Constellation Oil Services Holding S.A.

Consolidated Financial Statements
for the Year Ended December 31, 2024 and
Independent Auditor's Report

TABLE OF CONTENTS

Consolidated Management Report

TABLE OF CONTENTS

Consolidated Management Report

1. Overview

With over 45 years of continuous operating experience, Constellation Oil Services Holding S.A. ("Constellation", "Company", "Group"), is a market leading provider of oil and gas drilling.

Constellation owns and holds interests in a state-of-the-art offshore fleet, constructed by the world's leading shipyards. Our modern fleet includes six ultra-deepwater rigs, one deepwater rig, one midwater rig.

We combine a high standard of operating performance and drilling efficiency with adherence to the highest quality, health, safety and environmental (QHSE) standards. All of our drilling operations are certified by ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and API Spec Q2 standards. In addition, we have adopted the ISM Code (Maritime Safety and Pollution Prevention) and the ISPS Code (Maritime Security).

We strive to act in a socially responsible manner, upholding the principles of transparency and integrity, in order to enhance the quality of our relationship with our employees, customers and all of our stakeholders.

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.

Offshore Rigs (Owned and Third Party)

Fleet summary (as of December 31, 2024)

Offshore Rig	Ownership Interest %	Type	Water Depth (ft)	Delivery Date
Ultra-deepwater				
Owned Fleet				
Alpha Star (4)	100%	DP; SS	9,000	July 2011
Lone Star (3)	100%	DP; SS	7,900	April 2011
Gold Star (3)	100%	DP; SS	9,000	February 2010
Amaralina Star (5)	100%	DP drillship	10,000	September 2012
Laguna Star (2)	100%	DP drillship	10,000	November 2012
Brava Star (1)	100%	DP drillship	12,000	August 2015
Third Party Fleet				
Tidal Action (7)	0%	DP3 Kongsberg	12,000	2025
Midwater				
Owned Fleet				
Atlantic Star (6)	100%	Moored; SS	2,000	February 2011

(1) On December 08. 2022. the Company announced a contract for the Brava Star drillship with Petrobras. The job has a total duration of 1095 days. plus a mutually agreed option to extend it till the same period. The operations started on December 19th 2023.

(2) On July 6. 2021. the group announced that the Laguna Star drillship was awarded a new contract with Petrobras. The contract has a 3-year estimated duration and includes the use of the MPD system. The operations commenced on March 01. 2022 and are expected to end by June 2025, considering a priced option of additional 111 days which Petrobras has already notified us. On September 23rd. 2024. the company announced the award of a new contracts with Petrobras on the Roncador Field, Campos Basin. The contract has 931 days, with a priced option of additional 95 days, or a mutually agreed option to extend it for the same firm period (931 days). The operations are expected to commence in September 2025.

(3) On January 03. 2022. the Company announced that the Gold and Lone Star rigs have been awarded contracts with Petrobras S.A. ("Petrobras"). The operations of Gold Star contract started on August 09. 2022. while Lone Star's operations commenced on September 14. 2022. Each contract has a duration of 1095 days and has the option to be extended by mutual agreement in up 17 months. On November 25th, 2024 we announced that the Lone Star has been awarded a new contract with Brava Energia, for a firm term of 400 days plus a 60-days priced option. The operations are expected to commence in direct continuation to its current contract.

(4) On September 17. 2023 the company started a new contract of 464 days with Brava Energia. From August 30th. 2024 the Company operated for 29 days for Shell (sublet), at the same terms of its agreement with Brava Energia. On September 20. 2023. the group announced that the Alpha Star was awarded a new contract with Petrobras. The contract has a firm duration of 1095 days plus a mutually agreed option to extend it for the same period. The operations are expected to commence in February 2025.

(5) On December 06. 2021. the Company announced a new contract for the Amaralina Star drillship with Petrobras. The job has a total duration of 1095 days. consisting of 730 days of a firm scope plus options to extend the contract in up to 365 days at Petrobras discretion. The operations commenced on October 18. 2022. On December 16. 2024. the Company announced that the Amaralina Star was awarded a new contract with Petrobras for a firm period of three years, expected to commence in January 2026, with an option for contract extension up to an additional 315 days, subject to mutual agreement.

(6) On February 05. 2020. the Company announced that the Atlantic Star was awarded a contract with Petrobras. The contract has a firm duration of 1095 days and has the option to be extended by mutual agreement in 389 days. The operations commenced on January 06. 2021. In the agreement the parties added another extension option by mutual agreement of additional 11 months. On December 23. 2024. the Company announced a contract extension with Petrobras for an additional period of up to 301 days.

(7) On September 23. 2024. the company announced the award of a new contract with Petrobras to operate with Tidal Action on the Roncador Field, Campos Basin. Tidal Action is a third-party rig owned by the Hanwha Ocean, which will be managed and operated by us under a management fee agreement in connection with charter and service agreements with Petrobras. The contract has 931 days, with a priced option of additional 95 days, and a mutually agreed option to extend it for the same firm period (931 days). The operations are expected to commence in September 2025.
.

2. Commentary on 2024 Results

2024 was a year of remarkable achievements for Constellation, particularly on the operational front. Our strong performance was the main driver behind the exceptional Adjusted EBITDA delivered, which exceeded the top end of our guidance range (US$185–US$195 million) by about 18%. This figure represents a 24% increase compared to 2023, even with the Olinda Star out of our operational fleet since January 2024. After the conclusion of its contract with ONGC (Oil and Natural Gas Corporation), and given the lack of profitable opportunities, we proceeded as foreseen in our business plan and sold the rig for green recycling.

Our fleet utilization stood at 97% as in 2023. The only contract transition during 2024 was the Alpha Star, which completed its operations with Brava Energia in mid-November 2024. The rig was then moved to Angra dos Reis for overhaul, SPS, adequacy work, and Petrobras's acceptance process. The rig resumed operations under its new contract with Petrobras in February 2025.

Overall fleet uptime improved from 94% in 2023 to 97% in 2024 (absolute uptime without downtime allowances), reflecting a consistent enhancement in operational performance throughout the year. Since Q3 2024 Constellation holds first position in the Petrobras ranking for drilling contractors, Sondópolis. Our position on Petrobras rankings reflects the quality of our operations and assets and affirms our commitment to excellence in every aspect of our work.

Beyond these operational successes, we closed the year with a US$2.1 billion backlog, equivalent to 20 rig-years of work, providing visibility and stability going forward. To build this significant backlog, Constellation was awarded with 3 new contracts in Petrobras Tenders for Laguna Star, Amaralina Star and Tidal Action, other than successfully negotiating a new contract with Brava Energia for Lone Star and an extension of Petrobras current contract for Atlantic Star.

Another highlight was the completion of our financial recapitalization in December. We raised US$725 million through equity and debt issuance, reducing net debt by 47.7% to US$459.8 million as of December 31, 2024. This lowered our Net Debt / Adjusted EBITDA ratio from 4.7x in December 2023 to 2.0x in December 2024. We also ended the year with US$182 million of liquidity, a 103% year-over-year increase which provides the flexibility needed to manage five contract transitions planned for 2025.

We are extremely proud of our 2024 financial results, which underscore Constellation's ability to consistently meet its commitments. Backed by a stronger balance sheet, robust backlog, and proven operational expertise, we are confident we have a solid foundation to deliver another strong year in 2025.

2.1 Financial and Operating Highlights

Statement of Operations Data:	For the year ended December 31, (audited) 2024	2023
	(in millions of $)	
Net operating revenue……	563.5	551.8
Operating Costs……	(521.0)	(525.7)
Gross profit……	42.5	26.1
General and administrative expenses……	(35.0)	(30.6)
Other operating income (expenses). net……	(18.3)	25.0
Operating profit……	(10.8)	20.5
Financial expenses. net……	(36.2)	(46.6)
Profit before taxes……	(47.0)	(26.0)
Taxes……	5.0	(4.9)
Profit for the period……	(42.0)	(30.9)

Other Financial Information:	For the year ended December 31, ((non-gaap measures and not audited) *(in millions of $)* 2024	2023
Profit for the year……	(42.0)	(30.9)
(+) Financial expenses. net ……	36.2	46.6
(+) Taxes	(5.0)	4.9
(+) Depreciation ……	201.5	185.7
EBITDA (1) ……	190.7	206.2
EBITDA margin (%) (2) ……	33.8%	37.4%
Non-cash adjustment (3)……		
EBITDA (1) ……	190.8	206.2
Impairment ……	48.0	(54.7)
Onerous contract provision. net (3) ……	3.0	29.6
Management Incentive Plan ……	10.2	1.9
Other Extraordinary Expenses (4) ……	2.4	2.4
Restructuring Gains	(23.8)	-
Adjusted EBITDA (1) ……	230.5	185.5
Adjusted EBITDA margin (%) (2) ……	40.9%	33.6%

(1) EBITDA is a non-GAAP measure prepared by us and consists of: net income. plus net financial expenses taxes and depreciation. EBITDA is not a measure defined under IFRS. should not be considered in isolation. does not represent cash flow for the periods indicated and should not be regarded as an alternative to cash flow or net income. or as an indicator of operational performance or liquidity. EBITDA does not have a standardized meaning. and different companies may use different EBITDA definitions. Therefore. our definition of EBITDA may not be comparable to the definitions used by other companies. We use EBITDA to analyze our operational and financial performance. as well as a basis for administrative decisions. The use of EBITDA as an indicator of our profitability has limitations because it does not account for certain costs in connection with our business. such as net financial expenses. taxes. depreciation. capital expenses and other related expenses. Adjusted EBITDA is also a non-GAAP measure prepared by us and consists of: net income. plus net financial expenses taxes. depreciation and some specified non cash adjustments.

(2) EBITDA margin is a non-GAAP measure prepared by us. EBITDA margin is calculated by dividing EBITDA by net operating revenue for the applicable period. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by net operating revenue for the applicable period.

(3) In 2024 the Company provisioned US$ 32.6 million and reversed the US$ 29.6 million provisioned in 2023. The increase is linked to the recognition of a higher depreciation projection as consequence of the impairment and an increased OPEX forecasts impacted by the inflationary pressures facing our sector.

(4) Costs related to restructuring of charter legal entities, extraordinary one-off costs, and other strategic initiatives requested by the Board.

	For the year ended December 31, (audited) (in millions of $)	As of December 31, (audited) (in millions of $)
	2024	**2023**
Consolidated Statement of Financial Position:		
Cash and cash equivalents	165.4	87.9
Short-term investments	17.1	0.0
Restricted cash	0.0	1.7
Total assets	2,630.0	2,704.2
Total loans and financings	642.3	964.2
Total liabilities	792.2	1,159.8
Shareholders' equity	1,837.8	1,544.3
Net Debt	459.8	874.5

	For the year ended December 31, (audited) (in millions of $)	As of December 31, (audited) (in millions of $)
	2024	**2023**
Consolidated Statement of Cash Flows:		
Cash flows provided by operating activities:		
Profit for the period	(42.0)	(30.9)
Adjustments to reconcile net income to net cash used in operating activities	244.6	204.3
Net income after adjustments to reconcile net income to net cash used in operating activities	201.8	173.4
Increase (decrease) in working capital related to operating activities	21.6	(25.5)
Cash flows provided by operating activities	224.1	147.9
Short-term investments	(17.1)	0.0
Restricted cash	1.7	0.0
Acquisition of property, plant and equipment	(130.6)	(78.9)
Proceeds from disposal of property, plant and equipment	8.1	0.7
Cash flows after investing activities	**78.2**	**69.0**
Cash flows used in investing activities	(137.0)	(78.3)
Cash flows used in financing activities	(3.2)	(42.6)
Increase (decrease) in cash and cash equivalents	83.2	27.1
Effects of exchange rate changes on the balance of cash held in foreign currencies	(5.7)	1.3
Cash and cash equivalents at the beginning of the period	87.9	59.5
Cash and cash equivalents at the end of the period	165.4	87.9

2.2 Utilization and Uptime of Our Drilling Rigs

The most significant variables affecting the net operating revenue from our drilling rigs in operation are utilization days, dayrate, uptime. Payments under our charter and service agreements are calculated by multiplying the applicable dayrate for each drilling rig by the uptime for the period for which such payment is being calculated.

The following tables set forth the utilization days and uptime for our drilling fleet for the periods presented:

<u>Operating Statistics</u>

	For the year ended December 31	
	2024	**2023**
Uptime (1):	*(%)*	
Total offshore fleet	**97**	**94**

	For the year ended December 31,		Change
	2024	**2023**	**2024/ 2023**
Utilization days (2):	*(in days)*		
Ultra-deepwater	2,161	2,093	68
Deepwater	14	273	(259)
Midwater	366	365	1
Total	2,541	2,731	(190)

(1) Uptime is derived by dividing (i) the number of days the rigs effectively earned a contractual dayrate by (ii) utilization days. Uptime adjusts for planned downtime. such as rig upgrades and surveys.

(2) Utilization days consider the impact of scheduled maintenance. reflecting the days without revenue related to planned upgrades and surveys.

3. Recent Developments

- As of December 31, 2024, the Group has made a provision for onerous contract in the total amount of US$ (32.6) million, compared to US$ (29.6) million a year before. The onerous contract provision is still linked to our legacy contracts. The provision was mainly triggered by the recognition of a higher depreciation projection because of the impairment reversal in 2023.

- On December 16, 2024, the Company announced a new contract with Petrobras for the drillship Amaralina Star to operate offshore Brazil, including remote areas of frontier exploration, such as the Equatorial Margin and Pelotas Basin. The Amaralina Star will operate under this new contract for a firm period of three years, commencing in the first quarter of 2026, with an option for a contract extension of up to an additional 315 days, subject to mutual agreement. The work scope will be performed in water depths of up to 3,048m, and includes Managed Pressure Drilling ("MPD") operations and a standard package of integrated services plus an extra ROV.

- In December 2024, the Group announced the extension of the contract with Petrobras for an additional period of up to 301 days. This extension increases the original contract value for up to US$ 61 million and confirms the continuity of the operations that began in 2021.

- On January 6, 2025, Serviços de Petróleo Constellation S.A. ("SPC") received debit notices from Petrobras for penalties related to alleged delays in the start of charter agreements for the Sete Brasil project, specifically the Urca, Mangaratiba, and Bracuhy rigs. These rigs would be operated by SPC but were never delivered by Sete Brasil. The total amount of penalties claimed by Petrobras is USD 269.1 million, with an original payment due date of January 21, 2025. The claims are part of a broader context related to the Sete Brasil situation. Immediately after submitting the claims to SPC, Petrobras indicated its willingness to work collaboratively toward a resolution that is acceptable to all parties. On February 14, 2025, Petrobras extended the due date for the debit notices to April 30, 2025. On February 25, 2025, Petrobras formally invited the SPC and its parent company (the "Company") to enter into an out-of-court mediation process, with the goal of reaching a mutually acceptable resolution and avoiding litigation. Petrobras also committed to continue suspending the due dates and any collection efforts while the mediation is ongoing. The Company accepted the invitation to mediation on March 12, 2025. Based on the advice of external legal counsel and management's own assessment of the claims, SPC and the Company believe the likelihood of loss from these claims is remote. Therefore, the Company does not consider them to represent a material risk to the Company. While the formal start of the mediation process is still pending, the Company is actively taking all necessary steps to pursue a favorable resolution of the commercial dispute regarding the Sete Brasil situation.

- On January 20, 2025, the Group incorporated to its structure the company NB Constellation B.V. established in the Netherlands.

- On March 06, 2025, the Group announced the successful listing of the Company's shares on Euronext Growth Oslo.

- On March 19, 2025 Constellation Oil Services Holding S.A. has been declared as the winner of a recent BID with Petróleo Brasileiro S.A. ("Petrobras") for the deployment of a third-party Jackup unit for operations in Brazil, with the contract signature expected for the upcoming days. Constellation presented the Admarine 511, which is owned by its commercial partner, ADES Group. The unit shall be dedicated for a Plug and Abandonment (P&A) campaign at shallow waters in the Sergipe, Alagoas, Ceará and Potiguar basins, and will be run and operated by Constellation, which will have up to 210 days for mobilizing the rig from its current location in Bahrain, to Brazil. The imminent contract will include a reduced scope of additional integrated services and will last for a firm execution period of 1.143 days, subject to an extension option of up to 472 days, upon mutual agreement between the parties.

4. Financial Instruments and Financial Risk Management

4.1. General considerations

Details on the Group's debt restructuring plan and capital management are described in Note 1 of Constellation's 2024 Financial Statements.

The Group's main financial instruments are as follows:

		December 31, 2024		December 31, 2023	
	Category	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and cash equivalents	FVTPL	165,437	165,437	87,943	87,943
Short-term investments	FVTPL	17,107	17,107	45	45
Restricted cash	FVTPL	-	-	1,733	1,733
Trade and other receivables	Amortized cost	92,628	92,628	125,016	125,016
Financial liabilities					
Loans and financing	Amortized cost	642,334	656,335	964,216	885,122
Trade and other payables	Amortized cost	51,901	51,901	57,178	57,178
Embedded derivatives	FVTPL	-	-	26,352	26,352

Table as per note 20 of the 2024 Financial Statements

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.

4.2. 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.

<u>Liquidity risk</u>

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 11) 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 financial restructuring of December 2024. The Group kept its improved liquidity position at the end of 2024, as shown on note 20 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.

December 31, 2024			
Period	Trade and other payables	Loans and financing	Total
2025	51,901	60,937	112,838
2026	-	135,938	135,938
2027		128,906	128,906
After 2028	-	586,719	586,719
Total	51,901	912,500	964,401

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 6, 7 and 8, 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.

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.

4.3. Capital Management

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

	December 31 2024	December 31, 2023
Loans and financing [a]	642,334	964,216
Cash transactions [b]	(182,544)	(89,721)
Net debt [c]	459,790	874,495
Shareholders' equity [d]	1,837,827	1,544,311
Net debt on shareholders' equity plus net debt [(c)] ÷ [(c) + (d)]	20%	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.

5. Cautionary Statement Regarding Forward-Looking Statements

Matters discussed in this Management Report may constitute forward-looking statements. Forward-looking statements relate to Constellation's expectations, beliefs, intentions or strategies regarding the future. These statements may be identified by the use of words like "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should," "seek," and similar expressions. Forward-looking statements reflect Constellation's current views and assumptions with respect to future events and are subject to risks and uncertainties.

The forward-looking statements in this Management Report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in Constellation's records and other data available from third parties. Although Constellation believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond Constellation's control, Constellation cannot assure you that it will achieve or accomplish these expectations,

beliefs or projections described in the forward-looking statements contained herein. Actual and future results and trends could differ materially from those set forth in such statements.
Important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include:

(i) factors related to the offshore drilling market, including supply and demand, utilization and day rates;

(ii) hazards inherent in the drilling industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations;

(iii) changes in laws and governmental regulations, particularly with respect to environmental or tax matters;

(iv) the availability of competing offshore drilling rigs;

(v) the performance of our rigs;

(vi) our ability to procure or have access to financing and comply with our loan covenants;

(vii) our ability to successfully employ our drilling rigs;

(viii) our capital expenditures, including the timing and cost of completion of capital projects; and

(ix) our revenues and expenses.

Grant Thornton

Grant Thornton Luxembourg

Grant Thornton Audit &
Assurance
Société anonyme
13, rue de Bitbourg
L-1273 Luxembourg

T +352 40 12 99 1
F +352 40 05 98

To the Shareholders of
Constellation Oil Services Holding S.A.
8 - 10, Avenue de la Gare
L-1610 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Constellation Oil Services Holding (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of operations, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (the "CSSF"). Our responsibilities under the Law of 23 July 2016 and the ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "*Réviseur d'Entreprises Agréé*" for the Audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report but does not include the consolidated financial statements and our report of the "*Réviseur d'Entreprises Agréé*" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the "*Réviseur d'Entreprises Agréé*" for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *"Réviseur d'Entreprises Agréé"* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *"Réviseur d'Entreprises Agréé"* to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *"Réviseur d'Entreprises Agréé"*. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 12 May 2025

Monika TASI
Réviseur d'Entreprises Agréé
Grant Thornton Audit & Assurance

CONSTELLATION OIL SERVICES HOLDING S.A.

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

ASSETS	Note	December 31, 2024	December 31, 2023
CURRENT ASSETS			
Cash and cash equivalents	6	165,437	87,943
Short-term investments		17,107	45
Trade and other receivables	8	92,628	125,016
Recoverable taxes	19.a	19,985	21,541
Deferred mobilization costs		3,634	8,072
Assets held for sale	10.a	-	3,200
Other current assets		9,269	11,388
Total current assets		308,060	257,205
NON-CURRENT ASSETS			
Restricted cash	7	-	1,733
Deferred tax assets	19.c	19,015	20,312
Deferred mobilization costs		3,041	4,380
Other non-current assets		5,587	4,423
Property, plant and equipment, net	10	2,294,337	2,416,098
Total non-current assets		2,321,980	2,446,946
TOTAL ASSETS		2,630,040	2,704,151

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

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	December 31, 2024	December 31, 2023
CURRENT LIABILITIES			
Loans and financings	11	5,544	33,696
Payroll and related charges		28,865	28,655
Trade and other payables		51,901	57,178
Taxes payables	19.b	1,494	4,784
Deferred revenues		9,415	17,184
Provisions	12	35,013	21,405
Other current liabilities		6,712	6,532
Total current liabilities		138,944	169,434
NON-CURRENT LIABILITIES			
Loans and financings	11	636,790	930,520
Derivatives	21	-	26,352
Deferred revenues		8,245	17,824
Provisions	12	8,234	15,710
Total non-current liabilities		653,269	990,406
TOTAL LIABILITIES		792,213	1,159,840
SHAREHOLDERS' EQUITY			
Share capital	13.a	15,199	4,933
Warrants	13.a	-	1,733
Share premium	13.d	1,915,006	1,567,897
Reserves	13.b/c	(157,143)	(137,000)
Accumulated earnings		64,765	106,748
TOTAL SHAREHOLDERS’ EQUITY		1,837,827	1,544,311
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		2,630,040	2,704,151

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts expressed in thousands of U.S. dollars - US$'000, except per share amounts)

	Note	Year-ended December 31, 2024	Year-ended December 31, 2023
NET OPERATING REVENUE	14	563,524	551,824
COST OF SERVICES	16	(520,992)	(525,711)
GROSS PROFIT		42,532	26,113
General and administrative expenses	16	(35,016)	(30,607)
Other income	17	36,665	55,633
Other expenses	17	(54,963)	(30,617)
OPERATING (LOSS)/PROFIT		(10,782)	20,522
Financial income	18	8,360	3,193
Financial expenses	18	(44,075)	(49,410)
Foreign exchange expenses, net	18	(439)	(353)
FINANCIAL EXPENSES, NET		(36,154)	(46,570)
LOSS BEFORE TAXES		(46,936)	(26,048)
Taxes	19.d	4,953	(4,859)
LOSS FOR THE YEAR		(41,983)	(30,907)
Loss per share (in U.S. dollars - US$)			
Basic	13.e	(0.0592)	(0.0464)
Diluted	13.e	(0.0592)	(0.0464)

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME (LOSS) FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts expressed in thousands of U.S. dollars - US$'000)

	Note	Year-ended December 31, 2024	2023
LOSS FOR THE YEAR		(41,983)	(30,907)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments	13.c	(20,143)	5,208
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		(62,126)	(25,699)
Comprehensive income attributable to:			
Controlling interests		(62,126)	(25,699)

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 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 earnings	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 year		-	-	-	-	-	-	-	-	(30,907)	(30,907)
Other comprehensive income for the year	13.c	-	-	-	-	-	-	5,208	5,208	-	5,208
Total comprehensive loss for the year		-	-	-	-	-	-	5,208	5,208	(30,907)	(25,699)
BALANCE AS OF DECEMBER 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 year		-	-	-	-	-	-	-	-	(41,983)	(41,983)
Other comprehensive loss for the year	13.c	-	-	-	-	-	-	(20,143)	(20,143)	-	(20,143)
Total comprehensive loss for the year		-	-	-	-	-	-	(20,143)	(20,143)	(41,983)	(62,126)
Restructuring events:											
Warrant write-off	1.m	-	(1,733)	-	-	-	-	-	-	-	(1,733)
Capital increase	1.m	8,423	-	(8,423)	-	-	-	-	-	-	-
Capital contribution	1.m	1,843	-	73,157	-	-	-	-	-	-	75,000
Share premium arising from debt restructuring	1.m	-	-	293,535	-	-	-	-	-	-	293,535
Transaction costs	1.m	-	-	(11,160)	-	-	-	-	-	-	(11,160)
BALANCE AS OF DECEMEBER 31, 2024		15,199	-	1,915,006	5,683	(2,436)	(85,555)	(74,835)	(157,143)	64,765	1,837,827

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts expressed in thousands of U.S. dollars - US$'000)

	Note	Year-ended December 31, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(41,983)	(30,907)
Adjustments to reconcile profit/(loss) for the year to net cash provided by operating activities:			
Depreciation of property, plant and equipment	10/16	201,530	185,724
Loss (gain) on disposal of property, plant and equipment, net	10	1,331	572
Provision/(Reversal) of impairment recognised on property, plant and equipment, net	10	47,998	(54,674)
Recognition of deferred mobilization costs		10,240	12,658
Recognition of deferred revenues, net of taxes levied		(19,767)	(20,561)
Financial expenses on loans and financings	11.a/18	67,677	64,596
Debt restructuring - discounts	11.a	(30,721)	-
Provision of onerous contract, net	17	3,013	29,630
Other financial expenses (income), net	18	(5,171)	(335)
Recognition (reversal) of provisions		118	60
Recognition (reversal) of provisions for lawsuits, net	12.c	(386)	(538)
Provision / (reversal) of derivatives	18/21	(26,352)	(17,692)
Taxes	19.d	(4,953)	4,859
Decrease/(increase) in assets:			
Trade and other receivables		32,388	(48,702)
Recoverable taxes		1,556	1,405
Deferred taxes		1,297	(2,489)
Deferred mobilization costs		(4,463)	(4,585)
Other assets		2,647	717
Increase/(decrease) in liabilities:			
Payroll and related charges		210	15,465
Trade and other payables		(5,277)	(8,087)
Taxes payables		2,306	(2,337)
Deferred revenues		2,419	25,987
Other liabilities		(10,882)	(653)
Cash used in operating activities		224,775	150,113
Income tax and social contribution paid		(643)	(2,172)
Adjusted cash provided by operating activities		224,132	147,941
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investments		(17,062)	7
Restricted cash	7	1,733	-
Acquisition of property, plant and equipment	10	(130,564)	(78,936)
Proceeds from disposal of property, plant and equipment	17	8,146	675
Net cash used in investing activities		(137,747)	(78,254)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid on loans and financings	11.a	(57,070)	(36,747)
Proceeds from loans and financings	11.a	633,186	-
Capital increase	1.m	75,000	-
Transaction costs	1.m	(11,160)	-
Repayment of loans and financings	11.a	(620,239)	(5,825)
Repurchase of shares	1.m	(22,912)	-
Net cash (used in)/provided by financing activities		(3,195)	(42,572)
Increase in cash and cash equivalents		83,190	27,114
Cash and cash equivalents at the beginning of the year	6	87,943	59,479
Effects of exchange rate changes on the balance of cash held in foreign currencies		(5,696)	1,350
Cash and cash equivalents at the end of the year	6	165,437	87,943

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

CONSTELLATION OIL SERVICES HOLDING S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024 AND FOR THE YEAR 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") rebranded as Brava Energia as of August 30, 2024 ("Brava Energia") 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	November 2025 (Note 1.h)	Petrobras
Gold Star	Semi-submersible	2010	August 2025 (Note 1.f)	Petrobras
Lone Star	Semi-submersible	2011	October 2026 (Note 1.g)	Petrobras/Brava Energia
Alpha Star	Semi-submersible	2011	February 2028 (Note 1.e)	Petrobras
Amaralina Star	Drillship	2012	February 2029 (Notes 1.b)	Petrobras
Laguna Star	Drillship	2012	June 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, have started on October 18, 2022. In October 2023, Petrobras has exercised its 365 days unilateral option to extend contract duration, keeping the rig under contract up to October 2025.

As of December 31, 2024, the Group has a provision for onerous contract in the total amount of US$5,704 (US$2,722 as of December 31, 2023), related to the aforementioned contract.

On December 16, 2024, the Company announced a new contract with Petrobras for the drillship Amaralina Star to operate offshore Brazil, including remote areas of frontier exploration, such as the Equatorial Margin and Pelotas Basin. The Amaralina Star will operate under this new contract for a firm period of three years, commencing in the first quarter of 2026, with an option for a contract extension of up to an additional 315 days, subject to mutual agreement. The work scope will be performed in water depths of up to 3,048m, and includes Managed Pressure Drilling (“MPD”) operations and a standard package of integrated services plus an extra ROV.

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, pioneering in the use of the technology. The operation is expected to take place between the first and the third 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, paid in a lump sum basis.

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 December 31, 2024, the Group has a provision for onerous contract in the total amount of US$10,922 (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, with a 95-day priced option and a provision for a 1.026 day optional period subject to mutual agreement. Its operation is expected to start in the third quarter of 2025. Since this upcoming contract does not include Managed Pressure Drilling ("MPD") operations, the system which is currently installed in the unit will be decommissioned and reinstalled in Amaralina Star.

On March 14, 2025, Petrobras and the Group signed the third amendment to the charter and services contracts, to extend the contract period for an additional period of 17 days, at the same day rate, taking the contract term to November 02, 2025.

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

On June 13, 2023 the Group announced that Alpha Star offshore drilling rig has been 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, the Alpha Star anticipated to November 2024 the commencement of the preparations and commenced its new Contract with Petrobras on February 18, 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 could 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 are being carried out in the Brazilian offshore basins and the operations have started on August 9, 2022.

As of December 31, 2024, the Group has a provision for onerous contract in the total amount of US$8,612 (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 December 31, 2024, the Group has a provision for onerous contract in the total amount of US$7,405 (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 will commence in direct continuation after the conclusion of the 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 amendment to the current contract included additional services and is followed by an increment in the daily rates of rig.

In December 2024, the Group announced the extension of the contract with Petrobras for an additional period of up to 301 days. This extension increases the original contract value for up to US$ 61 million and confirms the continuity of the operations that began in 2021.

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. The transaction was completed in 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, with a 95-day priced option and a provision for a 1.026-day optional period subject to mutual agreement. 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

Global upstream investments for 2025 are predicted to reach $605 billion, almost the same level as in 2023 and 2024. According to Rystad Energy, for the next three years the investments are expected to continue at around current levels. In parallel, deepwater and offshore shelf investments are forecast to increase by 3% this year. On the oil supply side, the first half of 2024 was marked by a deficit in the market that has sustained Brent prices at $82 per barrel along Q1/24, decreasing to $74 per barrel in Q4 – with expectations to increase to $75 per barrel in Q1/25. At the same time, market fundamentals expect a floater demand to grow to 127 rig years in 2025, and 142 rig years in 2026. Management foresees 2025 to be a year of accommodation of the drilling market, with limited impact to Constellation's fleet. Deferral in E&P investments and disruption of key supply market segments are some of the reasons behind a slight reduction in short term demand.

Geopolitics continue to play a relevant role with the presidential election of Donald Trump, indicating an increase in the drilling activity offshore Gulf of Mexico, which can reconfigure the current supply and demand drivers, followed by an influx of units to the USA.

On the Commercial side, we continued to develop our contract backlog, which was at US$2.0 billion as of December 31, 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) Liquidity and financial restructuring aspects

On December 18, 2019, the Group entered into amended and restated credit agreements as well as new credit agreements with its financial creditors and issued new senior secured and senior unsecured notes, pursuant to new indentures (the "RJ Closing").

Commencing July 6, 2021, discussions were initiated with creditors to establish a sustainable capital structure aligned with the Group's operational requirements in the prevailing economic landscape. Subsequently, on March 24, 2022, after thorough negotiations, a Plan Support Agreement and a Restructuring Term-Sheet were signed, leading to the unanimous approval of the "Plan Amendment" by the General Creditors Meeting. The RJ Court and the New York Court confirmed the Plan Amendment on March 28, 2022, and May 3, 2022, respectively.

On June 10, 2022, the Group executed Amended and Restated Credit Agreements (the "Restructuring Documents"), alongside additional arrangements with creditors, resulting in the conversion of a portion of the debt into the Company's equity. This conversion aimed to alleviate debt burdens and optimize the Group's financial position.

Under the Restructuring Documents, the outstanding debt amounting to $1,990,128 underwent restructuring, resulting in $826,000 of convertible debt. Additionally, $92,600 was allocated, comprising $62,400 in newly raised cash and $30,200 in non-convertible debt.

The Restructuring Documents also provided that upon a future liquidity event, such as mergers or significant asset sales, whereby convertible debt will be converted into shares, and the resulting proceeds will be distributed according to the new equity structure.

On September 2, 2022, the 1st Business Court of the State of Rio de Janeiro determined the termination of the Judicial Reorganization process of Serviços de Petróleo Constellation S.A. and other companies of the Constellation Group, considering that all the obligations of the Judicial Reorganization Plan have been complied with.

Refinancing and recapitalization

On December 12, 2024, Constellation concluded a comprehensive recapitalization involving all of its current shareholders and debt holders (the "Recapitalization"). The Recapitalization consisted of the following key components: issuance on November 7, 2024 of Senior Secured Notes in an amount of $650 million by Newco Holding USD 20 S.À R.L. ("NewCo", merged with and into the Company on December 12, 2024), and the issuance of equity in the amount of $75 million to third party investors through a private placement comprised of common shares and exchangeable notes in Constellation Holdco S.A. ("Holdco") and common shares in Constellation.

As part of the Recapitalization, Constellation redeemed certain outstanding debt and common shares in Constellation in an amount of $526.2 million and repaid indebtedness in a principal amount of $67.0 million that became due upon consummation of the Recapitalization. The amount of US$314.7 million of indebtedness as of September 30, 2024 was converted into common shares of Constellation and $622.7 million principal amount of Constellation converted debt was redeemed at 95% of its face value ($593.2 million).

After the conclusion of the Recapitalization, Constellation's only indebtedness for borrowed money that remains outstanding are the US$ 650 million Senior Secured Notes due 2029 or $642.5 million as of December 31, 2024 net of transaction costs.

The accounting impact of this refinancing and recapitalization can be summarized as follows:

New debt	650,000
Transaction costs	(16,637)
Paid in cash	(593,402)
Interest paid	(10,677)
Discounts	(30,721)
Converted to shares	(314,714)
	(316,151)

On December 12, 2024	
Capital increase	75,000
Converted to shares	314,714
Transaction costs	(11,160)
Repurchase of shares	(22,912)
	355,642

(1) The amount of US$ 355,642 is: capital contribution (US$ 75,000) plus share premium arising from debt restructuring (US$ 293,535) minus transaction costs (US$ 11,160) minus warrants (US$ 1,733).

n) 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.

On November 20, 2024, the entity Constellation Overseas Ltd. was merged into Constellation Services Ltd. Also, during the year the following entities were liquidated: Alaskan & Atlantic Cooperatief U.A., Angra Participações B.V. (“Angra”) and QGOG Star GmbH and the entities have ceased to exist. The Corporate Restructuring has not cause any impact on these consolidated financial statements.

o) Commitments

As of December 31, 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 December 31, 2024 and until the date of the issuance of these Consolidated Financial Statements the Group complies with the aforementioned covenants.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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) as adopted by the European Union (EU), 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	January 1, 2024

	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).	
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 enable 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 as of December 31, 2024:

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 and not endorsed by EU.
Amendments to IAS 21 - *The effects of Changes in Foreign Exchange rates titled lack of Exchangeability*	The amendments have been introduced to address situations where a currency cannot be exchanged into another currency.	January 1, 2025
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability	January 1, 2027

	and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.	
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 is currently reviewing the impacts arising from the adoption of these new or revised and amended IFRS on its consolidated financial statements and changes in profit and loss and cash flow statement presentations are expected as a result of the adoption of IFRS 18 – Presentation and Disclosure in 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. During fiscal year 2025, 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. Pillar two

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 currently outside the scope of Pillar Two since its consolidated revenues are less than EUR 750 million.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the consolidated financial statements are described below. These policies have been applied consistently for all reporting periods.

3.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

3.2 Basis of preparation and consolidation

Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are remeasured at fair value.

Consolidation

The consolidated financial statements incorporate the Company and its subsidiaries (Note 5).

All intra-group transactions, balances, income and expenses are eliminated for consolidation purposes.

Continuity as a going concern

The Group's consolidated financial statements were prepared on the going concern basis of accounting. Management assessed the Group's ability to continue as a going concern in light of the assumptions and matters disclosed in Note 1l.

The significant accounting policies are set out below:

3.3 Functional currency and foreign currencies

The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the respective entity operates (i.e., the "functional currency"). The Company's functional currency and most part of its subsidiaries is the U.S. dollar, since majority of revenues and costs, debt and capital expenditures are denominated in this currency. The consolidated financial statements are presented in thousands of U.S. dollars, which is also the reporting/functional currency of the Group.

Additionally, the Group has determined that the Brazilian real is the functional currency of Serviços de Petróleo Constellation S.A. ("Serviços de Petróleo") and Serviços de Petróleo Constellation Participações S.A. ("Serviços de Petróleo Participações"), since the majority of their revenues and costs are denominated in Brazilian reais. Consequently, in preparing these consolidated financial statements, Management has translated the financial statements of these subsidiaries into U.S. dollars as follows:

- ✓ The assets and liabilities for each balance sheet presented are translated at the closing rate on the respective balance sheet date;

- ✓ Income and expenses for each statement of operations are translated at exchange rates at the dates of the transactions; for this purpose, average monthly exchange rates are used as they approximate to the exchange rates in force on the transaction dates; and

- ✓ Shareholders' equity accounts are translated using historical exchange rates.

All resulting exchange differences on currency translation adjustments are recognized as a separate component of other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

3.4 Cash and cash equivalents

Cash and cash equivalents are held to meet short-term cash commitments, and not for investment or any other purposes. The Group considers as cash and cash equivalents (i) cash on hand; (ii) bank deposits; and (iii) short-term investments promptly convertible into a known amount of cash and subject to a low risk of change in value.

3.5 Trade and other receivables

Trade accounts receivables are initially measured at their fair value, which generally represents the billed amounts, and subsequently at amortized cost and adjusted for allowances for expected and incurred credit losses and impairment, when due necessary.

The allowance for doubtful accounts is recognized considering the individual assessment of receivables, the economic environment analysis and the history of losses recorded in prior years by maturity range, in an amount considered sufficient by Management to cover probable losses on future collections. The carrying amounts represent manly their fair values at the end of the reporting period.

3.6 Prepaid expenses

Refers to financial resources applied in prepaid expenses, such as insurance premiums, whose rights of benefits or services will occur in future periods.

3.7 Leases

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its drilling units.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the lease terms transfer substantially all the risks and ownership benefits to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 - *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3.8 Property, plant and equipment ("PP&E")

All PP&E is carried at cost less accumulated depreciation and impairment, when due necessary. PP&E consists primarily of offshore drilling rigs, drillships and its related equipment.

Costs related to equipment under construction are recognized as PP&E cost, in accordance with the actual construction costs. A provision for corresponding unbilled costs from suppliers is recorded as an accrued liability.

Borrowing costs (including interest and fair value adjustments) are capitalized on equipment under construction, when applicable (Note 3.14).

Repair and maintenance costs related to periodic overhauls of the drilling rigs and drillships are capitalized, when the economic benefits associated with the item inflows to the Group and the costs can be reliable measured. These costs are depreciated over the period extending to the next periodic overhaul. Related costs are mainly comprised by shipyard costs and the costs of employees directly involved in the related project. All other repair and maintenance costs are charged to profit or loss in the period in which they are incurred.

The carrying amounts of these assets are based on estimates, assumptions and judgments relating to capitalized costs, useful lives and residual values of the drilling rigs and drillships. These estimates, assumptions and judgments reflect both historical experience and expectations regarding future oil and gas industry conditions and operations. The Group computes depreciation using the straight-line method, considering the respective residual value of the related assets. When significant components of a PP&E item have different useful lives, those components are accounted for as separate PP&E items. Estimated useful lives of PP&E range from 1 to 35 years. At the end of each year, the Group reviews the estimated useful lives and residual values of PP&E.

3.9 Impairment of long-lived assets

Assets that are subject to depreciation and amortization are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (i.e., cash generating units). Non-financial assets that have been impaired are reviewed for possible impairment reversal at each balance sheet date.

A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss that has been recognized for the asset in prior years.

Recoverable amounts are substantially determined based on discounted future cash flows calculations and asset price evaluation, both requiring the use of estimates (Note 4.3).

3.10 Trade and other payables

Trade and other payables are stated at known or estimated amounts, plus corresponding charges and monetary and/or foreign exchange rate variations incurred, when applicable, and represent obligations to pay for goods or services acquired in the normal course of the Group's business activities.

3.11 Loans and financing

Loans and financing are carried at amortized cost subject to monetary and/or foreign exchange rate variations incurred, when applicable, plus interest incurred through the end of the reporting period.

When applicable, borrowing costs incurred are measured at amortized cost and recognized in liabilities as a reduction of loans and financing and allocated to profit or loss over the agreement term.

Interest paid is presented as financing activities in the consolidated statement of cash flows.

3.12 Provisions

Provisions are recognized when (i) the Group has a present obligation (legal or constructive) as a result of a past event; (ii) it is probable that the Group will be required to settle the obligation; and (iii) a reliable estimate of the obligation amount can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. Contingent risks assessed as "possible losses" are disclosed in the consolidated financial statements, but not recorded in a specific liability account.

Whenever the Group enters into a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, an onerous provision is recognized based on the estimated loss of the contract.

The short-term incentive paid to employees, including key management personnel, is based on the achievement of qualitative and financial performance metrics, as well as the individual objectives of employees, which are determined annually. This provision is set on a monthly basis and is remeasured at the year-end based on the best estimate of the achieved objectives as set forth in the annual budget process.

3.13 Revenue recognition

Charter and service-rendering revenues are recognized when the respective services are rendered based on the contracted day rates and the number of operating days during the period. Some of the charter and service-rendering agreements may include uptime bonus payments, depending on performance criteria set forth in the respective agreements. The Group recognizes bonus revenues in the same period that it meets the contractual criteria, renders the related services for which the specific performance criteria is met, and is preapproved by the client. The Group may also earn revenues for the preparation and equipment mobilization (drilling units) and personnel.

Revenue from services rendered is recognized when all of the following conditions are met (performance obligation satisfied over time):

- ✓ The client simultaneously receives and uses the benefits provided by the Group's performance as the Group performs.

- ✓ The Group's performance creates or enhances an asset (e.g., work in progress) that the client controls as the asset is created or enhanced.

- ✓ The Group's performance does not create an asset with an alternative use for the Group and the Group has an enforceable right to payment for performance completed to date.

Mobilization revenues and costs are deferred and recognized on a straight-line basis over the period that the related charter and drilling services are rendered, which is consistent with the general pace of activity, level of services being provided and day rates being earned over the term of the related agreement.

Revenues are presented net of sales taxes levied on the provision of services, after eliminating intercompany sales, when applicable (Note 14).

3.14 Costs and expenses recognition

Costs and expenses are recognized on an accrual basis, based on corresponding revenues earned. Prepaid expenses related to future periods are deferred according to their respective terms (Note 16).

3.15 Financial income and expenses

Financial income and expenses are mainly represented by interest on cash and cash equivalents and short-term investments and interest on loans and financing, respectively, and are recorded on an accrual basis of accounting (Note 18).

3.16 Current and deferred income tax

The provision for income tax is based on taxable profit for the year. The taxable profit differs from profit before taxes presented in the consolidated statement of operations because it excludes revenues or expenses taxable or deductible in subsequent periods and excludes non-taxable or non-deductible items. The provision for income tax is calculated for each individual entity of the Group, based on the rates prevailing at year-end according to the respective tax regulation in each jurisdiction.

Deferred taxes are recognized for temporary differences and tax loss carryforwards, when applicable. Deferred taxes are recognized only to the extent that their recoverability is considered probable, taking into account Management's assessment regarding the Group's ability to continue as a going concern (Note 1l).

3.17 Financial instruments

Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost, depending on their classification.

Impairment of financial assets

The Group recognizes a loss allowance for trade receivables and contract assets. The amount of expected credit losses is remeasured at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company applies the simplified approach for measuring impairment of accounts receivable.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the contribution received, net of direct issuance costs.

Derivative instruments

Derivative instruments informed on note 21 are initially recognized and subsequently remeasured at fair value at each reporting date. Any gains and losses from the remeasurement are recognized in profit or loss under “financial expenses, net”.

Classification of financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected term of the financial liability, or a shorter period (where appropriate), to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

3.18 Cash flow statement

The cash flow statement is prepared using the indirect method, which separates cash flows from operating activities, investing activities and financing activities and reconciles profit/(loss) for the year to net cash flows to the change in cash and cash equivalents. Investing and financing transactions that do not require the use of cash or cash and cash equivalents are excluded from the cash flow statement and, when applicable, are disclosed in the consolidated financial statements as "non-cash transactions".

4. CRITICAL ACCOUNTING ESTIMATES

In applying the significant accounting policies described in Note 3, Management must use judgement and develop estimates for the carrying amounts of assets and liabilities, which are not easily obtainable from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Therefore, future results could differ from those estimates.

The estimates and underlying assumptions are reviewed continuously, and the effects of such reviews are recognized prospectively.

Management has concluded that the most significant judgments and estimates considered during the preparation of these consolidated financial statements are the following:

4.1. Measurement of financial instruments

The Group uses valuation techniques that include the use of inputs that are (or not) based on observable market data to estimate the fair values of certain types of financial instruments. Details of the main assumptions used to measure the fair values of financial instruments are disclosed in Note 20.a (fair value hierarchy).

Management believes that the valuation techniques applied and the assumptions used are appropriate to measure the fair values of its financial instruments.

4.2. Useful lives of PP&E

The carrying amounts of PP&E assets are based on estimates, assumptions and judgments related to capitalized costs and useful lives of the drilling units and its related equipment. These estimates, assumptions and judgments reflect both historical experience and expectations regarding future oil and gas industry conditions and operations. The Group calculates depreciation using the straight-line method.

As described in Note 3.8, at the end of each fiscal year, the Group reviews the estimated useful lives of PP&E.

4.3. Impairment of long-lived assets

The Group evaluates PP&E for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group also evaluates PP&E for impairment reversal if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The Group substantially uses either discounted future cash flow projections (value in use) or fair value less costs to sell (market approach) techniques for determining the recoverable amount of an asset for the purpose of potential impairment loss provision or reversal.

For the value in use calculation, the Group's assumptions and estimates underlying this analysis includes the following, by drilling unit (i.e., cash generating unit): day rate, occupation rate, efficiency rate, daily operating costs (Opex), residual useful life of the drilling units and estimated proceeds that may be received on disposition.

The underlying assumptions are developed based on historical data for each drilling unit, which considers rated water depth and other attributes and the assessment of its future marketability according to the current and forecasted market environment at the time of assessment. Other assumptions, such as operating costs (Opex), are estimated using historical data adjusted for known developments and future events.

The Group prepares a probable scenario for each drilling unit, which results in a discounted cash flow projection for each drilling unit based on expected operational and macroeconomic assumptions (e.g., inflation indexes, foreign exchange rates, among others) and compare such amount to its carrying amount. Discount rates are derived from the Group's internal Weighted Average Cost of Capital ("WACC").

Management's assumptions are necessarily subjective and are an inherent part of the Group's asset impairment evaluation, and the use of different assumptions could produce results that differ from those being disclosed. The Group's methodology generally involves the use of significant unobservable inputs, representative of a "Level 3" fair value measurement (Note 20.a), which may include assumptions related to future dayrate revenues, costs and drilling units utilization, the long-term future performance of the Group's drilling units and future oil and gas industry conditions. Management's assumptions involves uncertainties regarding future demand for the Group's services, dayrates, expenses and other future events, and Management's expectations may not be indicative of future outcomes. Significant unanticipated changes to these assumptions could materially modify the Group's analysis in testing an asset for potential impairment loss provision or reversal.

Other events or circumstances that could affect the Group's assumptions may include, but are not limited to, a further sustained decline in oil and gas prices, cancelations of the Group's charter and service-rendering contracts or contracts of the Group's competitors, contract modifications, costs to comply with new governmental regulations, growth in the global oversupply of oil and geopolitical events, such as lifting sanctions on oil-producing nations and potential impacts arising from the coronavirus pandemic ("COVID-19") and from the Russian invasion of Ukraine. Should actual market conditions in the future differ significantly from those considered in the Group's projections, the Group's impairment assessment would likely be different.

During the years ended December 31, 2024 and 2023, the Group recognized net impairment provision and net reversal of impairment, respectively, on its drilling units (Notes 10 and 17).

4.4. Provisions for claims and other obligations

Claims against the Group, including unasserted claims or assessments are recognized as a liability and/or are disclosed in these consolidated financial statements, unless the loss probability is considered to be remote. A provision for claim and other obligation is recorded when the loss is probable and the amount can be reliably estimated. Claims and other similar obligations will be settled when one or more future events occur. Normally, the occurrence of such events is not within the Group's control and, therefore, the assessment of these liabilities is subject to varying degrees of legal uncertainty and interpretation and requires significant estimates and judgments to be made by Management.

Certain conditions may exist as of the date of the consolidated financial statements are issued, which may result in a loss to the Group, but which will only be settled when one or more future events occur or fail to occur. The Group's Management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Group or unasserted claims that may result in such proceedings, the Group's legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss will be incurred and the liability amount can be reliably estimated, then the estimated liability is accrued in the Group's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, then the nature of the contingent liability is disclosed in the consolidated financial statements.

4.5. Provision for management incentive plan ("MIP")

As informed on note 23.b, MIP consists of three components: a retention pool, a performance unit pool, and a board pool. The retention pool is payable on the second and third anniversary of the restructuring and its provision is recorded on an accrual basis until payment. The performance unit pool and the board pool payments were contingent to the consummation of a qualifying liquidity event, and their value is contingent to the total enterprise value ("TEV") at the time of the liquidity event. With the liquidity event on the recapitalization occurred on December 12, 2024, MIP instrument has been amended and participants were given a choice to receive 100% of their allocated units immediately following the or retain 100% and receive 30%. 70% of the performance pool units vested immediately, even though its payment will occur either on a future liquidity event or on December 1, 2026. Since 70% has vested immediately the entire amount has been provisioned as of December 31, 2024. The remaining 30% is contingent on a future liquidity event, which is uncertain and has not been recognized as a liability. 100% of the amount allocated to the board pool is contingent upon a future liquidity event and will only vest then. Since this is uncertain, it has not been recognized as a liability.

4.6. Deferred tax assets

The Group recognizes deferred tax assets arising from tax losses and temporary differences between accounting and taxable profits. Deferred tax assets are recognized to the extent that the Group expects to generate sufficient future taxable income based on projections and forecasts made by Management. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and, if applicable, reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

5. CONSOLIDATED ENTITIES AND INVESTMENTS

Consolidated entities	Country of incorporation	December 31, 2024 Direct	December 31, 2024 Indirect	December 31, 2023 Direct	December 31, 2023 Indirect
Alaskan & Atlantic Cooperatief U.A. (5)	Netherlands	-	-	-	100.00
Alaskan & Atlantic Rigs B.V.	Netherlands	-	100.00	-	100.00
Alpha Star Equities Ltd. ("Alpha") (2)	British Virgin Islands	-	-	-	100.00
Amaralina Star Ltd. ("Amaralina") (2)	British Virgin Islands	-	-	-	100.00
Angra Participações B.V. ("Angra") (5)	Netherlands	-	-	100.00	-
Brava Drilling B.V. ("Brava Drilling")	Netherlands	-	100.00	-	100.00
Brava Star Ltd. ("Brava") (2)	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") (4)	British Virgin Islands	-	-	-	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
Gold Star Equities Ltd. ("Gold") (2)	British Virgin Islands	-	-	-	100.00
Laguna Star Ltd. ("Laguna") (2)	British Virgin Islands	-	-	-	100.00
London Tower Management B.V.	Netherlands	-	100.00	-	100.00
Lone Star Offshore Ltd. ("Lone") (2)	British Virgin Islands	-	-	-	100.00
Olinda Star Ltd. ("Olinda") (2)	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. (3)	Brazil	-	-	-	100.00
QGOG Star GmbH(6)	Switzerland	-	-	100.00	-
Serviços de Petróleo Constellation S.A.	Brazil	-	100.00	-	100.00
Serviços de Petróleo Constellation S.A. ("SPC India")	India	-	100.00	-	100.00
Star International Drilling Ltd. ("Star") (2)	Cayman Island	-	-	-	100.00

(2) 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.

(3) 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 1n)

(4) On August 30, 2024, the incorporation of the company Serviços de Petróleo Constellation Participações S.A. in Serviços de Petróleo Constellation S.A. was concluded.

(5) On November 20, 2024, the incorporation of the company Constellation Overseas Ltd. in Constellation Services Ltd. was concluded.

(6) On November 28, 2024, the liquidation of the company Alaskan & Atlantic Cooperatief U.A. and Angra Participações B.V. ("Angra") were concluded and the company has ceased to exist.

(7) On October 29, 2024, the liquidation of the company QGOG Star GmbH was concluded and the company has ceased to exist.

6. CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
Cash and bank deposits	15.417	64,376
Time deposits (*)	150.020	23,567
Total	165.437	87,943

(*) Time deposits are comprised as follows:

Financial institution	Currency	Average interest rate (per annum)	December 31, 2024	December 31, 2023
Banco Bradesco S.A.	Brazilian real	38% of CDI(i)	4.515	7,074
Banco do Brasil S.A.	Brazilian real	83% of CDI(i)	15.145	16,493
JP Morgan	U.S. dollar	3,8%	130.359	-
Other			1	-
Total			150.020	23,567

(1) Brazilian Interbank Deposit Certificate (Certificado de Depósito Interbancário - CDI), average remuneration during the years ended December 31, 2024 and December 31, 2023 was 10.88% and 13.26 % p.a. respectively.

7. 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 until December 12, 2024, as part of the financial restructuring the consummation of a liquidity event, the Company released US$ 1,733 that was held in an account of the Company for the benefit of the warrant holders related to the previous debt.

The amounts in these accounts were comprised by bank deposits, as follows:

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

8. 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 approximately 59 days in 2024 (82 days on December 31, 2023). Details of financial risk management related to credit risk are disclosed in Note 20.b.

No provision for loss was recognized for the years ended December 31, 2024 and 2023.

9. RELATED PARTY TRANSACTIONS

As of the years ended December 31, 2024 and December 31, 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 year ended December 31, 2024 and December 31 2023, is as follows:

	December 31,	
	2024	2023
Short-term benefits (ii)	12,874	7,270

(i) Key management is defined as the statutory officers and directors of the Group.

(ii) Short-term benefits mainly refer 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 23.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.

10. 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	19,299	5,416	21,729	8,858	38,621	29,866	2,655	-	46	4,074	130,564
Disposals / write off	(210)	(873)	(70)	-	(36)	(12)	(66)	-	(139)	(77)	(1,483)
Currency translation adjustments	-	-	-	-	-	-	-	-	(3,844)	(2,638)	(6,482)
Balance As of December 31, 2024	775,161	770,902	780,511	389,531	827,768	669,964	776,096	588,566	91,528	25,467	5,695,494
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 (provision)/reversal	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	(35,284)	(36,811)	(39,113)	(14,957)	(22,612)	(26,446)	(25,927)	-	(278)	(102)	(201,530)
Impairment (provision)/reversal	-	-	-	(18,254)	(35,658)	(11,831)	17,745	-	-	-	(47,998)
Disposals / write off	80	2	2	-	-	-	-	-	-	68	152
Currency translation adjustments	-	-	-	-	-	-	-	-	3,486	1,530	5,016
Balance As of December 31, 2024	(293,160)	(395,564)	(390,702)	(285,002)	(485,250)	(384,140)	(468,471)	(588,566)	(88,969)	(21,334)	(3,401,157)
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
December 31, 2024	482,001	375,338	389,809	104,529	342,518	285,824	307,625	-	2,559	4,133	2,294,337
Useful life range (years)	1 – 35	1 - 35	1 – 35	1 - 35	1 - 35	1 - 35	1 - 35	1 - 35	1 – 25	1 – 25	
Average remaining useful life (years)	17	14	13	10	15	12	12	-	-	-	

(a) The Group's assets that are pledged as security for financing agreements are disclosed in Note 11.
(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. The transaction was completed in 2024.

Impairment

During the year ended December 31, 2024, the Group identified indicators that the carrying amounts of its offshore asset groups could not be fully recoverable. Such indicators included declines in commodity prices and a reduction of projected day rates.

During the year ended December 31, 2023, the Group identified indicators that part of the impairment loss recognized in prior periods of its offshore asset groups could have decreased. Such indicators included recovery in commodity prices and projected day rates.

(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 were 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 11.35% discount rate for all rigs except Atlantic that considers 10.55% (11.11% for all rigs except Atlantic and Olinda that considers 10.86% in 2023). 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, 2024, the Group reversed an impairment for Lone in the amount of US$ 17,745 and accrued an impairment for Atlantic, Alpha, and Gold in the amount of US$ 65,743 with a net impact provision of US$ 47,998 (reversal provision of US$ 68,710 for December 31, 2023) in all offshore drilling rigs and drillships.

11. LOANS AND FINANCING

Financial institution/ Creditor	Funding type	Description	Objective	Beginning period	Maturity	Contractual interest rate (per annum)	Effective interest rate (per annum)	Currency	December 31 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	-	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	-	289,509
Bondholders	Senior Secured Notes ("First Lien Notes") (1)(7)	Corporate Bond	Debt Restructuring	Jun/2022	Dec/2050	0.25%	0.25%	U.S. dollar	-	1,895
Bondholders	Senior Unsecured Notes ("2050 Notes") (3)	Corporate Bond	Debt Restructuring	Jun/2022	Dec/2050	0.25%	0.25%	U.S. dollar	-	3,124
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	-	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
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
Bondholders	Senior Secured Notes(8)	Corporate Bond	Debt Restructuring	Nov/2024	Nov/2029	9,375%	9,375%	U.S. dollar	642, 334	-
								Total	642,334	964,216
								Current	5,544	33,696
								Non-current	636,790	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.

(8) Net of transactions costs; outstanding amount of the Senior Secured Notes is USD$658,971 as of Dec 31, 2024.

a) Changes in loans and financing

	December 31, 2024	December 31, 2023
Balance as of January 1	964,216	942,192
Additions	650,000	-
Transactions costs	(16,814)	-
Net proceeds from loans and financings	633,186	-
Principal repayment	(620,239)	(5,825)
Interest payment	(57,070)	(36,747)
Total payments	(677,309)	(42,572)
Debt restructuring - Converted to Equity	(314,714)	-
Debt restructuring - Discounts	(30,721)	-
Total debt restructuring	(345,435)	-
Interest charged through profit and loss	67,499	64,596
Transaction costs charged through profit and loss	177	-
Financial expenses on loans and financing (Note 18)	67,676	64,596
Balance as of December 31	642,334	964,216

Until the recapitalization, which occurred on December 12, 2024, the loans of the Group were comprised of the following:

<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, fully paid on December 12, 2024.

<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, exercised and fully paid on December 12, 2024.

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$278,300. The First Lien Notes matured on December 31, 2026, fully paid on December 12, 2024, based on the notes terms. Total amount of discounts on redemption was US$ 2,069 for the First Lien Notes.

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$1,889. The Second Lien Notes matured on December 31, 2050, fully paid on December 12, 2024, based on the notes terms. Total amount of discounts on redemption was US$ 1,180 for the Second Lien Notes.

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$3,112. The 2050 Notes matured on December 31, 2050, fully paid on December 12, 2024, based on the notes terms. Total amount of discounts on redemption was US$ 1,949 for the 2050 Notes.

After the recapitalization, the loans of the Group were comprised of the following:

Senior Secured Notes – On November 07, 2024, the Company issued new Senior Secured Notes bearing interest at a rate of 9.375% p.a., in an aggregate principal amount of US$650,000. Interest on the Senior Secured Notes is payable in cash on a semi-annual basis and mandatory annual amortizations by $75 million commencing on the second anniversary of the issue date and remainder on maturity date. Senior Secured Notes mature on November 07, 2029. Such notes are listed in the Singapore Exchange (SGX).

b) Loans and financing long term amortization schedule

For year ended December 31, 2024	Principal amount	Annual Interest (*)	Total Debt Payments
2026	75,000	60,938	135,938
2027	75,000	53,906	128,906
2028	75,000	46,875	121,875
2029	425,000	39,844	464,844
Total	650,000	201,563	851,563

(*) Interest payable in cash on a semi-annual basis.

c) Covenants

The terms of the Senior Secured Notes restrict the ability of the Company and its subsidiaries to pay dividends, incur additional debt, grant additional liens, sell or dispose of assets and enter into certain acquisitions, mergers and consolidations, subject to certain exceptions and carve-outs set forth therein.

d) Guarantees and Collateral

The Senior Secured Notes benefit from note guarantees provided by our significant subsidiaries and are also subject to a customary security package that includes, among others, mortgages in respect of certain drilling rigs, an assignment of rights in respect of any offshore agreements relating to drilling rigs comprising collateral, an assignment of rights in respect of insurance proceeds relating to drilling rigs and drillships, pledges over the shares of subsidiaries of the Company that own drilling rigs and drillships and pledges in respect of certain bank accounts.

12. PROVISIONS

	December 31,			
	2024		2023	
	Current	Non-current	Current	Non-current
Provision for Onerous Contract[(a)]	32,643	-	19,857	9,773
Contractual Penalties [(b)]	973	-	1,548	-
Contingencies and provisions for lawsuits [(c)]	-	2,455	-	3,570
MIP (Note 23.b)	1,397	5,251	-	1,949
Others	-	528	-	418
Total	35,013	8,234	21,405	15,710

(a) Provision for Onerous Contract

As of December 31, 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: Laguna US$ 10,922 (US$ 9,378 as of December 31,2023), Lone US$ 7,405 (US$ 6,448 as of December 31, 2023), Gold US$ 8,612 (US$ 11,082 as of December 31, 2023) and Amaralina US$ 5,704 (US$ 2,722 as of December 31, 2023).

(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.

	December 31, 2024	December 31, 2023
Balance as of January 1	1,548	795
Contractual Penalties accrual/(reversal)	(535)	693
Foreign exchange rate variations	(40)	60
Balance as of December 31	973	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 December 31, 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:

	December 31 2024	December 31, 2023
Balance as of January 1	3,570	2,797
Additions	2,305	3,202
Reversals	(2,691)	(2,664)
Foreign exchange rate variations	(729)	235
Total	2,455	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$14,286 as of December 31, 2024 (US$21,001 as of December 31, 2023), tax lawsuits in the amount of US$25,158 as of December 31, 2024 (US$46,790 as of December 31, 2023) and civil lawsuits in the amount of US$499 as of December 31, 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 December 31, 2024, the estimated amount involved is US$7,926 (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. And recently, in January 2025, another notice of violation was issued, relating to PIS and COFINS collected in 2020. 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 four 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 December 31, 2024, the estimated value involved for the 2015, 2020, 2021 and 2025 notices of violation were US$4,314 (US$22,052 as of December 31, 2023), US$3,010 (US$4,150 as of December 31, 2023), and US$3,546 (US$4,218 as of December 31, 2023), US$ 657 (US$ 3,024 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 and on December 19, 2024, an injunction was granted by the appellate court to suspend the determination of royalties' payment until the final judgment of the appeal by the appellate court, which is still awaited. In parallel, on November 22, 2024, the Superior Court of Justice rejected Transocean's special appeal. Transocean appealed, seeking a collegial decision in the Superior Court of Justice. We presented our reply to Transocean's appeal by on February 21, 2025.

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. Sete Brasil Claims

On January 6, 2025, Serviços de Petróleo Constellation S.A. ("SPC") received debit notices from Petrobras for penalties related to alleged delays in the start of charter agreements for the Sete Brasil project, specifically the Urca, Mangaratiba, and Bracuhy rigs. These rigs would be operated by SPC but were never delivered by Sete Brasil. The total amount of penalties claimed by Petrobras is USD 269.1 million, with an original payment due date of January 21, 2025. The claims are part of a broader context related to the Sete Brasil situation. Immediately after submitting the claims to SPC, Petrobras indicated its willingness to work collaboratively toward a resolution that is acceptable to all parties. On February 25, 2025, Petrobras formally invited the SPC and its parent company (the "Company") to enter into an out-of-court mediation process, with the goal of reaching a mutually acceptable resolution and avoiding litigation. Petrobras informed that the penalties will remain suspended while the mediation is ongoing. The Company accepted the invitation to mediation on March 12, 2025. Based on the advice of external legal counsel and management's own assessment of the claims, SPC and the Company believe the likelihood of loss from these claims is remote. Therefore, the Company does not consider them to represent a material risk to the Company. While the formal start of the mediation process is still pending, the Company is actively taking all necessary steps to pursue a favorable resolution of the commercial dispute regarding the Sete Brasil situation.

5. 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 it paid these withholding taxes under a special payment program launched in 2018 and subsequently withdrew from discussions regarding the proceedings arising from tax assessments. Petrobras has informed that the amount involved related to the work performed by the Group amounts to US$ 68 million – translated at historical rates as of June 30, 2014. 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.

13. 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.

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 contemplated 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 would be converted into equity, and the proceeds from this liquidity event would be distributed according to the new equity payment waterfall.

On December 12, 2024, the Group closed the final stage of its comprehensive recapitalization involving all of its current shareholders and debt holders comprising, among others, (i) an offering of US$650,000,000 in aggregate principal amount of Senior Secured Notes due 2029 by NewCo Holding USD 20 S.à r.l. (the "NewCo") and (ii) Constellation entering into a Framework and Subscription Agreement with certain equity investors, whereby such equity investors agreed to (x) subscribe for and purchase common shares in Constellation Holdco S.A. ("HoldCo") and to purchase from HoldCo certain subordinated notes exchangeable into ordinary shares of Constellation, for an aggregate purchase price of US$75.0 million and (y) cause NewCo to merge with and into Constellation, with Constellation surviving that merger, such merger constituting a Liquidity Event in accordance with the terms of Constellation's existing financings. The Liquidity Event was approved by extraordinary shareholders' meeting.

As part of the Recapitalization, Constellation redeemed certain outstanding debt and common shares in Constellation in an amount of $526,200 and repaid indebtedness in a principal amount of $67,000 that became due upon consummation of the Recapitalization. $ 314,700 of indebtedness as of September 30, 2024 was converted into common shares of Constellation and $622,700 principal amount of Constellation converted debt was redeemed at 95% of its face value ($593,200).Considering all the transactions of the Recapitalization, the total number of shares in Constellation is 1,519,918,308. Please see further details on note 1m.

Out of the US$285.2 million total outstanding amount of Senior Secured Notes due 2026, US$243.8 million either directly or indirectly hold equity of Constellation following the Recapitalization. The total number of shares of Constellation allocated to such rolling holders of the Senior Secured Notes due 2026, directly or indirectly, is approximately 614,428,946 shares.

a) Share capital

As of December 31, 2023, the Company's share capital amounted to US$ 4,933, comprised of 180,000,000 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).

The Company has received in June 2022, as part of the restructuring, 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. All of these Class B-2 Warrants were converted into shares prior to the liquidity event.

On December 12, 2024 there has been a capital increase and capital contribution of US$ 10,266 as a result of the liquidity event. As of December 31, 2024, following the liquidity event, the Company's share capital amounts to US$15,199, comprised by 1,519,918,308 ordinary shares, of USD 0.01 per share and with no par value.

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 December 31, 2024 the Share Premium is US$ 1,915,006 (US$ 1,567,897 on December 31, 2023).

e) Earnings per share

Basic and diluted loss per share amounts are calculated by dividing the profit (loss) for the year, all from continuing operations, attributable to ordinary equity holders of the parent by the Company's weighted average number of ordinary shares outstanding during the year.

	December 31, 2023
Loss attributable to controlling interests	(30,907)
Weighted average number of ordinary shares for calculation purposes	493,333,333
Weighted average number of Class B-2 Warrants, convertible at any time	173,333,333
Adjusted share weighted average	666,666,666
Basic and diluted (*) profit / (loss) per share (in U.S. dollars – US$)	(0,0464)

	December 31, 2024	
Loss attributable to controlling interests	(41,983)	
	01/01/2024 to 12/12/2024	12/13/2024 to 12/31/2024
Weighted average number of ordinary shares for calculation purposes	493,333,333	1,519,918,308
Weighted average number of ordinary shares for calculation purposes	173,333,333	
Adjusted share weighted average		708,744,829
Basic and diluted (*) profit / (loss) per share (in U.S. dollars – US$)		(0,0592)

(*) Convertible debt, which was converted into C-1, C-2, C-3, and C-4 shares in the Liquidity event, which occurred on December 12, 2024, shall not be treated as dilutive, since it was limited to the outstanding balance of the debt at that date. As of December 31, 2024, there is no remaining convertible debt or other dillutive features.

14. 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:

	December 31,	
	2024	2023
Gross operating revenue	588,660	583,548
Taxes levied on revenue:		
Social Integration Program (PIS) (i)	(3,473)	(3,240)
Social Investment Program (COFINS)(i)	(15,995)	(14,924)
Services Tax (ISS) (i)	(5,300)	(5,022)
Good and Service Tax (GST) (ii)	(316)	(8,538)
Other	(52)	-
Net operating revenue	563,524	551,824

(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.

15. REPORTABLE SEGMENTS

As of December 31, 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 year ended on December 31, 2023.

Geographical information

During the period ended on December 31, 2024 and 2023 the group's net operating revenue from external customers by geographical location is detailed below:

	Year ended December 31,	
	2024	2023
Brazil	561,071	501,761
India	2,453	50,064
Total	563,524	551,824

Information about major customers

As of December 31, 2024 and 2023, Petrobras represented 82% and 74% of total revenues, respectively.

16. COST OF SERVICES AND OPERATING EXPENSES

	December 31,					
	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	(148,016)	(27,115)	(175,131)	(141,619)	(19,554)	(161,173)
Depreciation	(201,441)	(89)	(201,530)	(185,603)	(121)	(185,724)
Materials	(56,074)	-	(56,074)	(62,459)	-	(62,459)
Maintenance	(83,667)	-	(83,667)	(99,911)	-	(99,911)
Insurance	(5,644)	(559)	(6,203)	(4,760)	(799)	(5,559)
Other [(1)/(2)]	(26,150)	(7,253)	(33,403)	(31,359)	(10,133)	(41,492)
Total	(520,992)	(35,016)	(556,008)	(525,711)	(30,607)	(556,318)

(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.

17. OTHER OPERATING INCOME (EXPENSES)

	December 31,	
	2024	2023
Revenue from sales of PP&E	8,146	675
Reversal for onerous contract	2,470	-
Reversal of impairment provision, net (Note 10)	-	54,674
Gain on restructuring [(1)]	23,817	-
Reversal of Contractual penalties	2,031	-
Other	202	284
Other income	36,666	55,633
Contractual Penalties	(977)	(699)
Cost of PP&E disposed	(504)	-
Provision for onerous contract	(5,483)	(29,630)
Provision for impairment	(47,998)	-
Other	-	(288)
Other expenses	(54,963)	(30,617)
Total other income, net	18,297	25,016

(1) Gain on restructuring is composed of: discounts (US$ 30,721) minus transaction costs recognized in the P&L (US$ 6,904).

18. FINANCIAL EXPENSES, NET

	December 31,	
	2024	2023
Interest on short-term investments	5,297	2,552
Other financial income	3,063	641
Financial income	8,360	3,193
Financial expenses on loans and financing (Note 11.a)	(67,677)	(64,596)
Reversal of derivatives (Note 21)	26,352	17,692
Other financial expenses	(2,750)	(2,506)
Financial expenses	(44,075)	(49,410)
Foreign exchange expenses, net	(439)	(353)
Financial expenses, net	(36,154)	(46,570)

19. 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 and QGOG Constellation US, which operate in Brazil, India 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

	December 31 2024	December 31, 2023
Taxes on revenue (PIS/COFINS)	12,893	16,262
Recoverable Taxes in India - GST[(i)] and WHT	1,235	3,533
Income tax (IRPJ) and social contribution on net income (CSLL) [(ii)]	5,575	1,526
Other	282	220
Total	19,985	21,541
Current	19,985	21,541
Non-current	-	-

(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

	December 31 2024	December 31, 2023
Goods and Services Tax - GST(i)	1	811
Income tax (IRPJ) and social contribution (CSLL)	134	2,722
Service Tax (ISS)	1,190	1,062
State VAT (ICMS)	169	189
PIS/COFINS	-	-
Total	1,494	4,784

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

c) Deferred tax assets

i) Brazil

	December 31 2024	December 31, 2023
Income tax (IRPJ) and social contribution (CSLL) (*)	19,015	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 December 31, 2024 statutory stand-alone balance sheet and on 2023 CIT return, the Company avails of approximately US$ 3,401,745 (US$ 3,982,206 on 2023) of carry-forward losses for Luxembourg CIT purposes. Such carry-forward losses represent tax credits of US$ 848,395 (US$ 858,873 on 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 year ended December 31, 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 Constellation (Brazilian subsidiary) operates, an withholding tax rate of 4.326% on revenues for Serviços de Petróleo India, in accordance with Indian tax legislation, jurisdiction in which Serviços de Petróleo India PO 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:

	December 31,	
	2024	2023
Loss before taxes	(46,936)	(26,048)
Income tax and social contribution at nominal rate (*)	8.409	(4,140)
Adjustments to derive effective tax rate:		
Non-deductible expenses	(93)	7,564
Other	(3,363)	(8,283)
Income tax expense recognized in profit or loss	4,953	(4,859)
Current taxes	660	(5,793)
Deferred taxes	4,293	934

(1) Nominal tax rate applied on (profits)/ loss before taxes related to Serviços de Petróleo (Loss before taxes 2024: US$ 19,717) and on revenues related to Serviços de Petróleo India.

20. FINANCIAL INSTRUMENTS

a) General considerations

Details on the Group's debt restructuring plan and capital management are described in Note 1.

The Group's main financial instruments are as follows:

		December 31, 2024		December 31, 2023	
	Category	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and cash equivalents	FVTPL	165,437	165,437	87,943	87,943
Short-term investments	FVTPL	17,107	17,107	45	45
Restricted cash	FVTPL	-	-	1,733	1,733
Trade and other receivables	Amortized cost	92,628	92,628	125,016	125,016
Financial liabilities					
Loans and financing	Amortized cost	642,334	656,335	964,216	885,122
Trade and other payables	Amortized cost	51,901	51,901	57,178	57,178
Embedded derivatives	FVTPL	-	-	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.

<u>Liquidity risk</u>

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 11) 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 refinancing and recapitalization of December 2024. The Group kept its improved liquidity position at the end of 2024, as shown on note 20 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.

December 31, 2024

Period	Trade and other payables	Loans and financing	Total
2025	51,901	60,937	112,838
2026	-	135,938	135,938
2027		128,906	128,906
After 2028	-	586,719	586,719
Total	51,901	912,500	964,401

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 6, 7 and 8, 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.

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	December 31, 2023	Scenario I (i)	Scenario II (ii)
		Increase/ (decrease) in P&L	
Variable interest rate loans	45,642	(913)	913
Variable interest rate financing	566,638	(11,333)	11,333
Total	612,280	(12,246)	12,246

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

As of December 31, 2024 the interest rate for loans and financing is fixed.

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:

	December 31 2024	December 31, 2023
Loans and financing (a) (c)	642,334	964,216
Cash transactions (b)	(182,544)	(89,721)
Net debt (c)	459,790	874,495
Shareholders' equity (d)	1,837,827	1,544,311
Net debt on shareholders' equity plus net debt [(c)] ÷ [(c) + (d)]	20%	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.

21. DERIVATIVES

The derivative liability of US$ 26,4 million as of December 31, 2023 was 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 was measured at fair value, and the related expense and liability was estimated using a Black & Scholes valuation modelling.

In connection with the liquidity event of December 12, 2024 these warrants expired without reaching the total enterprise value threshold, due to this fact, the amount of US$ 26,352 previously provided for was fully derecognized in the P&L in 2024.

A new instrument of 1,200 Class D warrants with the exact same terms for a new future liquidity event has been issued at that date. Considering the significant uncertainties of whether the next liquidity event will occur on December 31, 2024, no liability has been recognized as of December 31, 2024 related to this new warrant D instruments.

22. INSURANCE

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

	December 31, 2024	December 31, 2023
Civil liability	1,752,000	1,952,000
Operating risks	1,285,040	1,559,730
Loss of hire	302,877	300,000
Operational headquarter and others	14,318	14,452
Total	3,354,235	3,826,182

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

23. BOARD MEMBER COMPENSATION, PENSION AND MANAGEMENT INCENTIVE PLAN

The total amount paid by Constellation Oil Services Holding S.A to the Board of Directors as of December 31, 2024 was US$ 493 (US$ 498 as of December 31, 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 year ended on December 31, 2024, contributions payable by Serviços de Petróleo at the rates specified by the plan rules amounts to US$ 1,178 (US$ 1,081 as of December 31, 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 comprised three components aimed at incentivizing offshore employees, key personnel, management, Board of Directors and the Board Advisor 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 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 that is in 2025.

The second component is a Performance Unit Pool available to management and certain key positions (“eligible employees”). The distribution was 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 varied depending on the TEV, ranging from zero to USD 29 million.

The third component, the Board Pool, was specifically allocated to members of the Board of Directors and Board Advisor. 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.

In connection with the liquidity event on the recapitalization occurred on December 12, 2024, participants of the Performance Unit Pool and the Board Pool were given the option to amend their original plan and either receive cash for 100% of their allocated units/amounts based on the liquidity event of the recapitalization or retain 100% of their allocated units/amounts and receive an immediate cash payment equivalent to 30% of the value of their allocated units/amounts. 70% of the allocated units on the Performance Unit Pool vested immediately on the recapitalization, and the remaining 30% will vest upon the consummation of another future liquidity event. If the liquidity event does not occur on or prior to December 1, 2026, each Participant shall have the right to elect to receive cash on December 31, 2026 as consideration for its vested units in an amount equal to the value of their then-vested units based on a predetermined TEV or retain such Participant’s units and receive cash upon the consummation of a Liquidity Event based on the TEV of such future Liquidity Event. For the Board Pool, 100% of the amount allocated to each Participant will vest upon the consummation of a future Liquidity Event.

For the year ended December 31, 2024 the Group has a provision of US$ 6,648 (US$ 1,949 as of December 31, 2023) and payments of US$ 5,030 related to the MIP Retention Plan, Performance Unit Pool and Board Pool.

24. 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	December 31 2024	December 31, 2023
2024	-	653,133
2025	645,557	435,435
2026	699,782	253,985
2027	431,612	122,896
After 2028	272,757	19,865
Total	2,049,708	1,485,314

25. ADDITIONAL INFORMATION ON CASH FLOWS

a) Non-cash transactions:	December 31, 2024	December 31, 2023
Share premium arising from debt restructuring (Note 11.a)	314,714	-
Total non-cash transactions	314,714	-

26. EMPLOYEE INFORMATION

The average number of staff employed by the Group during the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Operational (rigs and operational bases)	1,652	1,654
Administrative (headquarter)	157	137
Total	1,809	1,791

27. REMUNERATION OF AUDITORS

Fees billed by the Luxembourg approved audit firm during the years as follows:

	December 31, 2024	December 31, 2023
Audit fees	104	104

28. SUBSEQUENT EVENTS

Sete Brasil Claims

On January 6, 2025, Serviços de Petróleo Constellation S.A. (“SPC”) received debit notices from Petrobras related to the Sete Brasil project. The matter is further discussed in Note 12.c.4 - Contingencies and provisions for lawsuits – Sete Brasil Claims.

Incorporation of NB Constellation B.V.

On January 20, 2025, the Group incorporated to its structure the company NB Constellation B.V. established in the Netherlands.

Oslo listing

On March 06,2025, the Group announced the successful listing of the Company's shares on Euronext Growth Oslo.

Third party owned Jackup services agreement

On March 19, 2025 Constellation Oil Services Holding S.A. has been declared as the winner of a recent BID with Petróleo Brasileiro S.A. ("Petrobras") for the deployment of a THIRD PARTY Jackup unit for operations in Brazil, with the contract signature expected for the upcoming days. Constellation presented the Admarine 511, which is owned by its commercial partner, ADES Group. The unit shall be dedicated for a Plug and Abandonment (P&A) campaign at shallow waters in the Sergipe, Alagoas, Ceará and Potiguar basins, and will be run and operated by Constellation, which will have up to 210 days for mobilizing the rig from its current location in Bahrain, to Brazil. The imminent contract will include a reduced scope of additional integrated services and will last for a firm execution period of 1.143 days, subject to an extension option of up to 472 days, upon mutual agreement between the parties.

Offshore drilling rigs charter and service rendering agreements

Note 1 – General Information discloses several subsequent events related to charter and services contracts for Laguna.

Hedge transaction of Non-Deliverable Forward (NDF) contracts

On May 7, 2025, the Company executed a foreign exchange hedge transaction through a series of Non-Deliverable Forward (NDF) contracts, covering its BRL-denominated cash flow exposure for the period from June to December 2025. The hedge was implemented to manage the Company's exposure to foreign exchange volatility between the Brazilian Real (BRL) and the U.S. Dollar (USD), given that the Company's functional currency is USD. The contracts hedge a total notional exposure of R$ 532 million (approximately US$ 86 million) from June through December 2025. This subsequent event does not affect the financial position as of December 31, 2024.

29. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements were approved by the Company´s Board of Directors and authorized for issuance on May 12, 2025.