Grant Thornton

Constellation Oil Services Holding S.A.

Report on consolidated interim financial information September 30, 2024

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Grant Thornton

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Independent auditor's report on review of consolidated interim financial information

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To the Board of directors and shareholders of
Constellation Oil Services Holding S.A.
Rio de Janeiro – RJ

Introduction

We have reviewed the accompanying consolidated interim financial information of Constellation Oil Services Holding S.A. (the Group), which comprises the statement of financial position as of September 30, 2024, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period of nine months then ended, and a summary of material accounting policy information and other explanatory information.

Management's responsibility for the consolidated interim financial information

Management is responsible for the preparation and fair presentation of this consolidated interim financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standard Board and for such internal control as management determines is necessary to enable the preparation of the consolidated interim financial information that are free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express a conclusion on the accompanying consolidated interim financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410 (Revised), *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial information, taken as a whole, is not prepared in all material respects, in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 (Revised) is a limited assurance engagement. The independent auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that this consolidated interim financial information does not present fairly, in all material respects, the financial position of Constellation Oil Services Holding S.A. as of September 30, 2024, and its financial performance and cash flows for the period of nine months then ended, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Rio de Janeiro, November 21, 2024

Grant Thornton Auditores Independentes Ltda.
CRC SP-025.583/F-2

Octavio Zampirollo Neto
Accountant CRC 1SP-289.095/O-3

CONSTELLATION OIL SERVICES HOLDING S.A.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2024 AND DECEMBER 31, 2023
(Amounts expressed in thousands of U.S. dollars - US$'000)

ASSETS	Notes	September 30, 2024	December 31, 2023
CURRENT ASSETS			
Cash and cash equivalents	4	61.805	87.943
Short-term investments		19.125	45
Trade and other receivables		99.206	125.016
Recoverable taxes	17.a	26.492	21.541
Deferred mobilization costs		5.650	8.072
Assets held for sale	8.a	-	3.200
Other current assets		16.380	11.388
Total current assets		228.658	257.205
NON-CURRENT ASSETS			
Restricted cash	5	1.733	1.733
Recoverable taxes	17.a	25	-
Deferred tax assets	17.c	26.330	20.312
Deferred mobilization costs		1.692	4.380
Other non-current assets		5.714	4.423
Property, plant and equipment, net	8	2.347.965	2.416.098
Total non-current assets		2.383.459	2.446.946
TOTAL ASSETS		2.612.117	2.704.151

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

CONSTELLATION OIL SERVICES HOLDING S.A.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2024 AND DECEMBER 31, 2023
(Amounts expressed in thousands of U.S. dollars - US$'000)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	September 30, 2024	December 31, 2023
CURRENT LIABILITIES			
Loans and financings	9	35.568	33.696
Payroll and related charges		28.364	28.655
Trade and other payables		39.779	57.178
Taxes payables	17.b	3.992	4.784
Deferred revenues		11.333	17.184
Provisions	10	13.983	21.405
Other current liabilities		6.153	6.532
Total current liabilities		139.172	169.434
NON-CURRENT LIABILITIES			
Loans and financings	9	901.821	930.520
Derivatives	19	26.352	26.352
Deferred revenues		10.401	17.824
Provisions	10	1.653	15.710
Total non-current liabilities		940.227	990.406
TOTAL LIABILITIES		1.079.399	1.159.840
SHAREHOLDERS' EQUITY			
Share capital	11.a	4.933	4.933
Warrants	11.a	1.733	1.733
Share premium	11.d	1.567.897	1.567.897
Reserves		(147.314)	(137.000)
Accumulated profit		105.469	106.748
TOTAL SHAREHOLDERS' EQUITY		1.532.718	1.544.311
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2.612.117	2.704.151

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

CONSTELLATION OIL SERVICES HOLDING S.A.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF OPERATIONS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts expressed in thousands of U.S. dollars - US$'000, except per share amounts)

		Three-month period ended September 30,		Nine-month period ended September 30,	
	Notes	2024	2023	2024	2023
NET OPERATING REVENUE	12	135.356	141.718	423.476	422.691
COST OF SERVICES	14	(123.091)	(136.829)	(399.313)	(385.553)
GROSS PROFIT		12.265	4.889	24.163	37.138
General and administrative expenses	14	(2.189)	(5.118)	(17.117)	(20.050)
Other income	15	4.499	68	27.167	899
Other expenses	15	(162)	-	(407)	(140)
OPERATING PROFIT/(LOSS)		14.413	(161)	33.806	17.847
Financial income	16	1.688	1.067	4.066	25.840
Financial expenses	16	(16.026)	(16.227)	(48.587)	(50.481)
Foreign exchange variation income/(expense), net	16	(41)	(199)	(369)	(286)
FINANCIAL EXPENSES, NET		(14.379)	(15.359)	(44.890)	(24.927)
PROFIT/(LOSS) BEFORE TAXES		34	(15.520)	(11.084)	(7.080)
Taxes	17.d	2.438	3.484	9.805	2.330
PROFIT/(LOSS) FOR THE PERIOD		2.472	(12.036)	(1.279)	(4.750)

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

CONSTELLATION OIL SERVICES HOLDING S.A.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (LOSS) FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts expressed in thousands of U.S. dollars - US$'000)

	Note	Three-month period ended September 30,		Nine-month period ended September 30,	
		2024	2023	2024	2023
PROFIT/(LOSS) FOR THE PERIOD		2.472	(12.036)	(1.279)	(4.750)
OTHER COMPREHENSIVE INCOME/(LOSS)					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustments		2.002	(2.933)	(10.314)	3.347
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		4.474	(14.969)	(11.593)	(1.403)
Comprehensive income attributable to:					
Controlling interests		4.474	(14.969)	(11.593)	(1.403)

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

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts expressed in thousands of U.S. dollars - US$'000)

					Reserves						
	Note	Share capital	Warrant	Share Premium	Legal	Share of investments' other comprehensive income / (loss)	Acquisition of non-controlling interest in subsidiaries	Foreign currency translation adjustments	Total reserves	Accumulated profit	Total shareholders' equity
BALANCE AS OF DECEMBER 31, 2022		4.933	1.733	1.567.897	5.683	(2.436)	(85.555)	(59.900)	(142.208)	137.655	1.570.010
Loss for the period		-	-	-	-	-	-	-	-	(4.750)	(4.750)
Other comprehensive income for the period		-	-	-	-	-	-	3.347	3.347	-	3.347
Total comprehensive loss for the period		-	-	-	-	-	-	3.347	3.347	(4.750)	(1.403)
BALANCE AS OF SEPTEMBER 30, 2023		4.933	1.733	1.567.897	5.683	(2.436)	(85.555)	(56.553)	(138.861)	132.905	1.568.607
BALANCE AS OF DECEMEBER 31, 2023		4.933	1.733	1.567.897	5.683	(2.436)	(85.555)	(54.692)	(137.000)	106.748	1.544.311
Loss for the period		-	-	-	-	-	-	-	-	(1.279)	(1.279)
Other comprehensive loss for the period		-	-	-	-	-	-	(10.314)	(10.314)	-	(10.314)
Total comprehensive loss for the period		-	-	-	-	-	-	(10.314)	(10.314)	(1.279)	(11.593)
BALANCE AS OF SEPTEMBER 30, 2024		4.933	1.733	1.567.897	5.683	(2.436)	(85.555)	(65.006)	(147.314)	105.469	1.532.718

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

CONSTELLATION OIL SERVICES HOLDING S.A.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts expressed in thousands of U.S. dollars - US$'000)

	Notes	Nine-month period ended September 30, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		(1.279)	(4.750)
Adjustments to reconcile profit/(loss) for the period to net cash provided by operating activities:			
Depreciation of property, plant and equipment	8/14	150.524	139.228
Loss (gain) on disposal of property, plant and equipment, net		335	93
Recognition of deferred mobilization costs		8.069	10.797
Recognition of deferred revenues, net of taxes levied		(15.694)	(16.948)
Financial expenses on loans and financings	9.a/16	46.403	48.802
Provision/ (reversal) of onerous contract, net	15	(16.832)	-
Other financial expenses (income), net		(1.513)	92
Recognition (reversal) of provisions		(4.064)	32
Recognition (reversal) of provisions for lawsuits, net		1.983	511
Provision / (reversal) of derivatives		-	(23.967)
Taxes	17.d	(9.805)	(5.376)
Decrease/(increase) in assets:			
Trade and other receivables		25.810	(20.265)
Recoverable taxes		(4.976)	(6.556)
Deferred taxes		(6.018)	(5.996)
Deferred mobilization costs		(2.959)	-
Other assets		(3.043)	(9.853)
Increase/(decrease) in liabilities:			
Payroll and related charges		(291)	14.301
Trade and other payables		(17.399)	(30.105)
Taxes payables		6.890	6.781
Deferred revenues		2.420	336
Other liabilities		(9.043)	(2.144)
Cash used in operating activities		149.517	95.013
Income tax and social contribution paid		2.123	120
Adjusted cash (used in) / provided by operating activities		151.640	95.133
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investments		(19.080)	7
Acquisition of property, plant and equipment		(83.236)	(43.484)
Proceeds from disposal of property, plant and equipment	14	-	11
Net cash (used in) / provided by investing activities		(102.316)	(43.466)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid on loans and financings	9.a	(46.393)	(20.956)
Repayment of loans and financings	9.a	(26.837)	(833)
Net cash (used in)/provided by financing activities		(73.230)	(21.789)
Increase/(Decrease) in cash and cash equivalents		(23.906)	29.878
Cash and cash equivalents at the beginning of the period	4	87.943	59.479
Effects of exchange rate changes on the balance of cash held in foreign currencies		(2.233)	592
Cash and cash equivalents at the end of the period	4	61.805	89.949

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

CONSTELLATION OIL SERVICES HOLDING S.A.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2024 AND FOR THE NINE-MONTH PERIOD THEN ENDED
(Amounts expressed in thousands of U.S. dollars - US$ '000, unless otherwise stated)

1. GENERAL INFORMATION

Constellation Oil Services Holding S.A. (the "Company", or together with its subsidiaries, the "Group") was incorporated in Luxembourg on August 30, 2011, as a "*société anonyme*" (i.e., public company limited by shares). The Company has its registered address at 8-10, Avenue de la Gare, L-1610 Luxembourg.

The Company's objectives are: (i) to hold investments in Luxembourg or foreign countries; (ii) to acquire any securities and rights through participation, contribution, underwriting firm purchase or option, negotiation or in any other way and namely to acquire patents and licenses, and other property, rights and interest in property as deemed necessary, and generally to hold, manage, develop, sell or dispose of the same, in whole or in part, for such consideration as deemed necessary, and in particular for shares or securities of any entity purchasing the same; (iii) to enter into, assist or participate in financial, commercial and other transactions, and to grant to any holding entity, subsidiary, or fellow subsidiary, or any other entity associated in any way with the Company, or the said holding entity, subsidiary or fellow subsidiary, in which the Company has a direct or indirect financial interest, any assistance, loans, advances or guarantees; (iv) to borrow and raise funds in any manner and to secure the repayment of any funds borrowed; and (v) to perform any operation that is directly or indirectly related to its purpose. The Company's financial year is from January 1 to December 31.

The Company holds investments in subsidiaries that own, charter and operate offshore drilling rigs for exploration and production companies, most of them operating in Brazil. The Group currently charters its drilling rigs to multinational companies, such as Petróleo Brasileiro S.A. ("Petrobras"), 3R Petroleum ("3R") and Shell Brasil Petroleo Ltda. ("Shell").

a) Fleet of offshore drilling rigs

Offshore drilling units

Drilling units	Type	Start of operations	Contract expected expiration date (current or future)	Customer (current or future)
Atlantic Star	Semi-submersible	1997	January 2025 (Note 1.h)	Petrobras
Gold Star	Semi-submersible	2010	August 2025 (Note 1.f)	Petrobras
Lone Star	Semi-submersible	2011	January 2027 (Note 1.g)	Petrobras
Alpha Star	Semi-submersible	2011	February 2028 (Note 1.e)	Petrobras
Amaralina Star	Drillship	2012	October 2025 (Notes 1.b)	Petrobras
Laguna Star	Drillship	2012	April 2028 (Note 1.d)	Petrobras
Brava Star	Drillship	2015	December 2026 (Note 1.c)	Petrobras

b) Amaralina Star offshore drilling rig charter and service-rendering agreements

On December 29, 2021, the Company announced a new contract with Petrobras for the drillship Amaralina Star. The contract has a total duration of up to three years, being two years firm and one optional, with operations in water depths of up to 2,400m, including a package of integrated services. The operations for this campaign in the Roncador field, in the Campos Basin, started on October 18, 2022. In October 2023, Petrobras exercised its 365 days unilateral option to extend contract duration, keeping the rig under contract up to October 2025.

As of September 30, 2024, the Group has a provision for onerous contract in the total amount of US$1,814 (US$2,722 as of December 31, 2023), related to the aforementioned contract.

c) Brava Star drillship charter and service-rendering agreements

On January 6, 2021, the Group announced that the Brava Star drillship had been awarded a contract with Petrobras. The contract was signed on December 9, 2020, and had an estimated duration of 810 days (including a clause of termination for convenience after 180 days subject to a demobilization fee, which had not been exercised). The work scope is in water depths of up to 3,048m, and included a full integrated package of services plus Managed Pressure Drilling (“MPD”). The work was performed offshore Brazil from March 2021 to October 2023.

On December 13, 2022, the Group announced that the Brava Star drillship had been awarded a contract with Petrobras. This new contract was signed on December 9, 2022, and the operations started on December 19, 2023, with an execution period of 1.095 days and a mutual agreement optional period of up to 1.095 days. The work scope is in water depths of up to 2,400m and includes several integrated services.

On February 23, 2024, Petrobras and the Group signed an amendment to the contract to provide an innovative operation in shallow water depths of 280 meters for at least 100 days, using technology that has never been seen before in Brazil. The operation is expected to take place in the first quarter of 2025.

On November 6, 2024, Petrobras and the Group signed the second amendment to the charter contract, to include the supply of a set of high temperature 5” BOP ram blocks (main and back-up), adding an amount of US$ 451.820,00, to the charter agreement, to be paid in a lump sum basis. Operations and associated payment are expected for the first quarter of 2025.

d) Laguna Star offshore drilling rig charter and service-rendering agreements

On July 6, 2021, the Group announced that the Laguna Star drillship was awarded a contract with Petrobras. The contract has a 3-year estimated duration and its operation started on March 01, 2022 on the Brazilian coast, including integrated services, as well as the use of the MPD system.

As of September 30, 2024, the Group has a provision for onerous contract in the total amount of US$278 (US$9,378 as of December 31, 2023), related to the aforementioned contract.

On September 23, 2024, the Group announced that the Laguna Star drillship had been awarded a new contract with Petrobras. The contract has a 2.5-year estimated duration and its operation is expected to start in the third quarter of 2025.

e) Alpha Star offshore drilling rig charter and service-rendering agreements

On February 9, 2022, the Group announced that the Alpha Star offshore drilling rig had been awarded a contract with Enauta initially for drilling 1 well, which had a firm term of 60 days, plus an option for 2 additional wells and 1 subsea intervention which added 150 firm days for additional scope. On February 22, 2022, options were exercised by Enauta and the total firm period became 210 days. The campaign took place at the Atlanta field and the operations have started on October 27, 2022. The contract ended on September 17, 2023.

On June 13, 2023 the Group announced that Alpha Star offshore drilling rig was awarded a new contract with 3R Petroleum ("3R"). The work is performing in Papa-Terra and Malombe fields, located in Campos and Espírito Santo basins in Brazil, respectively. The contract has a firm duration of 14 months. The scope of work includes drilling, completion and workover of wells in water depths of up to 1,600 meters. The contract started on September 17, 2023, immediately after the rig was released by their prior client.

On September 16, 2023, the Group announced that Alpha Star offshore drilling rig had been awarded a new contract with Petrobras for a 3-year period, which can be extended for three more years. The scope includes drilling, completion and workover activities, and will be performed in water depths up to 2,400 meters. Operations are expected to commence after the rig is released by 3R Petroleum in its current contract.

On August 20 2024, the Group entered into a short-term contract with Shell Brasil Petroleo Ltda. for a 28-day period between August 30th and September 27th. This contract was executed at the same day rates as the ongoing contract with 3R Petroleum and the 28 days contract period with Shell have been reduced from the total remaining period with 3R Petroleum (rebranded as Brava Energia as of August 30, 2024).

The scope of work included workovers for replacing up to four Pump Boosting Modules (MOBOs), in water depths of approximately 5,000 ft at Shell's BC-10 field (Campos Basin).

On October 30, 2024, the Group and 3R Petroleum signed the Early Termination of the Contract, anticipating its end date in 30 days, from December 14 to November 14, 2024. Constellation holds the right for an Early Termination Fee of US$ 1,500 plus the remuneration for the anticipated period, which will be paid to Constellation as of April 2025 as a consequence, Alpha Star will begin the preparations for its upcoming Contract with Petrobras which is due to commence by February 2025.

f) Gold Star offshore drilling rig charter and service-rendering agreements

On January 5, 2022, the Group announced the achievement of a new contract for the operation of the semi-submersible rig with Petrobras. The contract has a total firm duration of 3 years and can be extended for additional 2 years (subject to mutual agreement), providing for operations in ultra-deep waters, in up to 2,400 meters. The campaigns will be carried out in the Brazilian offshore basins and the operations have started on August 9, 2022.

As of September 30, 2024, the Group has a provision for onerous contract in the total amount of US$5,832 (US$11,082 as of December 31, 2023), related to the aforementioned contract.

g) Lone Star offshore drilling rig charter and service-rendering agreements

On January 5, 2022, the company announced the achievement of a new contract for the operation of the semi-submersible rig with Petrobras. The contract has a total firm duration of 3 years and can be extended for additional 2 years (subject to mutual agreement), providing for operations in ultra-deep waters, in up to 2,400 meters. The campaigns will be carried out in the Brazilian offshore basins and its operations have started on September 14, 2022.

As of September 30, 2024, the Group has a provision for onerous contract in the total amount of US$4,873 (US$6,448 as of December 31, 2023), related to the aforementioned contract.

On November 1, 2024, the Group signed a new contract with Brava Energia which has a minimum execution period of 400 days, in which 40 days are estimated for hull cleaning and maintenance, and 360 days comprising the primary period of the Drilling Program. This period can be extended by Brava Energia for up to 60 days. The operations are expected to commence in direct continuation after the conclusion of its current contract with Petrobras.

h) Atlantic Star drilling rig charter and service-rendering agreements

On February 5, 2020, the Group announced that the Atlantic Star offshore anchor-moored drilling rig had been awarded a contract with Petrobras. The contract has a total firm duration of 3 years and can be extended for additional 2 years (subject to mutual agreement). Operations are being performed in the Campos Basin, located offshore the Brazilian coast, and started on January 06, 2021.

In November 2023, Petrobras and the Group exercised their mutual option to extend the contract in 389 days, keeping the rig busy until January 2025. This addendum to the current contract includes new additional services and revised daily rates.

i) Olinda Star drilling rig charter and service-rendering agreements

On January 7, 2022, the Group announced that the Olinda Star was awarded a new contract with ONGC, in India, with a duration of 502 days. The Company started its operations on May 4, 2022 and ended its operations on January 14, 2024.

On May 2, 2024, a memorandum of agreement was signed between Olinda Star Limited and Super Shining Shipping Corporation for the sale of the drilling unit Olinda Star. The agreed selling price was USD$ 8,130 to green recycle. A deposit of 25% of the total amount was received on May 6, 2024. The remaining balance was settled on May 15, 2024 and the transfer of title occurred on May 16, 2024.

j) Tidal Action third-party owned UDW unit service-rendering agreement

On September 23, 2024, the Group announced that the Company was awarded a new contract with Petrobras for the deployment of an ultra-deepwater (UDW) rig –Tidal Action, a newbuild rig constructed at the Hanwha Ocean shipyard in South Korea –, to work on the Roncador Field in the Campos Basin.

Tidal Action, previously known as West Libra, represents one of the last high-specification units constructed in the previous rig-building cycle. This will be the first instance where Constellation operates a third-party owned UDW unit, demonstrating the company's adaptability and technical prowess. The contract has a 2.5-year estimated duration and its operation is expected to start in the third quarter of 2025.

k) Onshore drilling rigs charter and service-rendering agreements

With the strategic objective of enhancing the Group’s global competitiveness, the company opted for a divestment process in its onshore operations, resulting in the sale of its onshore drilling rigs on January 19, 2024.

l) Going concern considerations

Market fundamentals point to a multi-year recovery in our segment. Global upstream investments for 2024 represent a 1% increase compared to 2023, and the highest investment level since 2015. In 2025, the growth is expected to represent an additional 2%. On the oil supply side, the first half of 2024 has been marked by a deficit in the market that has sustained Brent prices at $82 per barrel along Q124, with expectations of decreasing to $80 per barrel by the end of the year, according to Rystad Energy. At the same time, as market fundamentals also expects a floater demand to grow to 122 rig years in 2024, and 130 rig years in 2025. Management believes that the increasing E&P investments will continue to improve rig utilization and day rates for a long period ahead.

Geopolitics continue to play a relevant role and the recent conflicts in the Middle East, together with the presidential election of Donald Trump could both affect Brent crude prices as well as USD versus BRL currency balance in Brazil.

On the Commercial side, we continued to develop our contract backlog, which was at US$1.6 billion as of September 30, 2024, from US$1.5 billion as of December 31, 2023. Note 1 discloses several events related to charter contracts and operating services for offshore drilling rigs that corroborate the above information.

m) Corporate restructuring

On May 29, 2024, the Group entered into amended and restated credit agreements with its financial creditors, resulting in a series of transactions collectively referred to as the "Corporate Reorganization". The primary objective of the Corporate Reorganization was to simplify the Group's corporate structure. Key transactions included the sale of each of the Drilling Units to purchasing entities that are also under the control of Constellation Oil Services.

Drilling Unit	Seller	Purchaser
Amaralina Star	Amaralina Star Ltd.	Palase Management B.V.
Laguna Star	Laguna Star Ltd.	Positive Management B.V.
Brava Star	Brava Star Ltd.	Brava Drilling B.V.
Atlantic Star	Star International Drilling Ltd.	Alaskan & Atlantic Rigs B.V.
Alpha Star	Alpha Star Equities Ltd.	London Tower Management B.V.
Lone Star	Lone Star Offshore Ltd.	London Tower Management B.V.
Gold Star	Gold Star Equities Ltd.	London Tower Management B.V.

Furthermore, as part of the Corporate Reorganization, the following entities were merged into Constellation Overseas Ltd.:

- Amaralina Star Ltd.,
- Laguna Star Ltd.,
- Brava Star Ltd.,

- Star International Drilling Limited,
- Alpha Star Equities Ltd.,
- Lone Star Offshore Ltd.,
- Gold Star Equities Ltd., and
- Olinda Star Ltd.

This merger followed the aforementioned sale of the Drilling Units.

n) Commitments

As of September 30, 2024, the Group had the following commitments which it is contractually obligated to fulfill:

- The Group, through its subsidiary Serviços de Petróleo Constellation S.A., has committed to comply with certain governance and compliance policies including keeping and maintaining a robust integrity program. Failure to comply with these commitments may ultimately result in fines limited to a maximum of 20% of the monthly revenue of each services contract with Petrobras. On March 26, 2024, this commitment was cancelled based on certain assumptions, thus extinguishing any obligation that could have led to the aforementioned consequences;
- The Group, in its service contracts, has commercial, operational, safety and environmental commitments. Non-compliance with these commitments may result in fines levied at the total estimated value of each contract. Non-compliance or irregular compliance with part of the contractual object may result in a compensatory fine of 20% of the daily rate.

As of September 30, 2024 and until the date of the issuance of these interim financial information of the Group complies with the aforementioned covenants.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information have been prepared in accordance with International Accounting Standards 34 Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”), on a basis consistent with the significant accounting policies and critical accounting estimates disclose in Notes 3 and 4, respectively, to the annual consolidated financial statements as of December 31, 2023 and for the year then ended.

IAS 34 requires the use of certain accounting estimates by the Company’s Management. The unaudited condensed consolidated interim financial information was prepared based on historical cost, except for certain financial assets and liabilities that are measured at fair value (Note 18.a).

The unaudited condensed consolidated interim financial information do not include all the information and disclosure items required in the annual consolidated financial statements. Therefore, they must be read together with the Company's annual consolidated financial statements related to the year ended December 31, 2023, which were prepared according to accounting policies, as described above. There were no changes in the accounting policies and critical accounting estimates adopted on September 30, 2024 compared to December 31, 2023.

The unaudited condensed consolidated interim financial information incorporates the Company and its subsidiaries.

Continuity as a going concern

The Group's unaudited condensed consolidated interim financial information were prepared on the going concern basis of accounting. Management assessed the Company's ability to continue as a going concern in light of the assumptions disclosed in Note 1l.

2.1. New and amended IFRS that are mandatorily effective for the current year

During the year, the Group has adopted a number of new and amended IFRS Standards issued by the International Accounting Standards Board (IASB), which are mandatorily effective for an accounting period that begins on or after January 1, 2024. The following amendments have been applied by the Group, but had no significant impact on its consolidated financial statements:

Standard or interpretation	Description	Effective date
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	January 1, 2024
Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants	The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).	January 1, 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.	January 1, 2024
Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback	The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.	January 1, 2024

2.2. New and revised IFRS standards issued but not yet effective

At the date of approval of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New or revised standards and interpretations

Standard or interpretation	Description	Effective date
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	The effective date of the amendments has yet to be set by the IASB
IFRS 18 — Presentation and Disclosure in Financial Statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 will replace IAS 1 and aims to improve financial reporting by: requiring additional defined subtotals in the statement of profit or loss; requiring disclosures about management-defined performance measures; and adding new principles for grouping (aggregation and disaggregation) of information.	January 1, 2027

The Group's Management has conducted an analysis of the impacts arising from the adoption of these new or revised and amended IFRS on its consolidated interim financial information. Based on the analysis carried out, the Group's Management has concluded that the adoption of these new or revised and amended IFRS will not significantly impact its consolidated interim financial information and/or annual financial statements.

2.3. Brazilian Tax Reform

In December 2023, Constitutional Amendment No. 132/2023 was promulgated by the National Congress, amending the National Tax System. The text that gave rise to this amendment was based on Proposed Constitutional Amendment No. 45/2019, which, in its final version, was approved by the Chamber of Deputies in the same month.

The primary objective is the simplification of the current tax system. The text establishes a ceiling to maintain a consistent tax burden on consumption, with the main effect being the unification of five taxes (ICMS, ISS, IPI, PIS, and COFINS) into charges that will be divided between two levels: i) federal (CBS: Contribution on Goods and Services and IS: Selective Tax) and ii) state (IBS: Tax on Goods and Services). Additionally, the creation of funds for the restoration of fiscal incentives and regional development, as well as the reallocation of taxes such as ITCMD and IPVA, has been proposed.

The transition period to the new tax model will occur gradually and in distinct stages until its completion. For the year 2024, the Company will monitor the publications of Complementary and Ordinary Laws to adapt to the proposed new regulations and assess their impact on its operations.

2.4.Luxembourg Tax Reform

On December 20, 2023, the Luxembourg Parliament adopted the bill of law relating to the European Directive on global minimum taxation rules (“Pillar Two”) based on OECD recommendations. The impact of this tax regulation will apply in the fiscal years after December 31, 2023. The Group is still analyzing the impact of this new regulations and expect to finalize its assessment during 2024.

3. CONSOLIDATED ENTITIES AND INVESTMENTS

		September 30, 2024		December 31. 2023	
Consolidated entities	Country of incorporation	Direct	Indirect	Direct	Indirect
Alaskan & Atlantic Cooperatief U.A.	Netherlands	-	100.00	-	100.00
Alaskan & Atlantic Rigs B.V.	Netherlands	-	100.00	-	100.00
Alpha Star Equities Ltd. (“Alpha”) (4)	British Virgin Islands	-	-	-	100.00
Amaralina Star Ltd. (“Amaralina”) (4)	British Virgin Islands	-	-	-	100.00
Angra Participações B.V. (“Angra”)	Netherlands	100.00	-	100.00	-
Brava Drilling B.V. (“Brava Drilling”)	Netherlands	-	100.00	-	100.00
Brava Star Ltd. (“Brava”) (4)	British Virgin Islands	-	-	-	100.00
CBW B.V.	Netherlands		100.00	-	-
Constellation Netherlands B.V.	Netherlands	100.00	-	100.00	-
Constellation Overseas Ltd. (“Constellation Overseas”)	British Virgin Islands	-	100.00	-	100.00
Constellation Panamá Corp.	Panamá	-	100.00	-	100.00
Constellation Services Ltd. (“Constellation Services”)	British Virgin Islands	-	100.00	-	100.00
Domenica S.A. (“Domenica”) (1)	Paraguay	-	-	-	100.00
Domenica Argentina S.A. (2)	Argentina	-	-	-	100.00
Gold Star Equities Ltd. (“Gold”) (4)	British Virgin Islands	-	-	-	100.00
Laguna Star Ltd. (“Laguna”) (4)	British Virgin Islands	-	-	-	100.00
London Tower Management B.V.	Netherlands	-	100.00	-	100.00
Lone Star Offshore Ltd. (“Lone”) (4)	British Virgin Islands	-	-	-	100.00
Olinda Star Ltd. (“Olinda”) (4)	British Virgin Islands	-	-	-	100.00
Palase Management B.V.	Netherlands	-	100.00	-	100.00
Positive Investments Management B.V.	Netherlands	100.00	-	100.00	-
QGOG Constellation US LLC.	United States of America	-	100.00	-	100.00
Serviços de Petróleo Constellation Participações S.A.	Brazil	-	100.00	-	100.00
QGOG Star GmbH	Switzerland	100.00	-	100.00	-
Serviços de Petróleo Constellation S.A.	Brazil		100.00		100.00
Serviços de Petróleo Onshore Constellation Ltda. (3)	Brazil		-		100.00
Serviços de Petróleo Constellation S.A. (“SPC India”)	India		100.00		100.00
Star International Drilling Ltd. (“Star”) (4)	Cayman Island	-	-	-	100.00

(1) On January 06, 2023, a share purchase agreement was signed between Serviços de Petróleo Constellation Participações S.A., Serviços de Petróleo Constellation S.A. and Serviços de Petróleo Onshore Constellation Ltda. and President Energy Investments (Paraguay) where 100% of the shares from Domenica S.A. were sold, including the onshore rig QG-I;
(2) On March 10, 2023, the liquidation of the company Domenica Argentina S.A. was concluded and the company has ceased to exist;
(3) On May 10, 2023, the incorporation of the company Serviços de Petróleo Onshore Constellation Ltda. was concluded;
(4) On May 29, 2024, through the Corporate Reorganization the companies Amaralina Star Ltd., Laguna Star Ltd., Brava Star Ltd., Star International Drilling Limited, Alpha Star Equities Ltd., Lone Star Offshore Ltd., Gold Star Equities Ltd., and Olinda Star Ltd. were merged into Constellation Overseas Ltd. (Note 1m).

4. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023
Cash and bank deposits	13,100	64,376
Time deposits (*)	48,705	23,567
Total	61,805	87,943

(*) Time deposits are comprised as follows:

Financial institution	Currency	Average interest rate (per annum)	September 30, 2024	December 31, 2023
Banco Bradesco S.A.	Brazilian real	20%	2,345	7,074
Banco do Brasil S.A.	Brazilian real	90,46% of CDI(i)	9,463	16,493
JP Morgan	U.S. dollar	9,73%	36,897	-
Total			48,705	23,567

(i) Brazilian Interbank Deposit Certificate (Certificado de Depósito Interbancário - CDI), average remuneration during the nine-month period ended September 30, 2024 and December 31, 2023 was 10.73% p.a. and 13.26% p.a. respectively.

5. RESTRICTED CASH

As part of the restructuring during 2022, the Company issued certain warrants and entered into a warrant exercise agreement, pursuant to which an amount equal to US$ 1,733 As of September 30, 2024 and December 31, 2023 is held in an account of the Company for the benefit of the warrant holders. Such amount may only be released by the warrant holder for payment of the exercise price of the warrants.

The amounts in these accounts are comprised by time and bank deposits, as follows:

Financial institution	Type	Average interest rate (per annum)	September 30 2024	December 31 2023
Signature Bank(i)	Bank deposits	-	1,733	1,733
Total			1,733	1,733

(i) On March 12, 2023, Signature Bank was the subject of an intervention by the New York State Department of Financial Services, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. In that connection, the FDIC transferred all the deposits and substantially all of the assets of Signature Bank to Signature Bridge Bank, N.A. This means that all deposits, regardless of dollar amount, were transferred to Signature Bridge Bank, N.A. and the total balance in the accounts will be available for transactions. All obligations of the bridge banks are backed by the FDIC and the full faith and credit of the U.S. government. This event does not affect our financial position, results of operations, or cash flows for the current reporting period. On March 20, 2023 FDIC announced that has entered into a purchase and assumption agreement for substantially all deposits and certain loan portfolios of Signature Bridge Bank, National Association, by Flagstar Bank, National Association, Hicksville, New York, a wholly owned subsidiary of New York Community Bancorp, Inc., Westbury, New York.

6. TRADE AND OTHER RECEIVABLES

Trade receivables are related to receivables for charter and service-rendering agreements relating to the drilling units used in the oil and gas exploration in Brazil and India. Historically, there have been no defaults on receivables or delays in collections. The average collection period is of approximately 64 days (82 days on December 31, 2023). Details of financial risk management related to credit risk are disclosed in Note 18.b.

As of the year ended on December 31, 2022, the Group decided to recognize a provision for loss of receivables in the amount of US$ 442 related to deductions imposed to Olinda Star due to activities that occurred during 2020. During March 2024, the provision was written off.
As of September 30, 2024 the Group does not maintain an impairment loss provision for trade and other receivables since historically, there have been no defaults on receivables or delays in collections.

7. RELATED PARTY TRANSACTIONS

Balances as of September 30, 2024 and December 31, 2023 (and for the periods of nine months ended September 30, 2024 and 2023) there were no outstanding balances and transactions between the Company and its subsidiaries, that are part of the Group, as the transactions have been eliminated for consolidation purposes.

Key management personnel [(i)] remuneration for the nine-month period ended September 30, 2024 and June, 30 2023, is as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024	2023	2024	2023
Short-term benefits [(ii)]	1,545	1,803	5,230	5,632

(i) Key management is defined as the statutory officers and directors of the Group;
(ii) Short-term benefits mainly refers to salaries, social security contributions, annual leave, short-term incentive (payable within twelve months from the year-end date). This amount is currently recorded within the group of Payroll and related charges.

Management Incentive Plan (MIP)

The company implemented a Management Incentive Plan (MIP) in May 2023 to reward and retain key personnel while supporting long-term performance goals as it is disclosed on note 21.b.

Severance Plan

The Group´s Employment Contracts (the “Contract”) with some of its Executive members provides that if the contract is terminated at the Group’s initiative, the member will be entitled to an Exit Fee. A minimum monthly base salary is guaranteed as an Exit Fee, which will only be applied if the Contract is terminated by the Group´s initiative to 12 months from the date of an eventual change of control of the Group. The guaranteed minimum monthly base salary will not be applied following 12 months after the change of control of the Group. In this case, the member will be entitled to an upper case corresponding to a monthly base salary, multiplied for each year of employment by the Group.

8. PROPERTY, PLANT AND EQUIPMENT

	Drillships			Offshore drilling rigs							
	Brava Star	Amaralina Star	Laguna Star	Atlantic Star	Alpha Star	Gold Star	Lone Star	Olinda Star [(b)]	Onshore drilling rigs, equipment and bases	Corporate	Total
Cost											
Balance as of December 31, 2022	730,901	756,402	752,379	378,146	774,942	628,426	765,427	588,394	123,053	20,400	5,518,470
Additions	25,198	10,108	6,530	2,527	14,329	11,684	8,145	172	-	243	78,936
Disposals / write off	(27)	(151)	(57)	-	(88)	-	(65)	-	(394)	(14)	(796)
Reclass to Assets held for sale	-	-	-	-	-	-	-	-	(32,189)	-	(32,189)
Currency translation adjustments	-	-	-	-	-	-	-	-	4,995	3,479	8,474
Balance as of December 31, 2023	756,072	766,359	758,852	380,673	789,183	640,110	773,507	588,566	95,465	24,108	5,572,895
Additions	16,837	3,876	17,736	6,802	9,039	20,087	6,360	-	53	2,447	83,237
Disposals / write off	(184)	(51)	(69)	-	(26)	-	(15)	-	-	(72)	(417)
Currency translation adjustments	-	-	-	-	-	-	-	-	(1,902)	(1,164)	(3,066)
Balance As of September 30, 2024	772,725	770,184	776,519	387,475	798,196	660,197	779,852	588,566	93,616	25,319	5,652,649
Accumulated depreciation and Impairment											
Balance as of December 31, 2022	(272,880)	(341,532)	(311,242)	(254,594)	(423,740)	(326,134)	(428,878)	(569,314)	(100,844)	(19,016)	(3,048,174)
Depreciation	(27.051)	(30,888)	(40,366)	(12,862)	(20,164)	(24,005)	(25,418)	(1,624)	(2,274)	(1,072)	(185,724)
Impairment	41,961	13,550	-	15,665	16,879	4,276	(5,993)	(17,628)	(14,036)	-	54,674
Reclass to Assets held for sale	-	-	-	-	-	-	-	-	28,988	-	28,988
Disposals / write off	14	115	17	-	45	-	-	-	19	14	224
Currency translation adjustments	-	-	-	-	-	-	-	-	(4,030)	(2,755)	(6,785)
Balance as of December 31, 2023	(257,956)	(358,755)	(351,591)	(251,791)	(426,980)	(345,863)	(460,289)	(588,566)	(92,177)	(22,829)	(3,156,797)
Depreciation	(26,156)	(28,464)	(29,069)	(11,123)	(16,672)	(19,462)	(19,296)	-	(218)	(64)	(150,524)
Impairment	-	-	-	-	-	-	-	-	-	-	-
Disposals / write off	18	-	2	-	-	-	-	-	-	62	82
Currency translation adjustments	-	-	-	-	-	-	-	-	1,777	778	2,555
Balance As of September 30, 2024	(284,094)	(387,219)	(380,658)	(262,914)	(443,652)	(365,325)	(479,585)	(588,566)	(90,618)	(22,053)	(3,304,684)
Property, plant and equipment, net [(a)]											
December 31, 2023	498,116	407,604	407,261	128,882	362,202	294,247	313,218	-	3,289	1,279	2,416,098
September 30, 2024	488,631	382,965	395,861	124,561	354,544	294,872	300,267	-	2,998	3,266	2,347,965
Useful life range (years)	1 – 35	1 - 35	1 – 35	1 - 35	1 - 35	1 - 35	1 - 35	1 - 35	1 – 25	1 – 25	

(a) The Group's assets that are pledged as security for financing agreements are disclosed in Note 9;
(b) On May 2, 2024, a memorandum of agreement was signed between Olinda Star Limited and Super Shining Shipping Corporation for the sale of the drilling unit Olinda Star. The agreed selling price was USD$ 8,130 to green recycle. A deposit of 25% of the total amount was received on May 6, 2024. The remaining balance was settled on May 15, 2024.

Impairment

During the years ended December 31, 2023 and 2022, the Group identified indicators that part of the impairment loss recognized in prior periods of its offshore asset groups may have decreased. Such indicators included recovery in commodity prices and projected day rates. No impairment indicators were identified by management as of September 30, 2024 that would require a new test for the period of nine-month period then ended.

(a) Onshore drilling rigs

During 2023 company Management approved the sale of onshore drilling rigs and started an active program to locate a buyer. Negotiations for the sale started during 2023, and the sale negotiation was completed on January 19, 2024. Accordingly, Onshore drilling rigs were reclassified to assets held for sale as of December 31, 2023 in the amount of US$ 3,200. The assets held for sale are measured at fair value less costs to sell, therefore an impairment loss of US$ 14,036 was also recognized (resulting in the amount of assets held for sale of US$ 3,200 as of December 31, 2023). The transfer was concluded on July 22, 2024.

Drilling units	Type	Start of operations	Contract expected expiration date (current or previous)	Customer (current or previous)
QG-I [(1)]	Onshore drilling rig	1981	June 2018	Zeus ÖL S.A.
QG-II [(2)]	Onshore drilling rig	1981	August 2018	Ouro Preto Óleo e Gás S.A.
QG-IV [(2)]	Onshore drilling rig	1996	June 2015	Petrobras
QG-V [(2)]	Onshore drilling rig	2011	April 2015	Petrobras
QG-VI [(2)]	Onshore drilling rig	2008	May 2016	Petrobras
QG-VII [(2)]	Onshore drilling rig	2008	July 2015	Petrobras
QG-VIII [(2)]	Onshore drilling rig	2011	July 2022	Eneva
QG-IX [(2)]	Onshore drilling rig	2011	June 2014	HRT O&G Exploração e Produção de Petróleo Ltda.

(1) On January 06, 2023, a share purchase agreement was signed between Serviços de Petróleo Constellation Participações S.A., Serviços de Petróleo Constellation S.A. and Serviços de Petróleo Onshore Constellation S.A. Ltda. and President Energy Investments (Paraguay) where 100% of the shares from Domenica S.A. were sold, including the onshore rig QG-I. On February 02, 2023 the transfer was concluded, amounting to USD 1,039 and the other installment of USD 1,000 was paid on March, 2024 and April, 2024;

(2) On January 17, 2024, a share purchase agreement was signed between Serviços de Petróleo Constellation S.A. and Empresa Brasileira de Serviços e Perfuração Ltda. where onshore rigs QG-II, QG-IV, QG-V, QG-VI, QG-VII, QG-VIII and QG-IX were sold. The transfer was concluded on July 22, 2024.

(b) Offshore drilling rigs and drillships

The Group estimated the recoverable amount of each one of its offshore drilling rigs and drillships based on a value in use calculation, which uses a discounted projected net cash flow analysis over the remaining economic useful life of each drilling unit, considering a 11.11% discount rate for all rigs except Atlantic and Olinda that considers 10.86% (12.05% for all rigs except Atlantic and Olinda that considers 11.83% in 2022). The rates reflect 10 and 20 years T.Bonds respectively according to the rig´s lifespan. Our estimates required us to use significant unobservable inputs including assumptions related to the future performance of our contract drilling services, such as projected demand for our services, rig efficiency and day rates. As of December 31, 2023, the Group reversed an impairment for Alpha, Amaralina, Atlantic, Brava and Gold in the amount of US$ 92,331 and accrued an impairment for Lone and Olinda in the amount of US$ 23,621 with a net impact reversal of US$ 68,710 (US$ 560,756 for December 31, 2022) in all offshore drilling rigs and drillships.

9. LOANS AND FINANCING

Financial institution/ Creditor	Funding type	Description	Objective	Beginning period	Maturity	Contractual interest rate (per annum)	Effective interest rate (per annum)	Currency	September 30, 2024	December 31, 2023
Bondholders	Senior Secured Notes ("Priority Lien Notes")	Corporate Bond	Debt Restructuring	Jun/2022	Jun/2025	13.50%	13.50%	U.S. dollar	35,568	57,408
Bondholders	Senior Secured Notes ("First Lien Notes") (1)(7)	Corporate Bond	Debt Restructuring	Jun/2022	Dec/2026	3.00% (cash) or 4.00% (PIK)	3.00% (cash) or 4.00% (PIK)	U.S. dollar	285,192	289,509
Bondholders	Senior Secured Notes ("Second Lien Notes") (2)	Corporate Bond	Debt Restructuring	Jun/2022	Dec/2050	0.25%	0.25%	U.S. dollar	1,899	1,895
Bondholders	Senior Unsecured Notes ("2050 Notes") (3)	Corporate Bond	Debt Restructuring	Jun/2022	Dec/2050	0.25%	0.25%	U.S. dollar	3,130	3,124
							Subtotal – fixed interest rate loans		325,789	351,936
Banco Bradesco S.A.	Loan ("Bradesco Debt") (4)(7)	Working Capital	Debt restructuring	Jun/2022	Dec/2026	SOFR + 2.00% (cash) or 3.00% (PIK)	SOFR + 2.00% (cash) or 3.00% (PIK)	U.S. dollar	44,962	45,642
							Subtotal – variable interest rate loans		44,962	45,642
Certain Lenders	Financing ("Restructured ALB Debt") (5)(7)	ALB	Debt restructuring	Jun/2022	Dec/2026	SOFR + 2.00% (cash) or 3.00% (PIK)	SOFR + 2.00% (cash) or 3.00% (PIK)	U.S. dollar	536,438	536,438
Certain Lenders	Financing ("ALB L/C Debt") (6)	ALB L/C Debt	Debt restructuring	Jun/2022	Dec/2026	SOFR + 3.00%	SOFR + 3.00%	U.S. dollar	30,200	30,200
							Subtotal – variable interest rate financings		566,638	566,638
								Total	937,389	964,216
								Current	35,568	33,696
								Non-current	901,821	930,520

(1) Excess cash sweep obligation, prepayment option without penalty and conversion obligatory to variable number of C-2 shares of the Company in case of a Liquidity Event;

(2) Prepayment option without penalty and conversion obligatory to variable number of C-4 shares of the Company in case of a Liquidity Event;

(3) Prepayment option without penalty and conversion obligatory to variable number of C-4 shares of the Company in case of a Liquidity Event;

(4) Excess cash sweep obligation, prepayment option without penalty and conversion obligatory to variable number of C-3 shares of the Company in case of a Liquidity Event;

(5) Excess cash sweep obligation, prepayment option without penalty and conversion obligatory to variable number of C-1 shares of the Company in case of a Liquidity Event;

(6) Prepayment option without penalty;

(7) Excess cash sweep obligation means the repayment of the debt which ALB Lenders, Bradesco and the holders of the First Lien Notes are entitled to in case the adjusted unrestricted cash is higher than USD 100mm as of the end of each quarter on or after March 31, 2023.

a) Changes in loans and financing

	Nine-month period ended September 30,	
	2024	2023
Balance as of January 1	964,216	942,192
Principal repayment	(26,837)	(833)
Interest payment	(46,393)	(20,956)
Total payments	(73,230)	(21,789)
Interest charged through profit and loss	46,403	48,802
Financial expenses on loans and financing (Note 16)	46,403	48,802
Balance as of September 30,	937,389	969,205

<u>Working capital</u>

On June 10, 2022, the Group: amended and restated its working capital loan agreements with Bradesco to reflect the terms agreed to in the debt restructuring plan, with a final maturity date on December 31, 2026.

<u>Notes</u>

Priority Lien Notes – The Company issued new Senior Secured Notes bearing interest at 13.50% p.a. (the "Priority Lien Notes"), in an aggregate principal amount of payable quarterly in cash, aggregate principal amount of US$62,400. Interest on the Priority Lien Notes is payable in cash on a quarterly basis. The Priority Lien Notes mature on June 30, 2025. The New Priority Lien Notes Indenture (2022) includes a prepayment option at premium as well as a mandatory redemption at the liquidity event with the same conditions of the optional prepayment. If exercised, the prepayment cost will be based on a interest rate at: (i)113.5% after December 31, 2023 and until September 30, 2024; (ii) 106.75% after September 30, 2024 and until and including December 31, 2024; and (iii) thereafter 103.375%.

First Lien Notes – The Company issued Senior Secured Notes bearing interest at either 3.00% p.a. (if the Company elects to pay the interest in cash) or 4.00% p.a. (if the Company elects to capitalize the interest), in an aggregate principal amount of US$278,300. The First Lien Notes mature on December 31, 2026.

Second Lien Notes – The Company issued Senior Secured Notes bearing interest at 0.25% p.a. (the "Second Lien Notes"), payable quarterly as capitalized interest, in an aggregate principal amount of US$1,889. The Second Lien Notes mature on December 31, 2050.

2050 Notes – The Company issued Senior Unsecured Notes bearing interest at 0.25% p.a. (the "2050 Notes"), payable quarterly as capitalized interest, in an aggregate principal amount of US$3,112. The 2050 Notes mature on December 31, 2050.

b) Loans and financing long term amortization schedule

For the nine-month period ended September 30,	Net amount	PIK (*)	Gross amount
2025	-	3,529	3,529
2026	896,792	135,634	1,032,426
After 2027	5,029	341	5,370
Total	901,821	139,504	1,041,325

(*) Interest capitalized that will be repaid upon maturity of the loans and financing.

c) Covenants

Financial covenants

The loans and certain of the Notes contain a financial covenant (pursuant to which the Company must maintain a minimum liquidity of US$25 million as of the end of each quarter until March 2023 and from then on US$35 million) and is secured by collateral provided to the creditors. As per the financing documentation, liquidity means unrestricted cash plus any undrawn, fully committed revolver availability. Non-compliance with such financial covenants could limit the ability of the Company to make certain payments to related parties and/or lead to an event of default. The Company is currently in compliance with its financial covenants.

d) Guarantees and Collateral

Each of the Priority Lien Notes, First Lien Notes, Second Lien Notes, Bradesco Debt and Restructured ALB Debt benefiting from a customary security package that includes, guarantees such as assignment of the charter receivables (to the extent third-party consent for such assignment is obtained), mortgages over the drilling rigs and drillships, pledges over the shares of the drilling rigs and drillships owners, charges over the relevant bank accounts held at the facility agents, including accounts into which the amounts payable under charter and service-rendering agreements are required to be paid and assignment of the relevant insurances, corporate guarantees. The Priority Lien Notes also benefit from assets that cross-collateralize the ALB Debt and assets the cross-collateralize the First Lien Notes, the Second Lien Notes and the Bradesco Debt.

In addition, the terms of some of these debt financing instruments restricts the ability of the Company and its subsidiaries to pay dividends, incur additional debt, grant additional liens, sell or dispose assets and enter into certain acquisitions, mergers and consolidations, except as already established in such debt financing instruments.

10. PROVISIONS

	September 30, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Provision for Onerous Contract[(a)]	12,698	100	19,857	9,773
Contractual Penalties [(b)]	-	-	1,548	-
Contingencies and provisions for lawsuits [(c)]	-	1,266	-	3,570
MIP Retention (Note 21.b)	1,285	-	-	1,949
Others	-	287	-	418
Total	13,983	1,653	21,405	15,710

(a) Provision for Onerous Contract

As of September 30 2024, the expected costs of meeting the obligations of the current contracts of the following rigs exceeded their expected revenue, and a provision for onerous contract has been recorded: Amaralina (US$ 1,814) , Gold (US$ 5,832), Laguna (US$ 279) and Lone (US$ 4,873).
As of December 31, 2023 a provision for onerous contract has been recorded: Amaralina (US$ 2,722), Gold (US$ 11,082), Laguna (US$ 9,378) and Lone (US$ 6,448).

(b) Contractual Penalties

In the normal course of its business activities, the Group engages in agreements with third parties that convey contractual obligations. The Group recognizes provisions for contractual fines (delay in beginning of operations) that are more likely than not to be payable with respect to certain of its agreements, for which the Group's Management does not expect the payable amount to materially differ from the estimated amount.

	September 30, 2024	December 31, 2023
Balance as of January 1	1.548	795
Contractual Penalties accrual/(reversal)	(1.486)	693
Foreign exchange rate variations	(62)	60
Balance as of	-	1.548

(c) Contingencies and provisions for lawsuits

1. Liabilities assessed as probable losses

During the normal course of its business activities, the Group is exposed to labor, civil and tax claims. Regarding each claim or exposure, Management has assessed the probability that the matter resolution would ultimately result in a financial loss for the Group. As of September 30, 2024, provisions to cover probable losses included in "other non-current liabilities" are mainly related to labor (hardship and retirement) and civil claims.

Changes in loss provision for labor and civil claims are as follows:

	September 30, 2024	December 31, 2023
Balance as of January 1	3,570	2,797
Additions	356	3,202
Reversals	(2,339)	(2,664)
Foreign exchange rate variations	(321)	235
Total	1,266	3,570

2. Contingent liabilities assessed as possible losses

Based on the Group's in-house legal counsel and external legal advisors' opinions, these claims are not accrued in the consolidated financial information and consist of labor lawsuits (mainly comprised by compensation due to work related accidents, overtime and occupational diseases) in the amount of US$17,040 as of September 30, 2024 (US$21,001 as of December 31, 2023), tax lawsuits in the amount of US$43,753 as of September 30, 2024 (US$46,790 as of December 31, 2023) and civil lawsuits in the amount of US$632 as of September 30, 2024 (US$694 as of December 31, 2023).

The main tax lawsuits assessed as possible losses are as follows:

i. In September 2010, Serviços de Petróleo Constellation S.A. ("Serviços de Petróleo"), one of our subsidiaries, received a notice of violation issued by the tax authorities for the nonpayment of services tax (Imposto sobre Serviços de Qualquer Natureza – ISS) in the city of Rio de Janeiro. Serviços de Petróleo argues that the operations were carried out in other municipalities and that the taxes were collected under their respective tax jurisdictions. As of September 30, 2024, the estimated amount involved is US$8,964 (US$9,394 as of December 31, 2023).

In 2015, Serviços de Petróleo received three notices of violation from the Brazilian Revenue Service concerning PIS and COFINS collected in 2010 and 2011. Additionally, in 2020 and 2021 the Brazilian Revenue Service issued two other notices of violation, concerning PIS and COFINS collected in 2016 and 2017. The Brazilian Revenue Service initiated tax administrative proceedings, demanding that Serviços de Petróleo makes tax payments due to alleged use of improper tax credits to reduce its PIS and COFINS obligations. In each of the three administrative proceedings, Serviços de Petróleo filed an appeal to contest the Brazilian Revenue Service's tax assessment. However, on October 17, 2024, the Brazilian Revenue Service partially recognized our claims related to the 2015 notices and reduced the value of the tax assessment by approximately 70% of the original value imposed. This decision is still subject to appeal and to review. As of September 30, 2024, the estimated value involved for the 2015, 2020 and 2021 notices of violation were US$20,371 (US$22,052 as of December 31, 2023), US$3,421 (US$4,150 as of December 31, 2023), and US$3,961 (US$4,218 as of December 31, 2023), respectively.

ii. In November 2018, Transocean Offshore Deepwater Drilling Inc. and Transocean Brasil Ltda. (together as “Transocean”) filed a claim against Serviços de Petróleo and Brava Star, accusing both entities of infringing its dual-activity drilling technology patent. In January 2020, Transocean filed a compensation claim against Serviços de Petróleo and Brava Star regarding the patent infringement alleged in its 2018 claim.

On June 4, 2020, we filed a motion requesting the suspension of the proceeding until a judgment was reached in the nullity action proposed by us against Transocean’s patent. On September 11, 2020, the judge granted the suspension. Transocean tried to reverse the decision, but the appellate court maintained the suspension until a judgment was reached in the nullity action. On December 13, 2023, the appellate court rejected Transocean’s request. On February 7, 2024, Transocean filed a special appeal. On September 10, 2024, a preliminary injunction was granted requiring Constellation to pay royalties at a rate of five percent of the revenue obtained from the operation of the Brava Star rig, to be deposited with the court, thereby ensuring future judicial enforcement. We filed an appeal against this decision, which is now awaiting a ruling.

3. Tax, labor and social security matters

The Group enters into transactions and operations that may be interpreted by third parties subjectively and/or contrary to its position. Nevertheless, the Group’s actions are supported by its in-house legal counsel and external legal advisors’ opinion.

4. Other matters

Petrobras withholding taxes

In July 2014, we received letters from Petrobras informing us that the Brazilian Revenue Service had issued notices of violation against Petrobras regarding the absence of withholding income tax collection on charter agreement remittances for the Atlantic-Star and Alaskan Star drilling rigs in 2008 and 2009. Since our last response to Petrobras in 2014, we have not received any correspondence from Petrobras on this matter. In Petrobras’ publicly available disclosures, Petrobras discloses that Petrobras paid these withholding taxes under a special payment program launched in 2018, and subsequently withdrew from discussions regarding the proceedings arising from tax assessments. Given that five years have passed by since Petrobras made the payment of the withholding taxes and Petrobras has not further contacted us, our management believes that there will be no future claims related to those notices of violations.

11. SHAREHOLDERS’ EQUITY

On June 10, 2022, the Group entered into Amended and Restated Credit Agreements with ALBs Creditors and Bradesco, as well as New 2026 First Lien Notes, New 2050 Second Lien Notes, New Unsecured Notes and New Priority Lien Notes, pursuant to new indentures, and held General Shareholders Meeting to approve the conversion of part of the debt held by such creditors into the share capital of the Company, with the dilution of original shareholders (the “Restructuring Documents”). Under the Restructuring Documents, the creditors agreed to a haircut on the US$1,990,128 outstanding debt, resulting in to $826,000 of convertible debt, with an additional $92,600 comprised of $62,400 in new funds raised through the restructuring and $30,200 in non-convertible debt, for a total debt of 918,600.

Additionally, a portion of the debt, owing to a group of key financial creditors, was converted into the Company's equity, as follows:

Additionally, a portion of the debt, owing to a group of key financial creditors, were converted into the Company's equity interest, as follows:

Pre-restructuring		Restructured Debt		
Amounts in USD thousands	Outstanding Debt	Convertible Debt	Non-convertible Debt	Equity % (*)
ALB Lenders	811,788	500,000	30,200	26%
Former 2024 Participating Notes	823,427	278,300	-	47%
Bradesco	167,071	42,700	-	-
Former 2024 Fourth Lien Notes	72,781	1,888	-	-
Former 2030 Unsecured Notes	115,061	3,112	-	-
New Money	-	-	62,400[1]	-
Incumbent Shareholders ("Legacy shareholders")	-	-	-	27%
Total	**1,990,128**	**826,000**	**92,600**	**100%**

The debt-to-equity conversion resulted in a new shareholder composition, as indicated in the table above. The ALB lenders' group consists of international banks that participated in the second amended and restated senior syndicated credit facility agreements dated December 18, 2019 (as amended, restated, supplemented or otherwise modified from time to time), by and among Amaralina Star and Laguna Star as borrowers and by and among Brava Star as borrower. Part of the ALB Lenders' 26% equity stake was issued through warrants, which, prior to their exercise, will not represent Company's shares. Therefore, until such warrants are exercised, the Company's shareholders are limited to the Incumbent Shareholders and holders of former 2024 Participating Notes. The new shareholding composition resulted in a new Board of Directors, effective on the restructuring Closing Date. The Restructuring Documents also contemplate a future liquidity event, consisting of a sale of a majority of the Company's equity interest (or other similar transactions described in the restructuring documents). In this event, the Convertible Debt will be converted into equity, and the proceeds from this liquidity event will be distributed according to the new equity payment waterfall.

The proceeds in a Liquidity Event must be distributed in accordance with the Payment Waterfall, which is as follows:

a. the repayment of the New Money;
b. Any Priority Capex Debt (*);
c. ALB Lenders Letter of Credit (Non-convertible debt);
d. All convertible debt (which will be converted into C-1, C-2, C-3 and C-4 shares);
e. D Shares, which will be entitled to 12% of what exceeds USD 1,350,000 of enterprise value at the liquidity event.

[1] Includes backstop fee of $2.4M

The remaining net proceeds will then be paid to the shareholders (A, B-1, and B-2 shares).

The amount of all convertible debt (ALB, 1L Notes, Bradesco, 2L and Unsecured) to be used is the lesser between: (i) the outstanding amount of all convertible debt and (ii) 87% of the Net Proceeds, during 2022.

When compared to the extinguished debt, this transaction resulted in a total gain for Constellation of US$ 513.2 million. This transaction also resulted in an increase of US$ 1,577,618 of share premium, which is the difference between the total equity increase of the restructuring, the share capital reduction and the warrants.

(*) Indebtedness of the Company incurred to make capital expenditures (including any maintenance, upgrade or overhaul, but excluding any acquisition of drilling rigs) on the rigs and not to exceed USD 30,000 in the aggregate.

a) Share capital

On June 10, 2022 there was a decrease on the share capital of the Company by the amount of USD 981,200 represented by 2,852,293,996 class A shares in registered form without nominal value and 36,933,368 class B shares in registered form without nominal value to 0 by cancellation of all classes A and B existing shares. This amount was transferred to share premium. On the same date there was a capital increase, from share premium, in the amount of USD 4,933 by the issuance of 180,000,000 new classes A share each with a nominal value of one cent (USD 0.01) and 313,333,333 new class B-1 shares, each with a nominal value of one cents (USD 0.01).

As of September 30, 2024, and December 31, 2023, the Company's share capital amounts to US$4,933, comprised by 493,333,333 ordinary shares, of one cent per share and with no par value.

Advance for future capital increase/Warrant

As part of the restructuring, in June 2022, the Company received an advance for future capital increase in the total amount of US$1,733, representing 173,333,333 of Class B-2 Warrants, convertible at any time into 173,333,333 of shares.

b) Legal reserve

In accordance with Luxembourg Corporate Law, the Company must allocate 5% of its annual profit of its stand-alone financial information, after deducting of any losses brought forward from previous years, to the minimum legal reserve.

The aforementioned requirement will only cease when the legal reserve reaches an amount equivalent to 10% of the Company's issued share capital. Additionally, this reserve may not be distributed.

c) Other Comprehensive Items (OCI)

Foreign currency translation adjustments reserve

The foreign currency translation adjustments reserve is used to record exchange adjustments arising from the translation of foreign subsidiaries' financial information.

d) Share Premium

Share premium represents the difference between the nominal value of the Company's share versus the total amount that was received for the issued share. As of September 30, 2024 and December 31, 2023 the Share Premium is 1,567,897.

12. NET OPERATING REVENUE

The Group's operating revenue is mainly derived from charter and service-rendering agreements.

Net operating revenue is presented after the following items:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024	2023	2024	2023
Gross operating revenue	141,300	149,891	442,754	446,783
Taxes levied on revenue:	-		-	
Social Integration Program (PIS) (i)	(826)	(835)	(2,626)	(2,483)
Social Investment Program (COFINS) (i)	(3,806)	(3,844)	(12,095)	(11,439)
Services Tax (ISS) (i)	(1,258)	(1,301)	(4,187)	(3,841)
Good and Service Tax (GST) (ii)	-	(2,193)	(316)	(6,329)
Others	(54)	-	(54)	-
Net operating revenue	135,356	141,718	423,476	422,691

(i) Taxes levied on revenues are applicable only to the revenues generated by Serviços de Petróleo.
(ii) GST refers to the indirect tax in India.

13. REPORTABLE SEGMENTS

As of September 30, 2024 and 2023 the group has only one reportable segment, which is offshore drilling rigs. Management understands all offshore drilling units have similar economic characteristics (nature of services, nature of processes, type of customer, and regulatory environment), and onshore drilling, which has been discontinued during 2023, does not represent a material segment during the period ended in September 30, 2023.

Geographical information

During the period ended on September 30, 2024 and 2023 the group's net operating revenue from external customers by geographical location is detailed below:

	Nine-month period ended September 30,	
	2024	2023
Brazil	421,023	370,418
India	2,453	52,273
Total	423,476	422,691

Information about major customers

As of September 30, 2024 and 2023, Petrobras represented 81% and 74%, of total revenues.

14. COST OF SERVICES AND OPERATING EXPENSES

	Three-month period ended September 30,					
	2024			2023		
Costs and expenses by nature	Cost of services	General and administrative expenses	Total	Cost of services	General and administrative expenses	Total
Payroll, related charges and benefits	(34,031)	(4,074)	(38,105)	(37,034)	(4,829)	(41,863)
Depreciation	(50,550)	(20)	(50,570)	(48,315)	(28)	(48,343)
Materials	(10,853)	-	(10,853)	(16,370)	-	(16,370)
Maintenance	(23,044)	(2)	(23,046)	(25,993)	(19)	(26,012)
Insurance	(1,201)	(140)	(1,341)	(1,252)	(199)	(1,451)
Other (1)/(2)	(3,412)	2,047	(1,365)	(7,865)	(43)	(7,908)
Total	(123,091)	(2,189)	(125,280)	(136,829)	(5,118)	(141,947)

	Nine-month period ended September 30,					
	2024			2023		
Costs and expenses by nature	Cost of services	General and administrative expenses	Total	Cost of services	General and administrative expenses	Total
Payroll, related charges and benefits	(108,594)	(13,712)	(122,306)	(103,142)	(14,547)	(117,689)
Depreciation	(150,459)	(65)	(150,524)	(139,134)	(94)	(139,228)
Materials	(52,157)	-	(52,157)	(45,164)	-	(45,164)
Maintenance	(65,596)	(37)	(65,633)	(73,088)	(30)	(73,118)
Insurance	(3,577)	(459)	(4,036)	(3,403)	(595)	(3,998)
Other (1)/(2)	(18,930)	(2,844)	(21,774)	(21,622)	(4,784)	(26,406)
Total	(399,313)	(17,117)	(416,430)	(385,553)	(20,050)	(405,603)

(1) Other cost of services: mainly comprised by rig boarding transportation, lodging and meals, data transmission, among others;

(2) Other general and administrative expenses: mainly comprised by transportation, information technology services, external legal advisors fees, independent auditor fees, advisory services fees, among others.

15. OTHER OPERATING INCOME (EXPENSES)

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024	2023	2024	2023
Revenue from sale of investment	-	-	-	664
Revenue from sales of PP&E[(1)]	11	11	8,141	11
Property rental	39	45	125	131
Reversal of provision for onerous contract	4,411	-	16,832	-
Reversal of contractual penalties	-	-	2,031	-
Other income	38	12	38	93
Total Other income	4,499	68	27,167	899
Penalties	-	-	-	(9)
Cost of PP&E disposed	(162)	-	(407)	(130)
Other expenses	-	-	-	(1)
Total Other expenses	(162)	-	(407)	(140)
Total Other Income/(expenses), net	4,337	68	26,760	759

(1) As of September 30, 2024, the amount of US$ 8,130 refers to the sale of the drilling unit Olinda Star (Note 1i).

16. FINANCIAL EXPENSES, NET

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024	2023	2024	2023
Interest on short-term investments	1,357	476	3,734	1,280
Reversal of derivates	-	-	-	23,967
Other financial income	331	591	332	593
Financial income	1,688	1,067	4,066	25,840
Financial expenses on loans and financing	(15,286)	(15,565)	(46,403)	(48,802)
Other financial expenses	(740)	(662)	(2,184)	(1,679)
Financial expenses	(16,026)	(16,227)	(48,587)	(50,481)
Foreing exchange variation gain, net	(41)	(199)	(369)	(286)
Financial expenses, net	(14,379)	(15,359)	(44,890)	(24,927)

17. TAXES

Most of the Group's entities are located in jurisdictions that are exempt from corporate income tax, except for Serviços de Petróleo and its subsidiary Serviços de Petróleo India, QGOG Constellation UK and QGOG Constellation US, which operate in Brazil, India, UK and USA, respectively. Additionally, certain of the Group entities' operate in the Netherlands, Switzerland and Luxembourg, but none of these entities reported taxable income for the periods presented.

The related taxes and contributions are as follows:

a) Recoverable taxes

	September 30, 2024	December 31, 2023
Taxes on revenue (PIS/COFINS)	14,860	16,262
Recoverable Taxes in India - GST(i) and WHT	4,261	3,533
Income tax (IRPJ) and social contribution on net income (CSLL) (ii)	7,090	1,526
Other	306	220
Total	26,517	21,541
Current	26,492	21,541
Non-current	25	-

(i) GST - Goods and Services Tax: Refers to taxes on supply of goods and services in India. The recoverable GST amounts refer to credits on the acquisition of goods and services;
(ii) Mainly refers to withholding taxes on revenues that are compensated with other federal taxes. Social Contribution on net income is a part of the Brazilian Income Tax.

b) Taxes payables

	September 30, 2024	December 31, 2023
Goods and Services Tax - GST(i)	72	811
Income tax (IRPJ) and social contribution (CSLL)	2,700	2,722
Service Tax (ISS)	1,144	1,062
State VAT (ICMS)	76	189
Total	3,992	4,784

(i) GST payables refer to taxes levied on services rendered in India.

c) Deferred tax assets

i) Brazil

	September 30, 2024	December 31, 2023
Income tax (IRPJ) and social contribution (CSLL) (*)	26,330	20,312

(*) Mainly refers to deferred income arising from taxes losses carryforward and provision for contingencies which are derived from Serviços de Petróleo operations aiming future compensation based on reliable taxable profit estimates. The expectation of compensation of these credits is until 2027. Tax losses do not expire and the compensation is limited to 30% of taxable income for each year.

ii) Luxembourg

Based on the 2023 CIT return, the Company avails of approximately US$ 3,443,758 (3,443,758 as of December 31, 2023) of carry-forward losses for Luxembourg CIT purposes. Such carry-forward losses represent tax credits of US$ 858,873 (US$ 858,873 as of December 31, 2023) that has not been recognized in the balance sheet as they are not expected to be used in the future.

d) Effect of income tax results

The tax rate used for the nine-month period ended September 30, 2024 and 2023 reconciliations below refers to the combined corporate nominal tax rate of 34% in accordance with Brazilian tax legislation, jurisdiction in which Serviços de Petróleo (Brazilian subsidiary) operates, the corporate nominal tax rate of 20% in accordance with British tax legislation, jurisdiction in which QGOG Constellation UK Ltd. Operates and the withholding income tax on Serviços de Petróleo India revenues of 4.326%, in accordance with Indian tax legislation, jurisdiction in which Serviços de Petróleo India operates.

The amounts reported as income tax expense in the consolidated statement of operations are reconciled from the nominal rate to the effective rate as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024	2023	2024	2023
Profit / (Loss) before taxes	34	(15,520)	(11,084)	(7,080)
Income tax and social contribution at nominal rate (*)	1,134	(6,664)	10,741	(17,416)
Adjustments to derive effective tax rate:				
Non-deductible expenses	189	7,500	(5)	7,195
Other	1,115	2,648	(931)	12,551
Income tax expense recognized in profit or loss	2,438	3,484	9,805	2,330
Current taxes	1,218	(1,073)	1,116	(3,046)
Deferred taxes	1,220	4,557	8,689	5,376

(1) Nominal tax rate applied on profits/ (loss) before taxes related to Serviços de Petróleo and on revenues related to Serviços de Petróleo India.

18. FINANCIAL INSTRUMENTS

a) General considerations

The Group's main financial instruments are as follows:

		September 30, 2024		December 31, 2023	
	Category	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and cash equivalents	FVTPL	61,805	61,805	87,943	87,943
Short-term investments	FVTPL	19,125	19,125	45	45
Restricted cash	FVTPL	1,733	1,733	1,733	1,733
Trade and other receivables	Amortized cost	99,206	99,206	125,016	125,016
Financial liabilities					
Loans and financing	Amortized cost	937,389	913,148	964,216	885,122
Trade and other payables	Amortized cost	39,779	39,779	57,178	57,178
Embedded derivatives	FVTPL	26,352	26,352	26,352	26,352

The carrying amounts of the remaining financial instruments do not significantly differ from their fair value.

Fair value hierarchy

IFRS 13 – *Fair Value Measurement* defines fair value as the value or price that would be received to sell an asset or paid to transfer a liability in a transaction between participants in an ordinary market on the measurement date.

The fair value hierarchy gives greater weight to available market information (i.e., observable data) and less weight to information related to data without transparency (i.e., unobservable data). Additionally, it requires the entity to consider all aspects of non-performance risk, including the entity's own credit to measure the fair value of a liability.

IFRS 13 also establishes a 3-levels hierarchy to be used in order to measure and disclose the fair value. A categorization tool in the fair value hierarchy is based on the lowest level of "inputs" significant for its measurement. A description of the 3 hierarchical levels is as follows:

Level 1 - The "inputs" are determined based on prices in an active market for identical assets or liabilities at the measurement date. Additionally, the entity must be able to trade in an active market and the price cannot be adjusted by the entity.
Level 2 - The "inputs" are other than prices as determined by Level 1 that are observable for the asset or liability, directly or indirectly. The "inputs" level includes two prices in an active market for similar assets or liabilities, prices in an inactive market for identical assets or liabilities, or "inputs" that are observable or can corroborate the observation of market data by correlation or other means for substantially every part of the asset or liability.

Level 3 - The "inputs" are those unobservable from minor or no market activity. These "inputs" represent Management's best estimates as market participants could assign value or price for these assets or liabilities. Generally, the assets and liabilities are measured using Level 3 pricing models, discounted cash flow or similar methods that require significant judgments or estimates, such as the inputs considered in the impairment test of long-lived assets.

The Group measures its short-term investments and restricted cash at fair value through profit or loss. Short-term investments and restricted cash are classified as Level 1, due to the fact that they are measured using market prices for identical instruments. Loans and financing are classified as Level 2, due to the fact that they are measured using similar financial instruments. Derivatives are classified as Level 3, as the fair value is based on a pricing model.

b) Financial risk management

The Group is exposed to liquidity, credit and market risks. Management believes that the Group's main market risk refers to its exposure to interest rate risk, as discussed below.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built a liquidity risk management framework for managing the Group's short and long-term funding and liquidity management requirements. The Group manages the liquidity risk by combining and maintaining adequate banking and capital markets facilities (Note 9) and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group maintains relationships with specific lenders and constantly monitors its funding needs together with such lenders. The Group manages the majority of its long-term financing on a project-by-project basis. Such financing are arranged as required to support the Group's operations and growth plans. The Group's liquidity position has been enhanced further through the restructuring in June 2022. The Group kept its improved liquidity position during 2024, as shown on note 18 c).

The following table details the Group's liquidity analysis for its financial liabilities. The table has been prepared using on the undiscounted contractual cash inflows and outflows for the financial instruments.

September 30, 2024

Period	Trade and other payables	Loans and financing	Total
2024	39,779	135,471	175,250
2025	-	27,241	27,241
2026	-	1,032,426	1,032,426
After 2027	-	5,370	5,370
Total	39,779	1,200,508	1,240,287

December 31, 2023

Period	Trade and other payables	Loans and financing	Total
2024	57,178	86,684	143,862
2025	-	27,469	27,469
2026	-	1,107,509	1,107,509
After 2027	-	5,370	5,370
Total	57,178	1,227,032	1,284,210

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations, thus resulting in financial losses to the Group. Financial instruments that potentially subject the Group to concentrations of credit risk are primarily cash and cash equivalents, short-term investments, restricted cash and trade and other receivables. The maximum exposure amounts of such financial instruments are those disclosed in Notes 4, 5 and 6, respectively. Petrobras is the main client, and no significant credit risk was identified.

It is the Group's practice to place its cash and cash equivalents in time deposits at financial institutions with high credit ratings or at mutual funds, which invest exclusively in high quality money market instruments. The Group limits the exposure amount to each financial institution individually aiming at minimizing its credit risk exposure.

Market Risk (interest rate risk)

The Group is exposed to interest rate risk due to the fact that its entities borrow funds at both fixed and variable interest rates. The Group manages such risk by maintaining an appropriate mix between fixed and variable rate borrowings and by using interest rate swap instruments, when due necessary. The Group is exposed to fluctuations in US$ LIBOR/SOFR interest rates charged on its loans and financing (Note 9).

Due to the debt restructuring plan, the Group and its creditors agreed to unwind the previous existing swaps due to the new debt structure and new contract terms and conditions. The Group is conducting an effective monitoring of any interest rate exposure, reassessing the respective risks based on the new terms and conditions agreed post debt restructuring.

Currency exchange rate risk

Customer contracts are structured to provide payments both in US Dollars and in local currency (mostly BRL). Revenue received in local currency is substantially used to pay for costs, goods or employees in local currency. Transactions denominated in other currencies other than US Dollar or Brazilian Real are limited, so there is no material exposure related to currency exchange rate risk in the Group.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the end of the reporting period and considers the effects of an increase or decrease of outstanding loans and financing further to the effects of either an increase or a decrease of 2% in the interest curve (LIBOR) at the balance sheet date. For variable rate liabilities (US$ LIBOR plus spread), the analysis is prepared assuming that the liability amount outstanding at the end of the reporting period was outstanding for the entire period. A 2% increase or decrease in US$ LIBOR is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

Risk: interest rate variation	September 30, 2024	Scenario I (i)	Scenario II (ii)
		Increase/ (decrease) in P&L	
Variable interest rate loans	44,962	(899)	899
Variable interest rate financing	566,638	(11,333)	11,333
Total	611,600	(12,232)	12,232

(i) Decrease of 2% in interest rate,
(ii) Increase of 2% in interest rate,

c) Capital management

The Group manages its capital structure, consisting of the relation between equity/debt mix in accordance with best market practices, as follows:

	September 30 2024	December 31, 2023
Loans and financing (a)	937,389	964,216
Cash transactions (b)	(82,663)	(89,721)
Net debt (c)	854,726	874,495
Shareholders' equity (d)	1,532,718	1,544,311
Net debt on shareholders' equity plus net debt [(c)] ÷ [(c) + (d)]	36%	36%

(a) Consider all loans and financing balances;
(b) Includes cash and cash equivalents, short-term investments and restricted cash balances;
(c) Loans and financing net of cash transactions;
(d) Includes all shareholders' equity accounts.

19. DERIVATIVES

The derivative expense, recognized on December 31, 2022, amounting to US$44,0 million is related to 1,200 Class D warrants issued by the Company and distributed to some Shareholders and Lenders. These warrants could only be exercisable in a liquidity event when the total enterprise value is above a specific threshold, giving them 12% of any value in excess of this threshold. This derivative is measured at fair value, and the related expense and liability was estimated using a Black & Scholes valuation modelling.

As of December 31, 2023 the Group performed a revaluation of the fair value and identified indicators that required an expense reversal of US$ 17.7 million for that year, amounting to a liability of US$ 26.4 million.

No indicators were identified by management as of September 30, 2024 that would require an expense accrual or reversal of the derivative for the period of nine months then ended.

20. INSURANCE (Unaudited)

As of September 30, 2024 and December 31, 2023, major assets or interests covered by insurance policies and their respective coverage amounts are summarized below:

	September 30, 2024	December 31, 2023
Civil liability	1,752,000	1,952,000
Operating risks	1,324,445	1,559,730
Loss of hire	302,877	300,000
Operational headquarter and others	14,715	14,452
Total	3,394,037	3,826,182

The Group's practice in relation to its insurance policies is to hire solid insurance companies in the insurance market.

21. PENSION AND MANAGEMENT INCENTIVE PLAN

The total amount paid by Constellation Oil Services Holding S.A to the Board of Directors as of September 30, 2024 was US$ 374 (US$ 374 as of September 30, 2023) and no payments were made such as advances and loans to the Board of Directors.

a) Pension Plan

The subsidiary Serviços de Petróleo, offers a private defined contribution pension plan to all employees, including key management personnel. On the Pension plan, employees can elect to contribute from 1% to 12% of the monthly gross salary and Serviços de Petróleo matches the contribution up to 4% of the monthly gross salary to employees and up to 6,5% to executives. Serviços de Petróleo's only obligation to the Pension Plan is to make its specified contributions.

For the nine-month period ended September 30, 2024, contributions payable by Serviços de Petróleo at the rates specified by the plan rules amounts to US$ 875 (US$ 785 as of September 30, 2023).

b) Management Incentive Plan (MIP)

The company implemented a Management Incentive Plan (MIP) in May 2023 to reward and retain key personnel while supporting long-term performance goals. The MIP comprises three components aimed at incentivizing offshore employees, key personnel, management, and the Board of Directors to remain engaged with the company and contribute to its long-term objectives.

The first component involves a Retention Pool allocated to offshore employees and was paid in June 2024 in the amount of USD 1.7 million. Additionally, USD 2.5 million has been allocated for key positions, with payment scheduled for the third anniversary of the restructuring closing.

The second component is a Performance Unit Pool available to management and certain key positions ("eligible employees"). The distribution is contingent upon the realization of the Total Enterprise Value ("TEV") and will be paid out in cash upon the consummation of a Qualifying Liquidity Event. The payout value to the eligible employees varies depending on the TEV, ranging from zero to USD 29 million.

The third component, the Board Pool, is specifically allocated to members of the Board of Directors. Similar to the Performance Unit Pool, the allocation is contingent upon the realization of the TEV and will be paid out in cash upon the consummation of a Qualifying Liquidity Event. The payout value varies depending on the TEV, ranging from zero to USD 12.5 million.

As of September 30, 2024, the Group made accruals as specified by the MIP Retention plan rules amounting to US$ 1,285 (compared to US$ 1,949 as of December 31, 2023) related to the Retention Pool. No accruals have been recorded for the Performance Unit Pool and Board Pool.

22. OPERATING LEASE RECEIVABLES

Below the undiscounted amounts to be received on an annual basis for the period of the current contracts of the Group's fleet (contract rates).

Amounts receivable under operating leases	September 30, 2024	December 31, 2023
2024	149,834	653,133
2025	584,587	435,435
2026	417,054	253,985
After 2027	399,393	142,761
Total	1,550,868	1,485,314

23. SUBSEQUENT EVENTS

Recapitalization process

On October 16, 2024, Constellation Holdco S.A., a public limited liability company (société anonyme) constituted to serve as a new holding company for Constellation, has priced a private placement of approximately US$75 million (the "Private Placement") of stapled exchangeable notes and common equity. The US$75 million of exchangeable notes and common equity will be exchangeable for common shares of Constellation representing 12.1% of the equity in Constellation upon the consummation of the qualified liquidity event. Completion of the Private Placement is subject to certain conditions including, but not limited to, the consummation of the Merger (as defined below) and the successful completion of Constellation's comprehensive recapitalization.

On November 7, 2024, NewCo Holding USD 20 S.à r.l., a private limited liability company (société à responsabilité limitée), which is set to merge into Constellation Oil Services Holding S.A. (the "Merger"), successfully settled its offering of 93/8% Senior Secured Notes due 2029 (the "Notes") in an aggregate principal amount of US$ 650 million. Principal on the notes will be payable annually, commencing on November 7, 2026, in an amount equal to US$75 million per annum, with the remaining balance payable in full on November 7, 2029. Proceeds from this issuance are currently held in an escrow account and will be released upon the satisfaction of certain conditions, including, but not limited to, the substantially concurrent consummation of the Merger. If the Liquidity Event is not consummated on or before February 5, 2025, the Notes will be subject to special mandatory redemption, requiring the group to repurchase the Notes at a redemption price of 101% of their aggregate principal amount, plus accrued and unpaid interest through the redemption date, and the New Equity will be canceled and any proceeds held in escrow from the Private Placement will be returned to the applicable investors.

Upon approval by all necessary stakeholders, the Recapitalization (including the Merger) will constitute a qualifying liquidity event, in accordance with Constellation's Articles and the terms of Constellation's outstanding indebtedness and will result in Constellation's outstanding indebtedness (other than its Priority Lien Notes and the ALB L/C Debt.) being converted into common shares of Constellation. The Recapitalization has significant support from a majority of Constellation's stakeholders, and Constellation has entered into support agreements with certain of its debt and equity holders that have agreed to approve the Recapitalization. The qualifying liquidity event is expected to be consummated on or around mid-December 2024.

Once the conditions for the release of proceeds from the Notes and the Private Placement escrow accounts are satisfied, the Private Placement proceeds will be contributed by Constellation Holdco S.A. to Constellation, and thereafter the aggregate proceeds will be used to redeem certain of Constellation's outstanding indebtedness and to redeem Constellation shares to be issued as payment of Constellation's convertible debt instruments upon consummation of the Merger to those holders who elect to receive cash in lieu of such shares. Pursuant to the terms of the indenture governing the Notes, upon consummation of the Merger and assumption of their obligations thereunder, Constellation and its subsidiaries shall be subject to customary covenants, including, but not limited to: limitations on the incurrence of additional indebtedness, asset sales, dividend and other payment restrictions affecting Constellation and its restricted subsidiaries, liens, and restrictions on mergers, consolidations, among others.

This transaction previously described, and the subsequent merger, does not qualify as a business combination under the scope of IFRS 3 (revised) - Business Combination.

After the settlement of the qualified liquidity event, the net result of these transactions will be a deleveraging to $650 million of Constellation's gross debt.

Potential impacts on the Management Incentive Program (MIP) tied to the liquidity event are currently being assessed prospectively.

Offshore drilling rigs charter and service rendering agreements

Note 1 – General Information discloses several subsequent events related to charter and services contracts for Alpha, Brava and Lone.

Contingencies and provisions for lawsuits

Note 10.II.i – Updates related to tax lawsuits of PIS and Cofins.

24. APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Consolidated financial statements were approved by the Company´s Board of Directors and authorized for issuance on November 21, 2024.