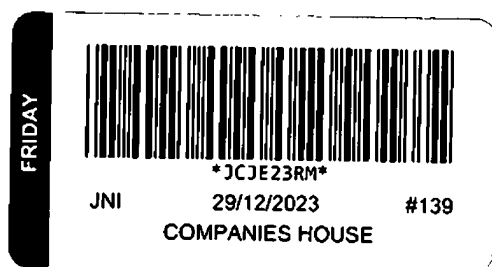
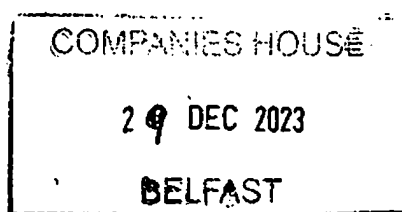


**Altera Production UK Limited**  
**Annual report and financial statements**  
**Registered number 03142470**  
**31 December 2022**



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## Strategic report

The directors present their strategic report for the year ended 31 December 2022.

### Principal activities and review of businesses

Altera Production UK Limited (the "Company") principal activities during the year were the business of providing production support services to FPSO operators.

The key financial and other performance indicators during the year were as follows:

In USD	2022	2021	Variance
	\$	\$	%
Turnover	21,578,880	22,206,201	3
Operating profit / (-) loss	(255,027)	2,985,375	(109)
Profit before taxation	1,502,642	1,214,568	24
Shareholder's funds	8,812,128	7,495,947	18

The turnover for 2022 was \$21.6 million, compared to slightly higher turnover in 2021 with \$22.2 million due to production support services that has been delivered by the company in United Kingdom both years. The operating loss for 2022 was \$255 thousand mainly due to lower gross profit and higher administrative cost, compared to 2021 where the company ended with operating profit of \$3 million. In 2022, the profit before taxation was \$1.5 million mainly due to interest income, compared to profit of \$7.52 million in 2021 because of higher gross profit and lower administrative expenses.

### Principal risks and uncertainties

The Company is exposed to financial risks arising from its operations. The key financial risks include foreign currency risk, credit risk and liquidity risk.

The following sections provide details regarding the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### Foreign currency risk

The Company has transactional currency exposures arising from costs and revenues that are dominated in a currency other than USD. The foreign currencies in which these transactions are denominated are mainly GBP. External revenue and charter hire for the vessel Suksan Salamander are dominated in USD. This eliminates the foreign currency risk.

#### Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from receivables from fellow group undertakings. There is no significant credit risk exposure on these balances.

#### Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty meeting its financial obligations due to shortage of funds. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

## **Strategic report (continued)**

### **Business environment**

The UK market for FPSOs is a competitive market with a few specialised vendors for operations in a harsh environment. The customers are the operators and owners of the oil field licenses. The Company has competition from other third party vendors and from the operators and owners of the oil field, as they can choose to own and operate an FPSO themselves.

### **Future development**

The Company's success is dependent on the FPSO operators stable and high production of the oil fields on behalf of the customers. This is achieved with stable running of the FPSOs and keeping them well maintained. The Company will continue to concentrate its efforts on supporting the FPSO operators on achieving well maintained and stable running FPSOs. Customer satisfaction remains a top priority. The company have a firm contract with internal vendor for the vessel Suksan Salamander at least until August 2024.

### **Estimation uncertainty**

#### ***Climate Change***

The Company could be affected by an accelerated energy transition driven by climate change. The Company's strategy, capital allocation and selection of projects are guided by the vision to lead the industry to a sustainable future, and climate-related risks are key drivers for this transition. The effect of these risks on the Company's compliance costs, capital expenditures, cash flow from operations and other assumptions are inherently uncertain and may differ from actual amounts. The Company did not experience any direct impact from an accelerated energy transition driven by climate change on its financial results as at December 31, 2022. The risks will, however, remain key considerations for impairment testing, estimation of remaining useful lives of assets in the Company's fleet and provisions for future periods.

#### ***The Invasion of Ukraine by Russia***

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

#### ***General economic conditions***

Many industries, including the industry in which the Company operates, are impacted by adverse events in the broader economy and/or financial markets. A slowdown in the financial markets and/or the global economy or the local economies of the regions in which the Company operates, including, but not limited to, employment rates, business conditions, inflation, fuel and energy costs, commodity prices, lack of available credit, the state of the financial markets, government policies in the jurisdictions in which the Company operates, interest rates and tax rates may adversely affect the Company's growth and profitability.

## Strategic report (continued)

A worldwide recession, reduction in available skilled labor, a period of below-trend growth in developed countries, a slowdown in emerging markets or significant declines in commodity factors could have a material adverse effect on our business, financial condition and results of operations, if such increased levels of volatility and market turmoil were to persist for an extended duration. These and other unforeseen adverse events in the global economy could negatively impact the Company's operations. The Company intends to continue to monitor general economic conditions and review its critical estimates and judgments as circumstances evolve.

### Going Concern

The directors have assessed, based on the anticipated activities of the company, that there are adequate resources in place to meet the ongoing costs of the business for the period to 31 December 2024, which is a minimum of 12 months from the date of signing the financial statements. In coming to this conclusion, the directors have considered and assessed relevant facts surrounding the Company's operations, financing arrangements and liquid resources. For this reason, the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

On August 12, 2022, Altera Infrastructure L.P. (the Partnership) and certain of its affiliates and direct and indirect subsidiaries (the Altera Chapter 11 Parties), including the Company, 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 January 6, 2023, approximately five months after the Chapter 11 cases were commenced, the Altera Chapter 11 Parties successfully emerged from Chapter 11 through a prearranged process in U.S. Bankruptcy Court with a strengthened balance sheet and foundation for long-term growth.

The Company's parent, Altera Infrastructure FFTA Holdings Limited, has confirmed that its related party group debt will not be claimed within the next 12 months from the submission date of the accounts, unless the Company has sufficient financial means for such repayment, and it will not cause a going concern issue for the Company.

As the directors have a reasonable expectation that the company has adequate resources to continue in operation existence for the period to 31 December 2024, which covers a period of at least 12 months from the approval of the financial statements, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the Board



**D. Cannon**  
Director

Altera House, Unit 3  
Prospect Park,  
Westhill Aberdeen,  
AB32 6FJ,  
United Kingdom

22 December 2023

## Directors' Report

The directors present their annual report and financial statements for the year ended 31 December 2022.

### Results and dividends

The Company recorded a profit after taxation of \$1,316,181 (2021 - \$1,184,965).

The directors propose that no dividend be paid (2021 - \$nil).

### Directors

The directors who held office during the year and to the date of this report were the following:

D. Cannon  
W.J. Duthie  
W.J. Delday - resigned 17th March 2023.

### Financial instruments

The Company's policy is to minimize the use of complex financial instruments.

### Charitable and political contributions

The Company made no charitable donations or political contributions during the current or prior year.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Other information

An indication of likely future developments in the business have been included in the Strategic Report on page 2.

### Auditor

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

By order of the Board



David Cannon  
Director

Altera House, Unit 3  
Prospect Park,  
Westhill Aberdeen,  
AB32 6FJ,  
United Kingdom

22 December, 2023

## **Statement of directors' responsibilities in respect of the strategic report, the Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies. Changes in Accounting Estimates and Errors and in respect of the company financial statements. Section 10 of FRS 102 and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in respect of the company financial statements, FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- In respect of company financial statements, state whether applicable UK Accounting Standards including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### **Statement by the directors in performance of their statutory duties in accordance with section 172 of the Companies Act 2006**

The Companies (Miscellaneous) Reporting Regulations 2018 introduced a new statutory reporting requirement for financial reporting years beginning on or after 1 January 2019. As a result, the directors of Altera Production (UK) Limited are required to give a statement which describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty under that section.

The directors acknowledge and understand their duties and responsibilities, including that, under section 172 of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

## **Statement of directors' responsibilities in respect of the strategic report, the Directors' Report and the financial statements (continued)**

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the company.

The delivery of the strategy of the Altera Infrastructure Group, of which the company is a member, requires the Altera Infrastructure Group to conduct business in a manner benefitting customers through balancing cost and risk while delivering shareholder value and protecting the Altera Infrastructure Group's performance and reputation by prudently managing risks inherent in the business. In carrying out this strategy, the directors' duties under section 172 of the Companies Act 2006 have been considered.

The directors strongly believe that effective and meaningful engagement with stakeholders and employees is key to promoting the success of the company. Details of the key stakeholders of the Altera Infrastructure Group, and therefore the company, and how they engage with them are as follows:

- Altera's vision is to lead the industry to a sustainable future, one marked by strong business ethics and mutual trust between Altera and our customers, investors, suppliers, partners, regulators and other stakeholders. We are firmly committed to responsible business practices in our global operations and to compliance with all applicable requirements regarding anti-corruption, international trade, competition, and privacy. We have implemented a number of practices and procedures designed to embed business ethics within our operations. We consider compliance risk as part of our enterprise risk management process and use these assessments to appraise the strength of our compliance program and to inform about our consideration for new business opportunities.
- Altera Infrastructure's Sustainability report for 2022 can be found on the homepage [www.alterainfra.com](http://www.alterainfra.com)
- At Altera, we have a team of ambitious professionals that thrive in an agile and inclusive work environment. Our employees are committed to operational excellence - they value and respect each other, create mutual trust, and succeed together. It is important for us that everyone at Altera knows that they can make a difference, and we always try to create engaging training and development opportunities.
- Safety is our first priority – always. We acknowledge that ensuring the health and safety of all the people involved in Altera is a requisite for our license to operate. We thrive for zero harm to personnel and our commitment to safety is directly linked to the long-term success of Altera. It is our policy to incorporate a strong risk and opportunity-based approach to safety in our strategic and daily decisions, as we are committed to meeting or exceeding all applicable legislation and regulatory requirements.
- Altera Infrastructure looks to implement and enforce effective systems and controls to ensure its supply chains are maintaining the highest standard of business conduct in line with best practice including in relation to anti-bribery and modern slavery. Yearly employees are required to complete training on anti-bribery.'



**Statement of directors' responsibilities in respect of the strategic report, the Directors' Report and the financial statements (continued)**

The directors, both individually and together as a board of Altera Production (UK) Limited (the "Board"), consider that the decisions taken during the year ended 31 December 2022 in discharging the function of the Board were in conformance with their duty under section 172 of the Companies Act 2006.

The Board is assisted in considering key stakeholders as part of the decision-making process by including stakeholder considerations in board papers as appropriate, and board papers are carefully reviewed and considered by all directors.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTERA PRODUCTION UK LIMITED**

### **Opinion**

We have audited the financial statements of Altera Production UK Limited for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2024 which is more than 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTERA PRODUCTION UK LIMITED (continued)**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTERA PRODUCTION UK LIMITED (continued)**

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

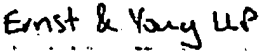
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, Bribery Act 2010 and Money laundering regulations.
- We understood how Altera Production UK Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures, including the Board of Directors. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by enquiring with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage results. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals, reviewing legal advice where relevant and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTERA PRODUCTION UK LIMITED (continued)

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
DC8725244F8540F...

Jamie Dixon (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester  
Date 22 December 2023

## Profit and loss account

### Altera Production UK Limited

for the year ended 31 December 2022

	Note	2022	2021
In USD		\$	\$
Turnover	2	21,578,879	22,206,201
Cost of sales	3	<u>(17,233,329)</u>	<u>(15,703,893)</u>
<b>Gross profit</b>		<b>4,345,550</b>	<b>6,502,308</b>
Administrative expenses	3, 4, 5	<u>(4,600,577)</u>	<u>(3,516,933)</u>
<b>Operating profit/(loss)</b>		<b>(255,027)</b>	<b>2,985,375</b>
Interest receivable and similar income	6	1,757,669	26
Interest payable and similar charges	7	<u>-</u>	<u>(1,770,833)</u>
<b>Profit before taxation</b>		<b>1 502 642</b>	<b>1,214,568</b>
Tax on profit	9	<u>(186,461)</u>	<u>(29,603)</u>
<b>Profit for the financial year</b>		<b>1,316,181</b>	<b>1,184,965</b>

The Company has no items of other comprehensive income other than the results for the current and prior financial years as set out above.

Notes on pages 15 to 25 form part of the financial statements.

## Balance sheet

### Altera Production UK Limited

for the year ended 31 December 2022

	Note	2022	2021
In USD		\$	\$
<b>Fixed assets</b>			
Tangible assets	8	8,648	18,890
<b>Current assets</b>			
Debtors	10, 11, 15	15,412,554	23,250,201
Cash and cash equivalents		651,294	2,172,591
Creditors: Amounts falling due within one year	12, 15	(7,260,368)	(17,945,735)
<b>Net current assets</b>		<b>8,803,480</b>	<b>7,477,057</b>
<b>Net assets</b>		<b>8,812,128</b>	<b>7,495,947</b>
<b>Capital and reserves</b>			
Called-up share capital	13	1	1
Profit and loss account		8,812,127	7,495,946
<b>Total equity</b>		<b>8,812,128</b>	<b>7,495,947</b>

Notes on pages 15 to 25 form part of the financial statements.

These financial statements were approved by the board of directors on 22 December 2023 and are signed on their behalf by:



**D. Cannon**  
Director

Company registered number: 03142470

## Statement of Changes in equity

	In USD	Note	Called-up Share Capital \$	Profit and Loss Account \$	Total Equity \$
Balance as at 1 January 2021			1	6,310,981	6,310,982
<b>Total comprehensive loss for the period</b>					
Profit for the financial year			-	1,184,965	1,184,965
Total comprehensive income for the period			-	1,184,965	1,184,965
<b>Transactions with owners, recorded directly in equity</b>					
Issue of shares			-	-	-
Total contributions by and distributions to owners			-	-	-
Balance at 31 December 2021		13	1	7,495,946	7,495,947

	In USD	Note	Called-up Share Capital \$	Profit and Loss Account \$	Total Equity \$
Balance as at 1 January 2022			1	7,495,946	7,495,947
<b>Total comprehensive income for the period</b>					
Profit for the financial year			-	1,316,181	1,316,181
Total comprehensive income for the period			-	1,316,181	1,316,181
Balance at 31 December 2022		13	1	8,812,127	8,812,128

Notes on pages 15 to 25 form part of the financial statements.



## Notes to financial statements

### 1 Accounting policies

Altera Production UK Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered office of this company is First Floor Templeback, 10 Temple Back, Bristol, United Kingdom, BS1 6FL.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is USD.

The Company is a wholly owned subsidiary of Altera Infrastructure Production AS, which is incorporated in Norway. The ultimate parent undertaking and parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member is Brookfield Corporation which is incorporated in Canada.

The consolidated financial statements of Brookfield Corporation, are available to the public and may be obtained from Brookfield Place, Suite 300, 181 Bay Street, Toronto, Canada.  
In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

Reconciliation of the number of shares outstanding from the beginning to end of the period;  
Cash Flow Statement and related notes; and  
Key Management Personnel compensation.

As the consolidated financial statements of Altera Infrastructure Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of certain disclosures required by FRS 102.26 Share Based Payments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards.

#### 1.2 Going concern

The directors have assessed, based on the anticipated activities of the company, that there are adequate resources in place to meet the ongoing costs of the business for the period to 31 December 2024, which is a minimum of 12 months from the date of signing the financial statements. In coming to this conclusion, the directors have considered and assessed relevant facts surrounding the Company's operations, financing arrangements and liquid resources. For this reason, the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

## Notes to financial statements (continued)

### 1 Accounting policies (continued)

#### 1.2 Going concern (continued)

On August 12, 2022, Altera Infrastructure L.P. (the Partnership) and certain of its affiliates and direct and indirect subsidiaries (the Altera Chapter 11 Parties), including the Company, 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 January 6, 2023, approximately five months after the Chapter 11 cases were commenced, the Altera Chapter 11 Parties successfully emerged from Chapter 11 through a prearranged process in U.S. Bankruptcy Court with a strengthened balance sheet and foundation for long-term growth.

The Company's parent, Altera Infrastructure FFTA Holdings Limited, has confirmed that its related party group debt will not be claimed within the next 12 months from the submission date of the accounts, unless the Company has sufficient financial means for such repayment, and it will not cause a going concern issue for the Company.

As the directors have a reasonable expectation that the company has adequate resources to continue in operation existence for the period to 31 December 2024, which covers a period of at least 12 months from the approval of the financial statements, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Furniture and office equipment	5 years
Hardware	3 years
Software	3 years
Leasehold improvements	5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

## **Notes to financial statements (continued)**

### **1 Accounting policies (continued)**

#### **1.5 Expenses**

##### **Operating lease**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### **Interest receivable and Interest payable**

Interest payable and similar charges including net foreign exchange losses are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### **1.6 Turnover**

Revenue relates to the services provided to Altera Infrastructure Group and Teekay Group and is recognised as the services are provided.

#### **1.7 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax with following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to financial statements (continued)

### 1 Accounting policies (continued)

#### 1.8 Receivables and payables

##### *Receivables*

Trade and other debtors are recognised initially at fair value.

##### *Payables*

Trade and other creditors are recognised initially at fair value.

## 2 Turnover

In USD	2022 \$	2021 \$
Production support services	21,578,879	22,206,201

All turnover generated in both the current and prior year was done so in the United Kingdom.

## 3 Expenses and auditor's remuneration

Operating profit is stated after charging/ (crediting):

In USD	2022 \$	2021 \$
Foreign exchange loss/(gain)	(899,107)	292,374
Legal, professional and management fees	684,100	437,990
Auditor's remuneration – audit services	5,730	8,250
Operating leases - land and buildings	1,172,622	882,051

## Notes to financial statements (continued)

### 4 Directors' emoluments

In USD	2022	2021
	\$	\$
Directors' remuneration	570,792	631,280
Company contributions to money purchase pension plans	18,119	9,647

During the year ended 31 December 2022 and 31 December 2021, there were three directors to whom retirement benefits are owing under the company's defined contribution scheme.

### 5 Staff numbers and costs

The average monthly number of employees (including the directors) during the year was as follows:

	2022	2021
	No.	No.
Administration	45	53
Offshore crew	162	213

The aggregate payroll costs of the administration employees were as follows:

In USD	2022	2021
Operating loss is stated after charging/(crediting):	\$	\$
Wages and salaries	2,880,723	3,257,663
Social security costs	470,677	598,713
Other salary costs	1,843,801	937,532
Total	5,195,201	4,793,908

The aggregate payroll costs include only the cost of the administration employees. The payroll costs of the offshore crew are recharged at cost to the UK operating companies.

## Notes to financial statements (continued)

### 6 Interest receivable and similar income

In USD	2022	2021
	\$	\$
Interest receivable	1,757,699	26
Financial income	1,757,699	26

### 7 Interest payable and similar charges

In USD	2022	2021
	\$	\$
Finance charges	-	1,770,832
Financial cost	-	1,770,832

### 8 Tangible fixed assets

In USD	Leasehold improve- ments	Furniture and office equipment	Hardware	Software	Total
	\$	\$	\$	\$	\$
Cost at 1 January 2022	1,981,603	273,711	770,847	13,062	3,039,222
Additions	-	-	-	-	-
Cost at 31 December 2022	1,981,603	273,711	770,847	13,062	3,039,222
<b>Accumulated depreciation:</b>					
At 1 January 2022	1,981,603	267,567	758,101	13,062	3,020,332
Depreciation	-	-	10,242	-	10,242
At 31 December 2022	1,981,603	267,567	768,343	13,062	3,030,574
<b>Net book value:</b>					
At 31 December 2022		6,144	2,504		8,648
At 31 December 2021	-	6,144	12,746	-	18,890

## Notes to financial statements (continued)

### 9.a Taxation

Total tax expense recognised in the profit and loss account is as follows:

In USD	2022	2021
	\$	\$
Current tax:		
UK corporation tax at 19 % (2021: 19%)	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(32,362)	(29,603)
Adjustment in respect of previous periods	(154,099)	-
Deferred tax charge - impact of change in tax rate	-	-
Total deferred tax (note 10)	(186,461)	(29,603)
Total tax charge	(186,461)	(29,603)

### 9.b Reconciliation effective tax rate

Factors affecting the tax charge for the current year:

The current tax charge for the year is in line with the standard rate of corporation tax in the UK, 19% (2021: 19%) as explained below:

In USD	2022	2021
	\$	\$
Profit (Loss) for the year	1,316,181	1,184,965
Total tax expense	186,461	29,603
Income before taxation	1,502,642	1,214,568
Current tax at 19% (2021: 19%)	(285,508)	(230,768)
Expenses not deductible for tax purposes	332,346	-
Effect of changes in tax rates	(7,767)	-
Group relief not paid for	(71,432)	201,165
Expenses not deductible for tax purposes	-	-
Adjustment in respect of previous periods	(154,099)	-
Total tax charge included in loss (note 9.a)	(186,461)	(29,603)

The tax rate for the current year is 19%, accordingly the Company's taxable profits are taxed at a rate of 19% during the year. Changes to the UK Corporation Tax rate were introduced as part of Finance Act 2020 (substantively enacted on 24th May 2021). These increased the main rate of tax to 25% from 1 April 2023. Deferred tax assets and liabilities are recognised at 25%.

## Notes to financial statements (continued)

### 10 Deferred tax asset

In USD	2022 \$	2021 \$
Fixed asset timing differences	169,867	202,229
Deferred tax asset	169,867	202,229
<i>Reconciliation:</i>		
Deferred tax asset at 31 December 2021	202,229	231,832
Charged to the profit and loss account	(32,362)	(29,603)
Effect of changes in tax rates	-	-
Deferred tax asset at 31 December 2022	169,867	202,229

Deferred income tax assets are recognised in full for accelerated booked depreciation of assets on the grounds that the realisation of the related tax benefit through future taxable profits is probable.

### 11 Debtors

In USD	2022 \$	2021 \$
Trade debtors	1,320,833	11,177,427
Amount due from fellow group undertakings (1)	13,713,663	11,618,891
Prepayments and accrued income	208,191	251,655
Deferred tax asset (note 10)	169,867	202,228
	<u>15,412,554</u>	<u>23,250,201</u>

(1) Balances due from group undertakings are unsecured and repayable on demand. The amounts are non-interest bearing.



## Notes to financial statements (continued)

### 12 Creditors: amounts falling due within one year

	2022	2021
	\$	\$
Amounts due to fellow group undertakings (1)	5,947,149	889,614
Trade creditors	79,593	11,027,819
Accrued payroll and other expenses	1,233,626	5,677,099
Corporation tax	-	351,202
	<u>7,260,368</u>	<u>17,945,734</u>

(1) Balances due to group undertakings are unsecured and repayable on demand. The amounts are non-interest bearing.

### 13 Called up share capital

In USD	2022	2021
	\$	\$
<i>Authorised</i>		
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>
<i>Allotted, called up and fully paid</i>		
1 (2021 - 1) ordinary shares of £1 each	<u>1</u>	<u>1</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. During the year the Company issued no additional shares.

## Notes to financial statements (continued)

### 14 Operating lease commitments

In USD	<i>Land and Buildings</i>	
	2022	2021
	\$	\$
Within one year	602,402	673,206
In two to five years	2,409,609	2,692,823
More than five years	150,601	841,507
	<b>3,162,612</b>	<b>4,207,536</b>

During the year \$1,172,622 was recognised as an expense in the profit and loss account in respect of operating leases (2021: \$882,051).

### 15 Related parties

In USD	<i>Sales to</i>		<i>Expenses incurred from</i>	
	2022	2021	2022	2021
	\$	\$	\$	\$
Transactions with subsidiaries within the Altera group	3,823,380	11,648,709	2,047,231	1,967,465
	<b>3,823,380</b>	<b>11,648,709</b>	<b>2,047,231</b>	<b>1,967,465</b>

In USD	<i>Receivables outstanding</i>		<i>Creditors outstanding</i>	
	2022	2021	2022	2021
	\$	\$	\$	\$
Transactions with subsidiaries within the Altera group	13,713,663	11,618,891	(5,947,149)	(889,614)
	<b>13,713,663</b>	<b>11,618,891</b>	<b>(5,947,149)</b>	<b>(889,614)</b>

## **Notes to financial statements (continued)**

### **16 Ultimate parent company**

The Company is a subsidiary undertaking of Brookfield Corporation, previously known as Brookfield Asset Management Inc. The consolidated financial statements of Brookfield Corporation are available to the public and may be obtained from Brookfield Place, Suite 300, 181 Bay Street, Toronto, Canada.

### **17 Accounting estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods.

The accounting policies set out in note 1 have been applied consistently throughout the periods presented in these financial statements. The key area in the financial statements of estimates and judgements is deferred tax asset recognition. This area is judgemental as recognition of the tax asset is dependent on future taxable results in the company. Management has examined budgets and plans for the coming periods when assessing the estimates.

### **18 Subsequent events**

On August 12, 2022, Altera Infrastructure L.P. (the Partnership) and certain of its affiliates and direct and indirect subsidiaries (the Altera Chapter 11 Parties), which includes the Company, 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 January 6, 2023, approximately five months after the Chapter 11 cases were commenced, the Altera Chapter 11 Parties successfully emerged from Chapter 11 through a pre-arranged process in U.S. Bankruptcy Court with a strengthened balance sheet and foundation for long-term growth.