between, among others, ALP Sweeper B.V. as borrower and Citibank Japan Ltd. as facility agent;
- the $45,904,000 senior secured credit facility originally dated July 17, 2015 between, among others, ALP Defender B.V. as borrower and Citibank Japan Ltd. as facility agent; and
- the $150,000,000 senior secured credit facility originally dated February 6, 2015, between, among others, ALP Forward B.V., ALP Ace B.V., ALP Centre B.V., ALP Guard B.V., ALP Winger B.V., and ALP Ippon B.V. as borrowers and Credit Suisse AG as facility agent;

Pursuant to the terms of the Plan, on the Effective Date, certain prepetition obligations of the Debtors were cancelled as follows:

- the indenture governing the 8.50% Senior Notes due 2023, dated July 2, 2018, by and among the Partnership and Altera Infrastructure Finance Corp., as co-issuers, and The Bank of New York Mellon, as trustee;
- the indenture governing the 11.50% Senior Secured PIK Notes due 2026, by and among Altera Infrastructure Holdings L.L.C. ("IntermediateCo"), as issuer, the Partnership, as parent guarantor, and U.S. Bank National Association, as trustee;
- that certain credit agreement, dated January 14, 2022 (the "IntermediateCo RCF"), among IntermediateCo, as borrower, certain lenders from time to time party thereto, and U.S. Bank National Association, as administrative agent; and
- that certain superpriority senior secured debtor-in-possession credit agreement (the "DIP Facility"), by and among IntermediateCo, as borrower, the Partnership, as a guarantor, certain lenders party thereto from time to time, U.S. Bank Trust Company, National Association, as administrative agent, and U.S. Bank Trust Company, National Association, as collateral agent.

Cancellation of Prior Equity Securities

In accordance with the Plan, on the Effective Date, all equity securities in the prepetition Partnership outstanding prior to the Effective Date, including the outstanding 7.25% Series A Cumulative Redeemable Preferred Units, the 8.50% Series B Cumulative Redeemable Preferred Units and the 8.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units, the Class A common units and the Class B common units, were cancelled, released and extinguished, and are of no further force or effect without any need for a holder of such equity securities to take further action with respect thereto.

Issuance of New Equity Securities

On the Effective Date, in connection with the emergence from the Chapter 11 Cases and in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 1145 of the Bankruptcy Code:

- Altera Infrastructure GP L.L.C., the general partner of the Partnership (the *General Partner*), issued 100% of its newly issued limited liability company interests to an affiliate of Brookfield Business Partners L.P. (together with its affiliates, *Brookfield*);
- the Partnership issued 8,665,421 common units representing limited partner interests of the Partnership (the *Common Units*), including an aggregate of 3,665,421 Common Units issued pursuant to a rights offering of the Partnership pursuant to the Plan; and
- the Partnership issued 456,075 five-year warrants (the *Warrants*) initially exercisable for up to an aggregate of 456,075 Common Units at an exercise price of $120.14, subject to certain anti-dilution adjustments, to holders of certain claims related to prepetition facility-level credit agreements pursuant to the Plan.

The General Partner and the limited partners receiving Common Units pursuant to the Plan entered into that certain Eighth Amended and Restated Agreement of Limited Partnership as of the Effective Date.

As of the Effective Date, Brookfield holds 7,610,582 Common Units (87.8% of the total Common Units issued and outstanding), and unaffiliated third parties hold an aggregate of 1,054,839 Common Units (12.2% of the total Common Units issued and outstanding).

With Brookfield's consent, the Reorganized Debtors will implement and reserve for future distribution a management incentive plan, which may replace, in whole or in part, the Debtors' prepetition long-term cash-based incentive plan.

The transfer agent for the Common Units is Computershare Trust Company, N.A. The warrant agent for the Warrants is Computershare Inc. and its affiliate Computershare Trust Company, N.A.

Accounting Impact

As of August 12, 2022, the aforementioned secured asset-level bank debt had an aggregate net book value of $551.3 million. On the Effective Date, as a result of the amendments to these facilities, a fair value adjustment of $25.0 million was recorded as a loss through Gain (loss) on modification of financial liabilities, net on the Partnership's consolidated statements of income (loss) during the period ended March 31, 2023.

On the Effective Date, pursuant to the Plan, certain prepetition obligations of the Debtors were cancelled and equitized. The below equity transactions were contemplated as part of the Plan and concluded to meet the criteria of a linked transaction.

- DIP Facility and IntermediateCo RCF funding conversions to equity
- Pro-rata subscription rights
- 8.5% Senior Notes due 2023 and 11.5% Senior Secured PIK Notes due 2026 conversions to equity

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As of the Effective Date, the following junior facilities had an outstanding balance owing of:

- DIP Facility and IntermediateCo RCF - $84.0 million
- 11.50% Senior Secured PIK Notes due 2026 - $815.5 million
- 8.50% Senior Notes due 2023 - $298.0 million

The equity rights offering raised $94.4 million in capital, which provided additional liquidity ($10.4 million) and repaid the DIP Facility and IntermediateCo RCF in full.

Accordingly, the equity units issued to each part are valued at the number of units issued (8,655,421 common units) multiplied by the unit price of $43.08, resulting in an equity valuation of $373.3 million (of which $327.7 million is attributed to Brookfield). If equity instruments are issued to a creditor to extinguish all or part of a financial liability in a debt-for-equity swap, then the equity instruments are consideration paid and the equity instruments are measured at fair value. Brookfield retains control of the Partnership both pre- and post-bankruptcy, however, the terms it receives for its contributions are believed to be on market terms, approved by non-Brookfield lenders and the bankruptcy court. Therefore, in accordance with IFIRC 19, a gain of $834.6 million (of which $571.6 million is attributed to Brookfiled) was recorded through Gain (loss) on modification of financial liabilities, net on the Partnership's consolidated statements of income (loss) during the period ended March 31, 2023.

On the Effective Date, all equity securities in the prepetition Partnership were cancelled, released and extinguished. The remaining deficit of $88.6 million was allocated to other equity accounts in the order of priority in the Partnership's consolidated statements of changes in equity during the period ended March 31, 2023.

On the Effective Date, upon initial recognition, the warrants are measured at fair value resulting in a financial liability calculated using the Black-Scholes model. The warrants are issued to holders of certain claims related to prepetition facility-level credit agreements pursuant to the Plan, therefore, the warrants were considered in determining the gain (loss) to be recognized upon a modification of said facilities. An associated fair value adjustment of $2.2 million was recorded as a loss through the Gain (loss) on modification of financial liabilities, net on the Partnership's consolidated statements of income (loss) during the period ended March 31, 2023.

32. Subsequent Events

In March 2023, a subsidiary of the Partnership, Altera Grand Banks Shipping AS, successfully completed an amendment and extension of its financing for the 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 and at the same amount. 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.

In March 2023, the Partnership entered into an agreement to sell the 100% owned vessel, the *Petroatlantic* shuttle tanker to a third party for conversion to an FSO for approximately $19 million. The vessel is scheduled to be delivered to its buyer in April 2023.

In March 2023, the Partnership and its partner Wintershall Dea announced that the Norwegian Ministry of Petroleum and Energy has awarded the Partnership a license to develop the Havstjerne CO2 storage in the North Sea. The storage, with an annual capacity estimated at 7 million tonnes per annum (Mtpa), is located 100 kilometers southwest of Egersund, Norway and represents significant progress for Altera Infrastructure's Stella Maris CO2 project.

In February 2023, the Partnership signed an Extended Engineering contract with ENI for the Baleine field development in Côte d'Ivoire for the potential redeployment of the *Voyageur* FPSO and converting a Partnership owned shuttle tanker into an FSO.

In February 2023, the Partnership entered into an agreement with TotalEnergies to utilize the *Samba Spirit* shuttle tanker on a 22 month firm timecharter contract with extension options for an additional two or four months.

In February 2023, the Partnership entered an agreement with Knutsen to in-charter the *Ingrid Knutsen* shuttle tanker for 10 months from March 1, 2023.

In January 2023, Emilio Nahum joined the board of directors;

In January 2023, Carol Flaton resigned from the board of directors and as a member of the Conflicts Committee and;

In January 2023, Michael Rudnick resigned from the board of directors;

On January 6, 2023, the Debtors satisfied the remaining conditions precedent to consummation of the Plan as set forth in the Plan, the Plan became effective in accordance with its terms and the Reorganized Debtors emerged from the Chapter 11 Cases without any need for further action or order of the Bankruptcy Court. See Note 31 for additional information.

In January 2023, the Partnership entered into a bareboat contract with Equinor for the Rosebank development. The *Petrojarl Knarr* FPSO is set to be deployed for the Rosebank field development project, pending final investment decision and regulatory approvals. The contract is firm for nine years, with options up to a total of 25 years, and the field is planned to start production late-2026.

In January 2023, we filed a Form 15 - Certification and notice of termination of registration with the Securities Exchange Commission (or SEC), formally de-registering us from the SEC.

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	02.06.2016	06.06.2016
Telefon	Deres referanse	Vår referanse
22078139	Reidun Reiestad	2016/517642

TEEKAY GRAND BANKS SHIPPING AS
Postboks 8035 Forus
4068 STAVANGER

Fritak for konsernregnskapsplikt for Teekay Grand Banks Shipping AS, org. nr. 914 470 587

Vi viser til deres brev av 2. juni 2016 hvor dere søker om fritak fra plikten til å utarbeide konsernregnskap for Teekay Grand Banks Shipping AS.

Teekay Grand Banks Shipping AS er heleid av Teekay Offshore European Holdings Cooperatief U.A., som igjen er heleid av Teekay Offshore Partners LP som er registrert på Marshall Islands og børsnotert i USA (NYSE). Teekay Offshore Partners LP utarbeider konsernregnskap som omfatter underkonsernet Teekay Grand Banks Shipping AS etter US GAAP.

Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juni 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for Teekay Grand Banks Shipping AS. Det forutsettes at Teekay Offshore Partners LP utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskaper. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med US GAAP og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7. september 2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten på norsk, kan være på svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post: skatteetaten.no/sendepost	22 17 08 60

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer