INFORMATION DOCUMENT

Constellation Oil Services Holding S.A.

(A public limited liability company (société anonyme) incorporated under the laws of Luxembourg)

Admission to trading of sponsored Norwegian depository receipts on Euronext Growth Oslo

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This information document (the "**Information Document**") has been prepared by Constellation Oil Services Holding S.A., having its registered office at 8-10, avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, registered with the Trade and Companies Register (*Registre de Commerce et des Sociétés*) under number B163424 (the "**Company**" and, together with its direct and indirect subsidiaries, the "**Group**") solely for use in connection with the admission to trading (the "**Admission**") of the Company's depository receipts Euronext Growth Oslo ("**Euronext Growth**").

A portion of the beneficial interests in the Company's shares are registered in the Norwegian Central Securities Depository (the "**CSD**") in book-entry form under the name of a "share" and will be traded on Euronext Growth in the form of sponsored Norwegian depository receipts (Nw.: *depotbevis*) related to the Common Shares as "shares in Constellation Oil Services Holding S.A.". Accordingly, all references to "**Shares**" in this Information Document shall in the context of the securities to be traded on Euronext Growth refer to the sponsored Norwegian depository receipts related to the Common Shares (as defined below). All Shares rank in parity with one another and carry one vote. **Existing shareholders of the Company and new investors should note that only Shares in the form of sponsored Norwegian depository receipts that have been registered in the CSD will be tradable on Euronext Growth.**

As of the date of this Information Document, the Company's issued share capital is USD 15,199,183.08, consisting of 1,519,918,308 ordinary shares each with a par value of USD 0.01. The Company's common shares, being in the form of registered shares, are referred to as "**Common Shares**" in this Information Document to distinguish from references to Shares, being, as defined above, the sponsored Norwegian depository receipts related to such Common Shares.

The Shares have been approved for Admission on Euronext Growth and it is expected that the Shares will start trading on Euronext Growth on or about 6 March 2025, under the ticker code "COSH".

Euronext Growth is a market operated by Euronext. Companies listed on Euronext Growth, a multilateral trading facility ("**MTF**"), are not subject to the same rules as companies on a regulated market (a main market). Instead they are subject to a less extensive set of rules and regulations adapted to companies that are at earlier stages of development. The risk in investing in a company on Euronext Growth may therefore be higher than investing in a company on a regulated market. **Investors should take this into account when making investment decisions.**

THE PRESENT INFORMATION DOCUMENT DOES NOT CONSTITUTE A PROSPECTUS WITHIN THE MEANING OF REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 14 JUNE 2017 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET, AND REPEALING DIRECTIVE 2003/71 (THE "EU PROSPECTUS REGULATION").

THE PRESENT INFORMATION DOCUMENT HAS BEEN DRAWN UP UNDER THE RESPONSIBILITY OF THE COMPANY. IT HAS BEEN REVIEWED BY THE EURONEXT GROWTH ADVISOR AND OSLO BØRS.

THIS INFORMATION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT HERETO.

Investing in the Company involves a high degree of risk. Prospective investors should read the entire document and, in particular, Section 1 ("Risk factors") and Section 3.2.4 ("Cautionary note regarding forward-looking statements") when considering an investment in the Company and its Shares.

Euronext Growth Advisor

Clarksons Securities AS

The date of this Information Document is 5 March 2025

IMPORTANT INFORMATION

This Information Document has been prepared solely by the Company in connection with the Admission. The purpose of the Information Document is to provide information about the Company and its business. This Information Document has been prepared solely in the English language.

Euronext Growth is subject to the rules in the Norwegian Securities Trading Act of 29 June 2007 no 75 (as amended) (*Nw.: verdipapirhandelloven*) (the "**Norwegian Securities Trading Act**") and the Norwegian Securities Trading Regulations of 29 June 2007 no 876 (as amended) (*Nw.: verdipapirforskriften*) (the "**Norwegian Securities Trading Regulation**") that apply to such marketplaces. These rules apply to companies admitted to trading on Euronext Growth, as do the marketplace's own rules, which are less comprehensive than the rules and regulations that apply to companies listed on Oslo Børs and Euronext Expand. Euronext Growth is not a regulated market.

For definitions of other terms used throughout this Information Document, please refer to Section 14 ("Definitions and glossary of terms").

The Company has engaged Clarksons Securities AS, ("**Clarksons Securities**") as its advisor in connection with its Admission to Euronext Growth (the "**Euronext Growth Advisor**"). This Information Document has been prepared to comply with the Admission to Trading Rules for Euronext Growth (the "**Euronext Growth Admission Rules**") and the Content Requirements for Information Documents for Euronext Growth (the "**Euronext Growth Content Requirements**").

All inquiries relating to this Information Document should be directed to the Company or the Euronext Growth Advisor. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Euronext Growth Advisor in connection with the Admission, and if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Euronext Growth Advisor.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Information Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Information Document and before the Admission will be published and announced promptly in accordance with the Euronext Growth regulations and applicable securities laws and regulations. Neither the delivery of this Information Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Information Document is correct as of any time since its date.

The contents of this Information Document shall not be construed as legal, business or tax advice. Each reader of this Information Document should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Document, you should consult with your stockbroker, bank manager, lawyer, accountant or other professional advisor.

The distribution of this Information Document in certain jurisdictions may be restricted by law. Persons in possession of this Information Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Information Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Information Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Nw.: *Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Information Document.

Investing in the Company's Shares involves risks. Please refer to Section 1 ("Risk factors").

INFORMATION DOCUMENT

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**", and, together with the Positive Target Market, the "**Target Market Assessment**").

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited liability company *(société anonyme)* incorporated under the laws of Luxembourg. As a result, the rights of holders of the Shares will be governed by Luxembourg law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Luxembourg law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

The members of the Company's board of directors (the "**Directors**" and the "**Board of Directors**", respectively) and the members of the Group's senior management (the "**Management**") are not residents of the United States. As a result of the Company being a Luxembourg public limited liability company, it may be difficult for investors in the United States to effect service of process on the Company or its Board Members in the United States or to enforce in the United States judgments obtained in U.S. courts against the Company or its Board Members, including judgments based on the civil liability provisions of the securities laws of the United States or any State or territory within the United States. Uncertainty exists as to whether courts in Norway or Luxembourg will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members under the securities laws of those jurisdictions or entertain actions in Norway or Luxembourg against the Company or its Board Members under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway or in Luxembourg. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with Norway or Luxembourg.

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APPENDICES

1 RISK FACTORS

Investing in the Shares involves inherent risks. Before making an investment decision, prospective investors should carefully consider the risk factors and all information contained in this Information Document, including the financial information and related notes. The risks and uncertainties described in this Information Document are the principal known risks and uncertainties faced by the Group as of the date hereof that the Group believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of a negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialize, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Group may face. Additional risks and uncertainties that the Group currently believes are immaterial, or that are currently not known to the Group, may also have a material adverse effect on its business, financial condition, results of operations and cash flow.

The risk factors described in this section "Risk factors" are sorted into a limited number of categories, where the Group has sought to place each individual risk factor in the most appropriate category based on the nature of the risk it represents. The risks that are assumed to be of the greatest significance are described first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, and the fact that a risk factor is not mentioned first in its category does not in any way suggest that the risk factor is less important when taking an informed investment decision. The risks mentioned herein could materialize individually or cumulatively.

1.1 Risk factors related to the Group's business and industry in which the Group operates

1.1.1 A substantial or extended decline in expenditures by oil and gas companies due to a decline or volatility in oil and gas prices may reduce long-term demand for the Group's services

Oil and gas prices and market expectations regarding potential changes in these prices significantly affect the level of exploration, development, and production activity by oil and gas companies. Oil and gas are commodities, and therefore, their prices are subject to wide fluctuations in response to changes in supply and demand. Oil and natural gas prices have historically been volatile, with Brent crude oil prices decreasing from approximately USD 100 per barrel in March 2022 to approximately USD 75 per barrel in February 2025. This lengthy decrease in oil prices has, in turn, caused a sustained decline in the demand for offshore drilling services. Operators have implemented significant declines in capital spending in their budgets, including the cancellation or deferral of existing programs. These markets will likely continue to be volatile in the future.

The prices that oil and gas producers receive for their production and the levels of their production depend on numerous factors beyond their control, including, but not limited to;

- political and economic conditions, including embargoes, wars, uncertainty or instability resulting from an escalation or additional outbreak of armed hostilities, insurrection, or other crises in the Middle East, Africa, South America, or other geographic areas, or acts of terrorism in the United States or elsewhere;
- the global demand for oil and gas;
- the cost of exploring for, developing, producing, and delivering oil and gas;
- the policies of the Brazilian government regarding exploration and development of their oil and gas reserves;
- advances in exploration, development, and production technology;
- Brazilian tax and royalty policies; and
- the development and availability of alternative fuels.

Any prolonged reduction in oil and gas prices may reduce the levels of exploration, development, and production activity. Moreover, even during periods of high commodity prices, the Group's customers may cancel or curtail their drilling programs or reduce their levels of capital expenditures for exploration and production for a variety of reasons, including their lack of success in exploration efforts. Additionally, in the past, multiple rigs have completed their contracts prior to signing new ones for continued work, leading to an oversupply of drilling rigs. These developments have exerted pricing pressure on the market. The Group cannot accurately predict the future level of demand for its services or future conditions in the oil and gas industry. If these or other factors were to reduce the level of exploration, production, and development of oil and gas, it could cause the Group's revenue and margins to decline, decrease dayrates, reduce utilization of its rigs, and limit its future growth prospects. A significant decrease in day rates or the utilization of the Group's rigs could materially reduce its revenue and profitability

1.1.2 The Group has a limited number of potential customers and currently derives nearly all of its revenue from Petrobras

The Group has a limited number of potential customers and, currently, the Group derive nearly all of its revenue from Petróleo Brasileiro S.A ("**Petrobras**"). The loss of Petrobras as a customer, or a reduction of the revenue from Petrobras, could have a material adverse effect on the Group.

For the year ended December 31, 2024 and the year ended December 31, 2023 the revenue of the Group from Petrobras represented approximately 83% and 81%, respectively, of the Group's total revenue. Each of the Group's offshore drilling assets is currently contracted exclusively to Petrobras. Alpha Star rig finished its commitment with Brava Energia on November 2024 and the new contract with Petrobras started on February 18, 2025. Lone Star rig signed a new commitment of approximately 400 days with Brava Energia, expected to commence by the end of 2025 in direct continuation to rigs current commitment with Petrobras. The Group's results of operations would be materially adversely affected if Petrobras were to terminate the contracts, fail to renew the existing contracts or refuse to award new contracts, as there are only a limited number of potential customers that are available to replace Petrobras. Petrobras is the largest E&P Group in Brazil and holds the largest drilling rigs fleet worldwide, so if it were to take any of these actions, the Group may be unable to enter into new charter agreements for the rigs and drillships on similar terms or on a timely basis, if at all, which would have a material adverse effect on the Group. Additionally, any material non-payment or non-performance by Petrobras could adversely affect the financial position, operating results and cash flows of the Group.

1.1.3 The market value of the Group's drilling units may decrease

If the offshore drilling industry suffers adverse developments in the future, the fair market value of the Group's drilling units may decrease. The fair market value of the drilling units that the Group currently owns, or may acquire in the future, may decrease depending on a number of factors, including:

- the types, sizes, and ages of drilling units;
- the supply and demand for drilling units;
- the costs of newbuild drilling units;
- the prevailing level of drilling services contract dayrates;
- governmental or other regulations; and
- technological advances.

If drilling unit market values fall significantly, the Group may have to record an impairment adjustment in its consolidated financial statements, which could adversely affect its financial results and condition.

1.1.4 If the Group is unable to renew or obtain new and favorable contracts to replace contracts for rigs that expire or are terminated, its revenue and profitability would be materially adversely affected

The Group's existing drilling contracts are scheduled to expire between 2025 and 2028, with five of the Group's existing drilling contracts expiring by the end of 2025. The Group's ability to renew or obtain new contracts, including services agreements and bareboat charter agreements, and the terms of any such contracts, will depend on various factors, including market conditions and E&P companies' rig demand in the future. Given the historically cyclical and highly competitive nature of the industry, the Group may not be able to renew or replace the contracts, or it may be required to renew or replace expiring contracts or obtain new contracts at day rates below the current market projections, or that have terms that are less favorable, including shorter durations than the existing contracts, which could materially adversely affect the Group. Moreover, the Group may be unable to secure contracts for these rigs. Failure to secure contracts for a rig may result in a decision to warm or cold stack the rig, which puts the rig at risk for impairment and may competitively disadvantage the rig as many customers have expressed a preference for ready or warm-stacked rigs over cold-stacked rigs. If a decision is made to cold stack a rig, the Group's operating costs for the rig are typically reduced; however, the Group will incur additional costs associated with cold stacking the rig (particularly if it cold stacks a newer rig, such as a drillship, for which cold-stacking costs are typically substantially higher). In addition, the costs to reactivate a cold-stacked rig may be substantial.

1.1.5 The Group can provide no assurance that its drilling contracts will not be terminated early or that its current backlog of contract drilling revenue will ultimately be realized

The Group's contracts with its customers permit them to terminate or impose penalties under certain circumstances, such as (1) delays in delivering a contracted rig, (2) the destruction or loss of a drilling rig, (3) any failure of a contracted rig to pass customer acceptance testing within the period specified in the contract, (4) downtime for repairs or operational problems that exceed permissible levels under the contracts, (5) specified safety-related issues, or (6) any failure to comply with minimum performance criteria or other obligations set forth in such contracts, among other events that are beyond the Group's control. The damages the Group suffers and the expenses it may incur from any of these events are not always fully payable or reimbursable. Any downturn in the oil and gas market might affect not only the day rates but also the standard terms and conditions of contracts the Group enters into in the future. These future contracts may include a termination clause related to convenience, and such clauses may contemplate a termination fee payable to the contractor, while others may include a payment for those services already rendered. Although the Group negotiates these terms and conditions by including minimum contract durations and exceptions and other carve-outs, it may not always succeed. Termination of the Group's contracts as a result of these clauses may cause it to incur significant costs and expenses that may not be fully reimbursable. If the Group's existing drilling contracts are terminated before the maturity of the notes or the Revolving Credit Facility, the collateral on the receivables arising from those contracts would be affected if the Group does not renew or obtain new contracts.

As of December 31, 2024, the Group maintained a backlog of approximately $2.1 billion for contract drilling.

In addition, the Group's ongoing drilling contracts only allow customers to terminate the contract in case of breach of some fundamental clauses. During depressed market conditions, certain customers have utilized, and may in the future utilize, such contract clauses to seek to renegotiate or terminate a drilling contract or claim that the Group has breached provisions of its drilling contracts in order to avoid their obligations under circumstances where the Group believes it is in compliance with the contracts. Additionally, because of depressed commodity prices, tight credit markets, economic downturns, changes in priorities, strategy or government regulations, customer consolidation, or other factors beyond the Group's control, a customer may no longer want or need a rig that is currently under contract or may be able to obtain a comparable rig at a lower dayrate. For these reasons, customers have sought and may in the future seek to renegotiate the terms of the Group's existing drilling contracts, terminate the contracts without justification, or repudiate or otherwise fail to perform their obligations under the contracts. As a result of such contract renegotiations or terminations, the Group's contract backlog has been and may in the future be adversely impacted. Although unlawful termination will give rise to the right to damages, judicial measures may take time and may not fully compensate the Group for the loss of the contract, and it may be required to idle one or more rigs for an extended period of time. These results, in some cases in the past, have had, and may in the future have, a material adverse effect on the Group's financial condition, results of operations, and cash flows.

1.1.6 Global ultra-deepwater rig demand is highly dependent on Petrobras' development plan for offshore drilling in Brazil

In November 2024, Petrobras disclosed its 2025-2029 strategic plan, which provides for an aggregate of $111 billion in capital expenditure, representing a 9% increase from an aggregate of $102 billion in capital expenditures in its 2024-2029 strategic plan. Approximately $77 billion (or 69%) of these capital expenditures are budgeted for exploration and production (E&P) projects, which may lead to a slight increase in demand for the Group's services. Petrobras expects to reach a total production of oil and gas, in Brazil and abroad, of 3.2 million barrels of oil equivalent per day (boepd) in 2028. However, Petrobras may not spend the sums outlined in its business plan within the next years.

Additionally, the efficiency of drilling operations in offshore Brazilian waters has increased significantly, reducing the time needed to drill a pre-salt well from an average of 246 days in 2010 to an average of 70 days by 2024. This trend of reduced drilling time may result in an oversupply of drilling rigs, given that rigs on average remain active for shorter periods, leading to longer periods of stacking.

This is particularly relevant to the Group as an oil and gas contract drilling Group, because it makes significant investments in and incurs significant amounts of indebtedness related to its operating units, and therefore, it depends on the efficient utilization of these assets. In addition, the extraction of oil and gas from Brazilian oil fields may be more costly than currently estimated, and the volume and quality of oil and gas reserves may be lower than estimated. Furthermore, Petrobras may not be able to obtain the necessary financing for its E&P program due to budget pressures, higher interest rates, adverse credit or equity markets, and other factors. Lower oil prices or lower-than-expected production may also prompt Petrobras to curtail its drilling program. Any substantial reduction in Petrobras' proposed offshore drilling program would reduce demand for offshore drilling services worldwide, which may materially erode dayrates and/or utilization rates for the Group's semi-submersible rigs and drillships, which could have a material adverse effect on the Group.

1.1.7 The contract drilling industry is highly competitive and cyclical, with potential intense price competition and oversupply of drilling equipment

The contract drilling industry is highly competitive, with numerous international and domestic participants. Drilling contracts are generally awarded on a competitive bid basis, where intense price competition is often the primary factor in the bidding process. However, technical specifications, safety records, competency, rig availability, and location are also considered in determining which qualified contractor is awarded a contract. Demand for contract drilling and related services is influenced by a number of factors, including current and expected prices of oil and gas and expenditures of oil and gas companies for exploration and production (E&P) activities. Additionally, demand for drilling services remains dependent on a variety of political and economic factors beyond the Group's control, including the level of costs for Brazilian offshore oilfield and construction services, the discovery of new oil and gas reserves in Brazil, and Brazilian regulatory restrictions on offshore drilling.

The Group's competition includes international companies and Brazilian-controlled companies. Certain competitors have premium assets in their fleets and may have greater financial resources, which may enable them to compete more effectively on the basis of price and have more capacity to adapt their current rigs to required specifications, reactivate cold-stacked rigs, or acquire existing rigs.

Moreover, the contract drilling business is subject to cyclical variations. The offshore service industry often mimics and amplifies the general swings observed in the oil and gas sector, with periods of high demand, limited rig supply, and high day rates, followed by periods of low demand, excess rig supply, and low day rates. Periods of low demand and excess rig supply intensify competition in the industry and often result in rigs, particularly lower specification rigs, being idle for long periods or being scrapped. Prolonged periods of low utilization and reduced day rates could result in the Group having to recognize impairment charges on certain rigs if future cash flow estimates, based on information available to management at any time, indicate that it may be unable to recover the carrying value of these rigs. If the Group is unable to compete successfully for future drilling contracts or adequately manage the cyclical nature of its business, there would be a material adverse effect on its margins and results of operations.

Furthermore, demand and contract prices that customers are willing to pay for the Group's rigs are affected by the total supply of comparable rigs available for service in Brazil. During prior periods of high utilization and day rates, industry participants have increased the supply of rigs by ordering the construction of new rigs. Historically, this has created an oversupply of drilling rigs and caused a decline in utilization and day rates when these rigs enter the market, sometimes for extended periods until such rigs have been absorbed into the active fleet. The entry into new agreements, as well as changes in competitors' drilling rig fleets, could require the Group to make material additional capital investments to keep its rig fleet competitive.

1.1.8 The Group pursue long-term day rate contracts with their customers, and increases in the operating costs, which fluctuate, including based on certain events outside the Group's control, could materially adversely affect the Group profitability

In periods of rising demand for rigs, the Group generally prefers to enter into well-to-well or other shorter-term contracts that allow it to profit from increasing day rates, while customers with established long-term drilling programs typically prefer longer-term contracts in order to maintain day rates at a consistent level. Conversely, in periods of decreasing demand for offshore drilling rigs, the Group generally prefers longer-term contracts to preserve day rates and avoid idle periods, while customers generally prefer well-to-well or shorter-term contracts that allow them to benefit from the decreasing day rates. The Group expects, based on its contracted backlog, that the great majority of its revenues for the foreseeable future will come from long-term contracts, so it may be unable to fully benefit from increasing day rates in an improving market, which could materially adversely affect its profitability.

In general, the Group's operating costs increase as the business environment for drilling services improves and demand for oilfield equipment and skilled labor increases. In addition, the costs of materials, parts, and equipment maintenance fluctuate depending on the type of activity and the age and condition of the equipment. While certain of the Group's existing contracts include escalation provisions that allow it to increase the day rate based on the consumer price index as published by the United States Bureau of Labor Statistics and by the Brazilian Institute of Geography and Statistics (IBGE) and the Getúlio Vargas Foundation (FGV), the timing and amount it earns from these higher day rates may differ or be delayed from its actual higher operating costs. Additionally, the Group may incur expenses relating to preparation for drilling operations under a new contract. If its rigs are idle between assignments, the opportunity to reduce the size of its crews on these rigs may be limited as the crews may be engaged in preparing the rig for a new assignment. When a rig faces longer idle periods, reductions in operating costs may also take time as the crew may be required to prepare the idle rig for stacking and for maintenance during the stacking period. The Group's increased operating costs and financial expenses may result in it operating at a net loss in the future. Given its high percentage of long-term day rate contracts with limited cost escalation provisions, the Group may not be able to recoup increased operating costs, which may adversely affect its margins and profitability. Additionally, prolonged periods of low utilization and day rates have in the past resulted in, and may in the future result in, the recognition of further impairment charges on certain of the Group's drilling rigs if future cash flow estimates, based upon information available to management at the time, indicate that the carrying value of these rigs may not be recoverable.

1.1.9 Any increase in costs necessary to enter into new agreements could adversely affect the Group's operations

As of the date of this Information Document, the Group owns a total fleet of seven offshore rigs, including six modern ultra-deepwater dynamically positioned rigs in operation. Additionally, commencing in the third quarter of 2025, the Group will manage and operate the Tidal Action rig. The Group is currently seeking new customers as well as new opportunities in the international market, and it may experience additional or unexpected costs related to entering into new agreements and face new risks related to operating in new markets, including costs related to its learning curve in the new market and its operations, which could be different and higher than originally estimated. Any additional costs may adversely affect the Group's capital and operating expenditures. These expenditures could increase as a result of changes in the following:

- customer requirements;
- failure or delay of third-party equipment vendors or service providers;
- unforeseen increases in the cost of equipment, labor, and raw materials, particularly steel;
- length of drilling contracts;
- shortage of shipyard capacity globally and in Brazil;
- shipyard availability or disputes with shipyards;
- financial and other difficulties at shipyards and other suppliers;
- work stoppages; and

- impact of new governmental regulations, among others.

If in the future the Group enters into contracts for construction or refurbishment, significant cost overruns or delays for these or other reasons could materially adversely affect its financial condition and results of operations. The damages the Group suffers and the expenses it incurs from any of these events are not always fully reimbursable by the shipyards constructing the units. Additionally, the Group's actual capital expenditures for rig upgrades, refurbishment, and construction projects, as well as in connection with adapting its rigs for international tenders, could materially exceed its budgeted capital expenditures. Delays in commencing operations due to upgrades or refurbishments may also incur penalties or provide termination rights to the operator, which are now common terms and conditions of tenders.

1.1.10 As part of its business strategy, the Group is constantly studying and pursuing business opportunities that include acquisitions of businesses or drilling rigs, mergers, joint ventures, or other investments, and such transactions would present various risks and uncertainties

The drilling industry has experienced consolidation and may experience additional consolidation, which could create additional large companies that the Group would need to compete with. The Group is constantly studying and pursuing transactions that involve the acquisition of businesses or assets, mergers, joint ventures, consolidation or other investments that it believes can enable it to further expand to compete with such large companies or enhance its business. Any such transaction would be evaluated on a case-by-case basis, and its consummation would depend upon numerous factors, including identifying suitable targets or assets that align with the Group's business strategy, reaching agreement with the potential counterparties on acceptable terms, the receipt of any applicable regulatory and other approvals, and other conditions. Any such transactions would involve various risks including, among others, the following:

- difficulties related to integrating or managing applicable parts of an acquired business or joint venture and unanticipated changes in customer and other third-party relationships subsequent to closing;
- diversion of management’s attention from day-to-day operations;
- failure to realize anticipated benefits, such as cost savings, revenue enhancements, or business synergies;
- the potential for substantial transaction expenses; and
- potential accounting impairment or actual diminution or loss of value of the Group's investment if future market, business, or other conditions ultimately differ from its assumptions at the time any such transaction is consummated.

1.1.11 Certain of the Group's partnerships may not succeed

The Group's strategy includes growth, including through partnerships and co-investments with various entities. The risks related to its partnerships include, among others: (1) difficulty in maintaining a positive relationship with its partners; (2) financial, operational, regulatory, or reputational difficulties of its partners, which may result in delays or cancellations of projects or additional investments; and (3) divergence of financial, commercial, or strategic interests between the Group and its partners. The occurrence of these risks may adversely affect the estimated results of the Group's partnerships, may reduce its expected backlog, or may result in the need for additional investments or the loss of investments it has made (or may make in the future) in these partnerships.

1.1.12 The Group's failure to comply with trade compliance, economic sanctions laws and regulations of the United States and applicable international jurisdictions, as well as anti-corruption laws and regulations, could materially adversely affect its results of operations, and any alleged violation of such laws and regulations could materially adversely affect its reputation

The Group's business must be conducted in compliance with applicable economic and trade sanctions laws and regulations, such as those administered and enforced by the U.S. Department of Treasury’s Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council, and other relevant sanctions authorities. Additionally, the Group is subject to a number of anti-corruption laws, including Law No. 12,486/2013 and Law No. 8,429/1992, as well as various other anti-corruption and anti-bribery laws of other jurisdictions. Furthermore, the Brazilian anti-corruption law states that the controlling, controlled, or affiliated companies of the wrongdoer are jointly liable for the payment of fines and full restitution of the damage caused by the illegal acts. If the Group fail to comply with any of these laws, they could be subject to civil or administrative penalties, other remedial measures, and legal and other expenses, which could materially adversely affect the Group's business, reputation, results of operations, and financial condition. Despite the Group's compliance efforts and activities, it cannot assure compliance by its employees or representatives for which it may be held responsible, and any such violation could materially adversely affect its reputation, business, financial condition, and results of operations.

The Group's global operations expose it to the risk of violating, or being accused of violating, economic and trade sanctions laws and regulations. Its failure to comply with these laws and regulations may expose it to reputational harm as well as significant penalties, including criminal fines, imprisonment, civil fines, disgorgement of profits, injunctions, and debarment from government contracts, as well as other remedial measures. Investigations of alleged violations can also be expensive and disruptive.

1.1.13 The Group depends on a limited number of key suppliers and vendors to provide equipment that it needs to operate its business, and any failure by these key suppliers and vendors to supply necessary equipment on a timely basis or at all could materially adversely affect the Group

The Group depends upon a limited number of key suppliers and vendors to provide it with equipment and other services necessary for the construction, maintenance, and operation of its rigs. Although the Group contracts with most of its suppliers and vendors at fixed prices and requires them to pay delivery delay penalties, these suppliers may, among other things, extend delivery times, raise contract prices, and limit supply due to their own shortages and business requirements. If the Group's suppliers or vendors were to fail to provide equipment or services on a timely basis, it could experience disruptions in its operations, which could have a material adverse effect on its revenue and results of operations, and it may be unable to satisfy the requirements contained in its drilling contracts, which could subject it to fines or cancellation of these agreements.

Consolidation among key suppliers and vendors could limit the Group's ability to obtain equipment and services on terms favorable to it. In the last decade, the overall number of suppliers and vendors in this sector has decreased, resulting in fewer alternatives to obtain important equipment and services. Increases in costs or lack of availability of equipment could result in the Group's inability to enter into new contracts for new rigs or the stoppage of certain of its rigs for a prolonged period of time, which could have a material adverse effect on the Group.

1.1.14 Failure to employ or retain a sufficient number of highly skilled workers or an increase in labor costs could hurt the Group's operations and materially adversely affect the Group

The uptime level of the Group's rigs and its market position depend on maintaining low turnover rates among the crew and key officers of its rigs. The Group requires highly skilled personnel to operate and provide technical services to, and support for, its rigs. The increase in the oil and gas sector in Brazil and the growth of the Brazilian economy generally have resulted in more rigs operating and under construction in the same area in which the Group operates. Therefore, it expects increased competition for qualified crew and other personnel. There is no assurance that the Group will be able to recruit and retain enough skilled professionals to meet its service demands and support its business growth, considering that its rigs may lose personnel due to competition for skilled labor from other drilling rig operators.

Shortages of skilled personnel to operate the Group's rigs or its inability to attract and retain qualified personnel could also materially adversely affect the quality and timeliness of its rig operations. Competition for skilled personnel could materially impact the Group's business by limiting or affecting the quality and safety of its operations or increasing its operating costs, which may have a material adverse effect on the Group. In addition, the unexpected loss of members of management, qualified personnel, or a significant number of employees due to disease, disability, or death could have a material adverse effect on the Group.

1.1.15 The outbreak and spread of a pandemic and other large-scale public health events could have a material adverse effect on the Group's business, financial condition, and results of operations

Economic conditions in the countries where the Group operates may be adversely affected by an outbreak of a contagious disease, such as COVID-19, which may develop into a regional or global pandemic, as well as other large-scale public health events. The measures taken by governments, regulators, and businesses to respond to any such pandemic or event may lead to slower or negative economic growth, supply disruptions, inflationary pressures, and significant increases in public debt. Such measures could also impact the business and operations of third parties that provide critical services to the Group.

If the outbreak of a new pandemic or another large-scale public health event were to occur in the future, the Group may experience an adverse impact, which may be material, on its business, financial condition, and results of operations, including as a result of the exacerbation of any of the other risks described in this section.

1.1.16 Unionization efforts and labor regulations in certain countries in which the Group operates could materially increase its labor costs or limit its flexibility in how it manages its personnel

In Brazil, substantially all of the Group's employees are subject to collective bargaining agreements that require periodic salary negotiations and the granting of other benefits, which usually result in higher personnel costs and additional benefits. Furthermore, the Group may be subjected to strikes, work stoppages, or threats thereof, and other labor disruptions in certain countries where it operates.

Additional unionization efforts, new collective bargaining agreements, or work stoppages could increase the Group's workforce costs, reduce its revenues, interrupt its operations, or limit its flexibility in managing its personnel, which could materially adversely affect the Group. Legal obligations in the countries in which the Group operates require it to contribute certain amounts to retirement funds or other benefit plans and restrict its ability to dismiss employees. Future regulations or court interpretations in these countries could increase the Group's costs and have a material adverse effect on its business, financial condition, results of operations, or cash flows.

1.1.17 Inflation may adversely affect the Group's operating results and increase the working capital investments required to operate its business

Inflationary factors such as increases in labor costs, material costs, and overhead costs have adversely affected, and may continue to adversely affect, the Group's operating results. Inflationary pressures may also increase other costs to operate or reactivate its drilling rigs. The contracts for the Group's drilling rigs generally provide for the payment of an agreed day rate per rig operating day. Although some contracts do provide for a limited escalation in day rate due to increased operating costs incurred on the project, the Group may not be able to fully recover increased costs due to inflation from its customers. If the Group is unable to recoup such increased costs, its operating margins will decline. Continuing or worsening inflation could significantly increase the Group's operating expenses and capital expenditures, which could, in turn, have a material adverse effect on its business, financial condition, results of operations, or cash flows.

1.1.18 The Group must make substantial capital and operating expenditures to reactivate, build, maintain, and upgrade its drilling fleet

The Group's business is highly capital intensive and dependent on having sufficient cash flow and/or available sources of financing in order to fund its capital expenditure requirements. Its expenditures could increase as a result of changes in offshore drilling technology, the cost of labor and materials, customer requirements, the cost of replacement parts for existing drilling rigs, the geographic location of the rigs, and industry standards. Changes in offshore drilling technology, customer requirements for new or upgraded equipment, and competition within the industry may require the Group to make significant capital expenditures in order to maintain its competitiveness.

In addition, changes in governmental regulations, safety or other equipment standards, including those relating to the COVID-19 pandemic, as well as compliance with standards imposed by maritime self-regulatory organizations, may require the Group to make additional unforeseen capital expenditures. As a result, the Group may be required to take its rigs out of service for extended periods, leading to corresponding losses of revenue, in order to make such alterations or to add such equipment.

Depending on the length of time that a rig has been cold stacked, the Group may incur significant costs to restore the rig to drilling capability, which may also include capital expenditures due to the possible technological obsolescence of the rig.

Market conditions, such as during an industry downturn, may not justify these expenditures or enable the Group to operate its older rigs profitably during the remainder of their economic lives. The Group can provide no assurance that it will have access to adequate or economical sources of capital to fund its capital and operating expenditures.

1.1.19 The Group's operations are inherently hazardous and subject to high operational risks

The Group's business is subject to a range of operating hazardous risks inherent in the oil and gas sector, including:

- fires, explosions, blow-outs, and surface cratering;
- uncontrollable flows of gas, oil, fluids, or formation water;
- natural disasters, such as storms and other adverse weather conditions;
- gas pipelines, cement, or oil pipeline failures;
- casing collapses;
- mechanical and electrical problems, such as the loss or failure of equipment and tools;
- abnormally pressured formations;
- environmental hazards, such as gas leaks, oil spills, oil pipeline ruptures, and discharges of harmful gases, or underground water and soil contamination from site operations and storage;
- compliance with licensing requirements and maintenance of all necessary licenses and permits from governmental agencies; and
- unsatisfactory performance by subcontracted suppliers in drilling wells and in performing other services safely.

The occurrence of any of these types of events could result in the suspension of the Group's drilling operations, damage to or destruction of the equipment involved, injury or death to rig personnel, and damage to producing or potentially productive oil and gas formations, oil spillage, oil leaks, well blowouts, and extensive uncontrolled fires, any of which could cause significant environmental damage. Additionally, offshore drilling operations are subject to marine hazards, including capsizing, grounding, collision, and loss or damage from severe weather. Operations may also be suspended because of machinery breakdowns, abnormal drilling conditions, failure of suppliers or subcontractors to perform or supply goods or services, or personnel shortages. Any of the foregoing events could result in significant damage or loss to the Group's properties and assets or the properties and assets of others, injury or death to rig personnel or others, significant loss of revenues, and significant damage claims against the Group, including damage claims by its clients, federal, state, or municipal governmental entities and authorities in Brazil, and affected third parties.

Moreover, the Group's drilling contracts with its customers provide for varying levels of indemnity and allocation of liabilities between its customers and the Group with respect to the hazards and risks inherent in, and damages or losses arising out of, its operations, and the Group may not be fully protected. The contracts are individually negotiated, and the levels of indemnity and allocation of liabilities in them can vary from contract to contract depending on market conditions, particular customer requirements, and other factors existing at the time a contract is negotiated. The Group may incur liability for significant losses or damages under such provisions.

Additionally, the Group could be held liable for substantial losses or damages and for fines and penalties imposed by governmental regulatory authorities. There can be no assurance that the Group's contracts with its customers, suppliers, and subcontractors will fully protect it against all hazards and risks inherent in its operations. There can also be no assurance that those parties with contractual obligations to indemnify the Group will be financially able to do so or will otherwise honor their contractual obligations.

1.1.20 The Group's industry has inherent operational risks that may not be adequately covered by its insurance

Drilling rig operations are inherently risky. There can be no assurance that the insurance policies purchased by the Group from time to time will be suitable or sufficient in all circumstances or against all risks. The occurrence of a significant loss that is not insured or indemnified, in full or in part, may have a material adverse effect on the Group's business, results of operations, or financial condition. Even when the Group has obtained insurance coverage for risks, the amounts of such insurance may not be sufficient to cover the related losses after accounting for deductibles.

Furthermore, there can be no assurance that the Group will be able to purchase or renew insurance policies at commercial rates and on reasonable and acceptable terms in the future, and that all of the risks arising from its operations will be insured or are insurable.

In addition, certain risks and contingencies related to pollution, reservoir damage, and environmental risks are generally not fully insurable. If an accident or other event occurs that exceeds the Group's insurance coverage limits or is not an insurable event under its insurance policies, or is not fully covered by contractual indemnity, it could result in a significant loss to the Group and could have a material adverse effect on its financial condition, results of operations, and cash flows.

1.1.21 Any significant cyber-attack or other interruption in network security or the operation of critical information technology systems could materially disrupt the Group's operations and adversely affect its business

The Group's business has become increasingly dependent upon information technologies, computer systems, and networks, including those maintained by the Group and those maintained and provided by third parties (for example, “software-as-a-service” and cloud solutions), to conduct day-to-day operations. The Group is placing greater reliance on information technology to help support its operations and increase efficiency in its business functions. It is dependent upon its information technology and infrastructure, including operational and financial computer systems, to process the data necessary to conduct almost all aspects of its business.

Computer, telecommunications, and other business facilities and systems could become unavailable or impaired from a variety of causes, including, among others, storms and other natural disasters, terrorist attacks, utility outages, theft, design defects, human error, or complications encountered as existing systems are maintained, repaired, replaced, or upgraded. It has been reported that known or unknown entities or groups have mounted so-called “cyber-attacks” on businesses and other organizations solely to disable or disrupt computer systems, disrupt operations, and, in some cases, steal data. In addition, the U.S. government has issued public warnings indicating that energy assets might be specific targets of cybersecurity threats. Cybersecurity risks and threats continue to grow and may be difficult to anticipate, prevent, discover, or mitigate.

A breach, failure, or circumvention of the Group's computer systems or networks, or those of its customers, vendors, or others with whom it does business, including by ransomware or other attacks, could materially disrupt its business operations and its customers’ operations and could result in the alteration, loss, theft, or corruption of data, as well as unauthorized release of, unauthorized access to, or loss of access to confidential, proprietary, sensitive, or other critical data or systems concerning the Group, its business activities, employees, customers, or vendors.

As of the date of this Information Document, many of the Group's non-operational employees, including those at its corporate headquarters, have a hybrid work arrangement, working both in the office and remotely, which increases various logistical challenges, inefficiencies, and operational risks. Working remotely has significantly increased the use of remote networking and online conferencing services that enable employees to work outside of the Group's corporate infrastructure and, in some cases, use their own personal devices. This “remote work” model has resulted in increased demand for information technology resources and may expose the Group to the risk of security breaches or other cyber incidents or attacks, loss of data, fraud, and other disruptions as a consequence of more employees accessing sensitive and critical information from remote locations.

Any such breach, failure, or circumvention could result in loss of customers, financial losses, regulatory fines, substantial damage to property, bodily injury or loss of life, or misuse or corruption of critical data and proprietary information. It could subject the Group to significant liabilities and could have a material adverse effect on its operations, financial condition, business, or reputation. Furthermore, as cyber incidents continue to evolve, the Group may be required to incur additional costs to continue to modify or enhance its protective measures or to investigate or remediate the effects of cyber incidents.

1.1.22 Acts of terrorism, piracy, and political and social unrest could affect the markets for drilling services, which may have a material adverse effect on the Group's results of operations

Acts of terrorism and social unrest, brought about by world political events or otherwise, have caused instability in the world's financial and insurance markets in the past and may occur in the future. Such acts could be directed against companies such as the Group. Additionally, acts of terrorism, piracy, and social unrest could lead to increased volatility in prices for crude oil and natural gas and could adversely affect the market for offshore drilling services.

Insurance premiums could increase, and coverage may be unavailable in the future. Government regulations may effectively preclude the Group from engaging in business activities in certain countries. These regulations could be amended to cover countries where the Group currently operates or where it may wish to operate in the future.

1.1.23 The Group relies on third-party suppliers, manufacturers, and service providers to secure and service equipment, components, and parts used in rig operations, conversions, upgrades, and construction

The Group's reliance on third-party suppliers, manufacturers, and service providers to provide equipment and services exposes it to volatility in the quality, price, and availability of such items. Certain components, parts, and equipment that the Group uses in its operations may be available only from a small number of suppliers, manufacturers, or service providers. The failure of one or more third-party suppliers, manufacturers, or service providers to provide equipment, components, parts, or services—whether due to capacity constraints, production or delivery disruptions, price increases, quality control issues, recalls, or other decreased availability of parts and equipment—is beyond the Group's control and could materially disrupt its operations or result in the delay, renegotiation, or cancellation of drilling contracts. This could lead to a loss of contract drilling backlog and/or revenue for the Group, as well as an increase in operating costs and an increased risk of additional asset impairments.

1.1.24 The Group be adversely affected by illegal practices by the Group's suppliers or outsourced service providers

The Group cannot guarantee that its suppliers will not (i) have labor or environmental liabilities, (ii) irregularly process personal data, (iii) outsource the provision of their services or the production chain, (iv) use improper security conditions, or (v) carry out irregularities to lower the cost of their products or services.

Pursuant to Brazilian law, strict and joint civil liability for repairing environmental damages applies to all parties involved in the activity that resulted in the environmental damage. Furthermore, parties that were indirectly involved may also be held jointly and strictly liable if they are deemed to have benefited from the polluting activity. Contracting third parties to provide any type of services relating to the Group's facilities or activities, such as managing contaminated areas, clearing vegetation, buildings, or the management and final disposal of solid waste, does not exempt the Group from liability for any environmental damage caused by the contracted party. The Group may be held liable for any damage caused by its service providers or suppliers, which could adversely and materially affect it. In general, the party holding greater financial resources may be required to repair the environmental damage, with the right of recourse against the other parties.

Additionally, under certain circumstances, the Group may be held jointly and severally liable for practices adopted by its suppliers and service providers that process personal data on its behalf, such as in the event of a breach of applicable laws or security breach incidents of its suppliers and service providers affecting the personal data of individuals or entities associated with the Group, which may adversely and materially affect it.

Furthermore, if the Group's suppliers or service providers engage in improper or illegal practices, particularly those relating to labor standards, Brazilian labor courts may impose liability on the Group for any improper practices conducted by its suppliers and service providers. As a result, the Group's business operations, financial results, and reputation could suffer significant adverse effects.

1.1.25 The Group may be held liable for the labor and social security obligations of its outsourced service providers

Pursuant to Brazilian law, if outsourced service providers fail to meet their obligations under labor and social security laws, the Group may be held secondarily liable for the tax, labor, and social security debts related to outsourced employees for the period in which they provided services to the Group, regardless of its right of recourse against the outsourced service provider. This liability is inherent to contracting outsourced service providers, as it results from the Group's position as the beneficiary of the services provided by their employees. The Group cannot predict or quantify the liabilities associated with outsourced service providers. If these liabilities materialize, the Group could be adversely and materially affected.

Furthermore, if the elements indicative of an employment relationship are established, particularly those evidencing personal dependency and subordination between the outsourced employees and the Group, Brazilian labor courts may deem the Group to be the direct employer of these outsourced employees. In this case, the Group could be held jointly and severally liable with the outsourced service provider for the fulfilment of labor and social security obligations arising during the period in which the employees performed work for the Group.

1.1.26 Economic downturns have had, and in the future could have, a material adverse effect on the Group's revenue, profitability, and financial position

The Group depends on its customers' willingness and ability to fund operating and capital expenditures to explore, develop, and produce oil and gas, as well as to purchase drilling and related equipment. There has historically been a strong link between the development of the world economy and the demand for energy, including oil and gas. The world economy has recently faced and is currently facing a number of challenges, including inflation, volatile energy prices, geopolitical instability and conflicts (such as the ongoing conflict between Russia and Ukraine), rising interest rates, irregular functioning of global manufacturing and supply chains (particularly in the segments of engineering and manufacturing of components for the oil and gas industry), irregular volatility in exchange rates, the impact of climate change and extreme weather events, and the impact of international trade disputes and labor shortages.

Worldwide economic conditions have in the past impacted, and could in the future impact, lenders' willingness to provide credit facilities to the Group's customers, causing them to fail to meet their obligations to the Group. Additionally, adverse developments in the global economic outlook, or market perceptions concerning these issues, could reduce the overall demand for oil and natural gas and for the Group's services, affect its costs to provide those services, and thereby impact its financial position, operating results, and cash available for distribution.

Furthermore, the Group's charter and service agreements are long-term contracts, subject to renewal upon the Group's and its counterparties' consent. As a result, the long-term profitability of the Group's operations and its ability to successfully negotiate the renewal terms of its drilling contracts depend upon long-term conditions in the oil and gas industry and, specifically, the level of exploration, development, and production activity by oil and gas exploration and production (E&P) companies. This is particularly relevant to the Group as an oil and gas contract drilling Group, because it makes significant investments in and incurs significant amounts of indebtedness related to its operating units, and therefore, it depends on the efficient utilization of these assets.

Moreover, any reductions in drilling activity by the Group's customers may not be uniform across different geographic regions. Locations where costs of drilling and production are relatively higher, such as harsh environments or deepwater locations (like the areas where the Group operates), may be subject to greater reductions in activity. Such reductions in high-cost regions may lead to the relocation of drilling units, concentrating drilling units in regions with relatively fewer reductions in activity, leading to greater competition.

To the extent the Group does not generate sufficient cash from operations, it may need to raise additional funds through public or private debt or equity offerings to fund its capital expenditures. Its ability to access the capital markets and react to changing economic and business conditions may be limited not only by the terms of its debt instruments and financial condition at the time but also by adverse changes in worldwide financial and economic conditions.

An extended period of deterioration in the outlook for the world economy could cause a prolonged reduction in the overall demand for the Group's services or a reduction in the level of exploration, development, and production activity in oil and gas, which may adversely affect its ability to successfully negotiate the renewal terms of its charter and service contracts over the long term or enter into new charter or service contracts upon termination of its contracts. This could result in a significant decrease in the utilization of the Group's rigs and materially reduce its revenue and profitability. The Group's ability to obtain financing on terms acceptable to it, or at all, could also be adversely affected, which could negatively impact its operating results and cash flows beyond what might be offset by the simultaneous impact of possibly higher oil and gas prices.

If the Group's lenders and other debt holders are not confident that it is able to employ its assets, it may be unable to secure replacement or additional financing, or amendments to its existing debt instruments, on terms acceptable to it or at all, all of which would cause a material adverse effect on the Group.

1.2 Risks related to laws, regulations, litigation, environmental and government matters

1.2.1 The Company is subject to extensive Brazilian and international laws and regulations that could significantly limit its business activities and revenues and increase its costs

The Group's operations are subject to numerous local, state, and federal laws and regulations in the countries where it operates and in foreign jurisdictions concerning the containment and disposal of hazardous materials, the remediation of contaminated properties, and the protection of the environment. Laws and regulations protecting the environment have become increasingly stringent and may, in some cases, impose "strict liability," rendering a person liable for environmental damage without regard to negligence or fault on the part of that person. The Group may be required to make significant expenditures for additional capital equipment or for inspection and recertification to comply with existing or new governmental laws and regulations.

It is also possible that these laws and regulations may, in the future, add significant costs to the Group's operations or result in a substantial reduction in revenues associated with downtime required to install such equipment, or may otherwise significantly limit drilling activity. Additionally, legislative and regulatory developments may occur that could substantially increase the Group's exposure to liabilities that might arise in connection with its operations.

Moreover, the offshore drilling industry is dependent on demand for services from the oil and gas exploration industry and, accordingly, can be affected by changes in tax and other laws relating to the energy business generally. Furthermore, the energy sector could be negatively impacted by executive orders and suspensions, as government administrations worldwide focus on the impact of climate change and target a fully clean energy economy and net-zero emissions.

Governments in some countries are increasingly active in regulating and controlling the ownership of concessions, the exploration for oil and gas, and other aspects of the oil and gas industry. The modification of existing laws or regulations or the adoption of new laws or regulations curtailing exploratory or developmental drilling for oil and gas for economic, environmental, or other reasons could limit drilling opportunities.

U.S. federal, state, foreign, and international laws and regulations address oil spill prevention and control and impose a variety of obligations on the Group related to the prevention of oil spills, as well as fines, penalties, and liability for remediation, restoration, or compensation costs for environmental or natural resource damages, along with third-party damages resulting from such spills. Some of these laws and regulations have significantly expanded liability exposure across all segments of the oil and gas industry. For example, the United States Oil Pollution Act of 1990 imposes strict and, with limited exceptions, joint and several liability upon each responsible party for oil removal costs and a variety of public and private damages.

Failure to comply with laws and regulations could subject the Group to civil or criminal enforcement action, for which it may not receive contractual indemnification, or contractual indemnification provisions in its drilling contracts may not be enforceable or otherwise sufficient. Additionally, the Group may have no or insufficient insurance coverage. Competent authorities and courts may issue injunctions restricting some or all of the Group's activities in the affected areas.

1.2.2 Changes in local content policies may materially adversely affect the Group's business

Many governments favor or effectively require the awarding of drilling contracts to local contractors or mandate that non-local contractors employ citizens of, or purchase supplies from, a particular jurisdiction, or require the use of a local agent. These practices may adversely affect the Group's ability to compete in those regions. It is difficult to predict what government regulations may be enacted in the future that could adversely affect the international drilling industry.

The local content policy in Brazil has historically required that, for exploration and production (E&P) companies, a certain percentage of their investments in capital goods and services must be contracted with local service providers and producers. Compliance with minimum local content requirements was initially a criterion in assessing bids for exploration blocks at ANP (Agência Nacional do Petróleo) auctions. From the seventh ANP bidding round for concessions of oil and gas blocks onwards, ANP has included minimum local content requirements for a list of items during both exploration and development activities within the production phase. Since 2007, compliance with minimum local content requirements has been required to be verified through a certification system.

The discoveries of oil and gas in the pre-salt area have led to debates among governmental authorities, investors, the press, and the Brazilian public about the need to make changes to the regulatory framework of the oil and gas sector. The National Energy Policy Council (Conselho Nacional de Política Energética) ("**CNPE**") determined the reduction of the minimum percentages of local content requirements. As of the date of this Information Document, the mandatory local content percentages applicable to offshore exploratory blocks were adjusted by CNPE, as follows:

- 30% in the exploration phase;
- 30% for well construction, 40% for the collection and offloading system, and 25% for the stationary production unit in the development phase.

In addition to governmental local content policies, the Group's business significantly depends on the local content policies adopted by participants in the oil and gas sectors, especially Petrobras. Changes in these policies may cause a material adverse effect on the Group's business.

1.2.3 The Group's failure to maintain or renew all necessary authorizations and certifications required for the operation of its rigs, as well as changes in current licensing regimes, may have a material adverse effect on its operations

The Group's business is affected by laws and regulations relating to the energy industry, the environment, and safety, including international conventions and treaties, as well as regional, national, state, and local laws and regulations.

The operation of the Group's rigs in Brazil requires several authorizations from Brazilian government entities, including IBAMA, DPC, port captaincies, ANP, the Brazilian Health Surveillance Agency (Agência Nacional de Vigilância Sanitária), the Brazilian Revenue Service (Receita Federal do Brasil), and the Department of Immigration for crew and foreign personnel visas. Moreover, if the Group includes additional services or equipment on its rigs, it may need to obtain and maintain additional permits. Obtaining and maintaining the necessary authorizations and certifications is a complex, time-consuming process. The Group's failure to timely obtain, maintain, or renew any such required authorizations, or any disputes in connection with these authorizations, or its failure to comply with the terms and requirements of its permits and authorizations, could result in the suspension or termination of the operation of certain rigs or the imposition of material fines, penalties, or other liabilities, which could have a material adverse effect on its results of operations.

Additionally, as a result of decisions by regulators, Petrobras, or any other charterer of the Group's rigs may require that the Group maintain additional quality and safety certifications or meet certain additional quality and safety targets during the term of a relevant charter agreement. The Group's failure to obtain and maintain these certifications or to otherwise meet these targets may result in the early termination of the affected charter agreements or in its failure to be eligible to enter into additional charters, which could have a material adverse effect on its revenues and results of operations.

Furthermore, certain of the Group's drilling contracts require compliance with applicable international conventions, rules, regulations, and self-regulatory standards, including the International Maritime Organization's Code for the Construction and Equipment of Mobile Offshore Drilling Units. The Group and its drilling rigs are also subject to laws and regulations applicable according to their flag and place of operation, as well as the technical requirements of third parties, including classification societies and insurers. These laws, regulations, and technical requirements include provisions for the protection of the environment, natural resources, and human health and safety, and also require the payment of fees and taxes, the maintenance of classifications, and the maintenance of various permits and licenses.

These laws, regulations, and technical requirements may require the Group to incur significant expenditures, and breaches may result in fines and penalties, including suspension of operations, which may be material. The Group will be responsible for bearing any increased costs required to maintain compliance with any such laws, regulations, or other requirements.

1.2.4 The Group's international operations are subject to various risks

The Group may operate in various regions throughout the world. As a result of its international operations, it may be exposed to political and other uncertainties, particularly in less developed jurisdictions, including risks of:

- terrorist acts, armed hostilities, war, and civil disturbances, including, for example, the ongoing conflict between Russia and Ukraine;
- acts of piracy, which have historically affected ocean-going vessels;
- abduction, kidnapping, and hostage situations;
- significant governmental influence over many aspects of local economies;
- the seizure, nationalization, or expropriation of property or equipment;
- uncertainty of outcome in foreign court proceedings;
- the repudiation, nullification, modification, or renegotiation of contracts;
- limitations on insurance coverage, such as war risk coverage, in certain areas;
- political unrest;
- foreign and U.S. monetary policy and foreign currency fluctuations and devaluations;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- import-export quotas, wage and price controls, and the imposition of trade barriers;
- U.S., UK, European Union (the “EU”), and foreign sanctions or trade embargoes;
- receiving a request to participate in an unsanctioned foreign boycott under U.S. law;
- compliance with various jurisdictional regulatory or financial requirements;
- compliance with and changes to taxation, including any resulting tax disputes;
- interacting and contracting with government-controlled organizations;
- other forms of government regulation and economic conditions that are beyond the Group's control;
- legal and economic systems that are not as mature or predictable as those in more developed countries, which may lead to greater uncertainty in legal and economic matters; and
- government corruption.

In addition, international contract drilling operations are subject to various laws and regulations of the countries in which the Group may operate, including laws and regulations relating to:

- the equipping and operation of drilling units;
- exchange rates or exchange controls;
- the repatriation of foreign earnings;
- oil and gas exploration and development;
- the taxation of offshore earnings and the earnings of expatriate personnel;
- the use and compensation of local employees and suppliers by foreign contractors; and
- the actions of foreign governments, including initiatives by OPEC, which may adversely affect the Group's ability to compete.

If any of the aforementioned risks materialize, the Group may suffer a material adverse effect. Additionally, the Group may not have insurance coverage for these risks, or it may not be able to obtain adequate coverage for such events at reasonable rates. Its operations could be restricted, disrupted, or prohibited in any country where these risks occur, which may adversely affect the Group.

1.2.5 Mobilization and relocating rig activities may adversely affect the Group

The offshore drilling industry is a global market that requires flexibility for rigs, depending on their technical capability, to relocate and operate in various environments, moving from one area to another. The mobilization of rigs is expensive and time-consuming and can be impacted by several factors, including, but not limited to, governmental regulation and customs practices, availability of tugs and tow vessels, weather, currents, political instability, civil unrest, and military actions, such as the conflict between Russia and Ukraine. As a result, rigs may become stranded.

Some jurisdictions enforce strict technical requirements on the rigs, necessitating substantial physical modifications before they can be utilized. Such modifications may require significant capital expenditures, which could limit the future use of the rigs in those jurisdictions. Additionally, mobilization carries the risk of damage to the rig. Failure to mobilize a rig in accordance with the deadlines set by a specific customer contract could result in a loss of compensation, liquidated damages, or the cancellation or termination of the contract. In some cases, the Group may not be paid for the time that a rig is out of service during mobilization.

Furthermore, in the hope of securing future contracts, the Group may choose to mobilize a rig to another geographic market without a customer contract in place. If no customer contracts are obtained, the Group would be required to absorb these costs. Mobilization and relocating activities could therefore potentially materially adversely affect the Group's business, financial condition, and results of operations.

1.2.6 The Group may be subject to litigation and disputes that could have a material adverse effect on it

The Group is, from time to time, involved in litigation and disputes. These matters may include, among other things, contract disputes, environmental claims or proceedings, employment and tax matters, claims of infringement of patent and other intellectual property rights, and other litigation that arises in the ordinary course of its business. The Group cannot predict with certainty the outcome or effect of any dispute, claim, or other litigation matter, and there can be no assurance as to the ultimate outcome of any litigation.

The Group may not have insurance for litigation or claims that may arise, or if it does have insurance coverage, it may not be sufficient. Insurers may not remain solvent, other claims may exhaust some or all of the insurance available to the Group, or insurers may interpret its insurance policies in a way that does not cover losses for which claims are made or may otherwise dispute claims. Litigation may have a material adverse effect on the Group due to potential adverse outcomes, defense costs, the diversion of management's resources, and other risk factors inherent in litigation or relating to the claims that may arise.

Furthermore, oil and gas operations involve a high degree of risk, including fire hazards, explosions, accidental releases of oil, natural gas, or well fluids, oil and gas contamination, structural failures, and other incidents that could negatively impact the Group's operations. If any of these events occur, they could result in environmental damage, injuries to people, loss of life, and/or other consequences that could lead to litigation and disputes, as well as significant adverse impacts on the Group's reputation, business, operations, and financial condition. For more information on operating hazards risks, see 1.1.19 "The Group's operations are inherently hazardous and subject to high operational risks".

Unfavorable decisions in administrative, judicial, or arbitration proceedings involving the Group, its subsidiaries, its directors, executives, or shareholders may have a material adverse effect on its business, financial performance, and reputation. The Group may not have recorded sufficient provisions for any liabilities arising from such proceedings, and its business, operating results, financial condition, and reputation may be negatively impacted by such unfavorable decisions.

1.2.7 The Group cannot guarantee that the use of its drilling units will not infringe the intellectual property rights of others

Certain intellectual property rights relating to the Group's drilling units and related equipment are owned by its suppliers. In the event that one of these suppliers becomes involved in a dispute over an infringement of intellectual property rights related to equipment owned by the Group, it may lose access to repair services or replacement parts or could be required to cease using some equipment. Additionally, competitors may assert claims for infringement of intellectual property rights related to certain equipment on the Group's drilling units, and the Group may be required to stop using such equipment and/or pay damages and royalties for the use of such equipment.

The consequences of these technology disputes involving suppliers or competitors could adversely affect the Group's financial results and operations. The Group has indemnity provisions in some of its supply contracts to provide some protection from suppliers against intellectual property lawsuits. However, it cannot assure that these suppliers will have sufficient financial standing to honor their indemnity obligations or guarantee that the indemnities will fully protect the Group from the adverse consequences of such technology disputes.

The Group also has provisions in some of its client contracts to require clients to share some of these risks on a limited basis, but it cannot provide assurance that these provisions will fully protect it from the adverse consequences of such technology disputes.

1.2.8 Regulations relating to greenhouse gases and climate change could have a material adverse effect on the Group's business

Governments around the world are increasingly considering and adopting laws and regulations to address climate change issues. Lawmakers and regulators in the U.S. and other jurisdictions where the Group operates have focused increasingly on restricting the emission of carbon dioxide, methane, and other "greenhouse" gases. They have proposed or enacted regulations requiring reporting of greenhouse gas emissions and restricting such emissions, including increased fuel efficiency standards, carbon taxes or cap-and-trade systems, restrictive permitting, and incentives for renewable energy. For example, the SEC recently adopted climate-related disclosure rules, which are expected to materially increase the amount of time, monitoring, and reporting costs related to these matters. These and other new environmental regulations may unfavorably impact the Group, its suppliers, and its customers.

In addition to potential impacts on the Group's business resulting from climate-change legislation or regulations, its business could also be materially adversely affected by climate-change-related physical changes or changes in weather patterns. An increase in severe weather patterns could result in damages to or loss of the Group's drilling rigs, impact its ability to conduct operations, and/or result in a disruption of its customers' operations. Moreover, there is increased focus, including by governmental and non-governmental organizations, investors, and other stakeholders, on sustainability matters. Increasing attention to the risks of climate change has resulted in a heightened possibility of lawsuits or investigations brought by public and private entities against oil and natural gas companies in connection with their greenhouse gas emissions.

Additionally, efforts have been made and continue to be made in the international community toward the adoption of international treaties or protocols that would address global climate change issues and impose reductions on hydrocarbon-based fuels. Laws or regulations incentivizing or mandating the use of alternative energy sources, such as wind power and solar energy, have been enacted in some jurisdictions. Numerous large cities globally and several countries have adopted programs to mandate or incentivize the conversion from internal combustion engine-powered vehicles to electric-powered vehicles, which may reduce demand for oil and natural gas and the Group's drilling services.

Such policies or other laws, regulations, treaties, and international agreements related to greenhouse gases, climate change, carbon emissions, or energy use may negatively impact the price of oil relative to other energy sources, reduce demand for hydrocarbons, and thereby reduce demand for the Group's drilling services. They may also limit drilling in the offshore oil and natural gas industry, require additional permits and licenses, additional equipment, systems, and operational management, or otherwise unfavorably impact the Group's business, its suppliers, and its customers. This could result in increased compliance costs and additional operating restrictions, all of which could materially adversely affect the Group's business, operations, financial condition, operating results, or cash flows.

1.2.9 Consumer preference and increasing demand for alternative fuels, energy sources, and electric-powered vehicles may lead to reduced demand for contract drilling services

The increasing penetration of renewable energy into the energy supply mix, along with consumer preference and rising demand for alternative fuels, energy sources, and electric-powered vehicles, may adversely impact the demand for oil and natural gas and, consequently, the Group's contract drilling services. The evolving shift of the global energy system from fossil-based and other non-renewable energy sources to more renewable energy sources, commonly referred to as the energy transition, could have a material adverse impact on the Group's results of operations, financial position, and cash flows.

As a result of changes in consumer preferences and uncertainty regarding the pace of the energy transition and its expected impacts on oil and natural gas demand, some customers are transitioning their businesses to renewable energy projects and away from oil and natural gas exploration and production. This shift could result in reduced capital spending on oil and natural gas projects, which in turn may lead to decreased demand for contract drilling services.

1.2.10 Increased focus on climate change, the environmental and social impacts of fossil fuel extraction and use, and other ESG (Environmental, Social, and Governance) matters could result in additional costs or risks and adversely impact the Group's business and reputation, as well as its access to capital and ability to refinance its debt

Stakeholders, such as investors, customers, regulators, and the lending community, have increased their focus on environmental, social, and governance (ESG) matters, including practices related to greenhouse gas emissions and climate change. Additionally, an increasing percentage of the investment community considers sustainability factors in making investment decisions, and a growing number of entities are considering sustainability factors in awarding business. If the Group is unable to meet its commitments and targets and appropriately address sustainability enhancements, it may lose customers or business partners, and its reputation may be negatively affected. This could make it more difficult for the Group to compete effectively, all of which could have a material adverse effect on its business, reputation, financial condition, results of operations, cash flows (including negative cash flows), and prospects.

Moreover, in recent years, some leading asset managers have expressed a commitment to divest from investments in fossil fuels due to concerns over climate change. Some pension and endowment funds and other investors have begun to divest fossil fuel equities and pressure lenders to limit funding to companies engaged in the extraction of fossil fuels. Additionally, the increased focus by the investment community on ESG-related practices and disclosures, including emission rates and overall impacts on global climate, has created, and will continue to create for the foreseeable future, increased pressure regarding the enhancement and modification of disclosure and governance practices in the industry.

The initiatives aimed at limiting climate change and reducing air pollution and the emission of greenhouse gases, including divestment from the oil and gas industry, could significantly interfere with the Group's operations and business activities and restrict its ability to access the capital markets and refinance its debt.

1.2.11 Global energy supply may shift from the industry's basis of hydrocarbons to non-hydrocarbon sources, including wind, solar, nuclear, and hydroelectric energy, which, in turn, may adversely affect demand for the Group's services

Currently, the Group's business involves the extraction of hydrocarbons or fossil fuels from the seabed. The Brazilian Ministry of Mines and Energy and the Group for Energy Research anticipate that oil and gas production in Brazil will increase by over 40% until 2030, and the U.S. Energy Information Administration expects that oil and natural gas will continue to account for a significant portion of the energy fuel mix both in the U.S. and globally through 2040. However, driven by concerns over the risks of climate change, a number of countries have adopted or are considering the adoption of regulatory frameworks to reduce greenhouse gas emissions, including emissions from the production and use of oil and gas and their products, with the ultimate goal of abolishing coal and other non-renewable energy sources such as oil and gas.

The energy transition, or the shift to sustainable economies through renewable energy, has become more prevalent due to the negative effects of climate change. The Group's operations could be affected by the impacts of this energy transition, which may require adapting its fleet and business to potential changes in government requirements, customer preferences, and its customer base. If the energy rebalancing landscape changes faster than anticipated or in a manner that the Group does not foresee, demand for its services could be adversely affected. As customers become more fully committed to energy transition, demand for the Group's services may decrease. A decrease in demand for its services could have a material adverse effect on the Group's financial condition, results of operations, and cash flows

Furthermore, if the Group fails to, or is perceived not to, effectively implement an energy transition strategy, or if investors or financial institutions further shift funding away from companies in fossil fuel-related industries, its access to capital or the market for its securities could be negatively impacted.

1.2.12 Complex and stringent environmental laws and regulations may increase the Group's exposure to environmental and other liabilities, may increase its operating costs, and adversely affect the operation of its rigs

The Group's business is affected by laws and regulations relating to the energy industry, the environment, and safety, including international conventions and treaties, as well as regional, national, state, and local laws and regulations. The operation of the Group's rigs in Brazil is subject to international conventions, treaties, Brazilian environmental laws, regulations, and standards at the federal, state, and local levels, as well as market standards and clients' standards and requirements. Compliance with these laws, regulations, and standards may require the installation of additional costly equipment, increased staffing, and higher operating expenses.

Violation of these laws, regulations, and standards may result in administrative, civil, and/or criminal liability and penalties for the Group and its directors and officers, such as fines, suspension or interruption of operations, and prohibitions or restrictions on participation in future charter bids sponsored by government-controlled entities, among other sanctions, in addition to civil liability related to the obligation to repair any environmental damage. As Brazilian environmental laws impose strict, joint, and unlimited civil liability for remediation or compensation of damages to the environment and to affected third parties, including those in connection with spills and releases of oil and hazardous substances, the Group could be subject to liability even if it were not negligent or at fault, or for the conduct of, or conditions caused by others, including charterers or third-party agents. The payment of any environmental liabilities or penalties, or the costs that the Group may incur to remedy environmental pollution, could have a material adverse effect on its operations and financial condition. The obligation to repair environmental damage is not subject to statutes of limitation, and the corporate veil of an entity could be pierced if it is deemed an obstacle to repairing the environmental damage.

The laws, regulations, and technical requirements governing maritime and drilling operations in Brazil have become increasingly complex, more stringently enforced, and more expensive to comply with, and this trend is likely to continue. Amendments to existing laws and regulations or changes in the application or the creation of new laws, regulations, and technical standards may be highly restrictive and impose significantly increased costs on the operation of the Group's business, or otherwise materially adversely affect its operating results or future prospects.

*1.2.13 Risks related to Controlled Foreign Corporate ("**CFC**") taxation*

If Norwegian shareholders (and foreign shareholders that hold the shares in connection with a business that is taxable in Norway), in the aggregate, directly or indirectly own or control 50% or more of the share capital of a company resident in a low-tax jurisdiction at the beginning and end of a fiscal year, or more than 60% at the end of a fiscal year, then such shareholders may become subject to CFC taxation (Nw.:NOKUS) in Norway. In the event that CFC taxation applies, the relevant company's annual profits will be taxable for the Norwegian shareholders according to their proportionate share of the company's equity.

CFC taxation applies regardless of whether, and to what extent, the profits are distributed to the Norwegian shareholders. The relevant company's profits will, for the purpose of the CFC taxation, be calculated according to Norwegian tax rules as if the relevant company was a Norwegian taxpayer and assessed at the hands of the Norwegian shareholder(s). For a Norwegian Corporate Shareholder who is subject to CFC taxation, dividends distributed from the relevant company are exempt from further taxation to the extent the dividends do not exceed such shareholder's taxable share of the relevant company's net income. Special rules may apply for Norwegian shareholders if a company subject to CFC taxation cease to be subject to CFC taxation. Special rules also apply to the calculation of taxable gains/losses upon realization of shares by a Norwegian Corporate Shareholder that is or has been subject to CFC taxation. If the Norwegian shareholders is at risk of becoming subject to CFC taxation this could also affect the price of the Shares as Norwegian shareholders may prefer to sell their Shares instead of becoming subject to CFC taxation.

1.3 Risks related to financial and tax matters

1.3.1 The Group may incur additional asset impairments and/or rig retirements as a result of reduced demand for certain offshore drilling rigs

In the past, oversupply of drilling rigs in the offshore drilling market has resulted in numerous rigs being idled and, in some cases, retired and/or scrapped over the past several years. The Group evaluates its property and equipment for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group has incurred impairment charges in the past and may incur additional impairment charges in the future related to the carrying value of its drilling rigs.

Impairment write-offs could result if, for example, any of the Group's rigs become obsolete or commercially less desirable due to changes in technology, market demand, or market expectations, or if their carrying values become excessive due to the condition of the rig, cold stacking the rig, the expectation of cold stacking the rig in the near future, a decision to retire or scrap the rig, or spending in excess of budget on a new build, construction project, reactivation, or major rig upgrade.

Asset impairment evaluations are, by their nature, highly subjective. The use of different estimates and assumptions could result in materially different carrying values of the Group's assets, which could impact the need to record an impairment charge and the amount of any charge taken. From 2015 through 2024, the Group retired and sold two offshore drilling rigs and all onshore drilling rigs, recording net impairment losses aggregating $971 million. Historically, the longer a drilling rig remains cold stacked, the higher the cost of reactivation, and depending on the age, technological obsolescence, and condition of the rig, the lower the likelihood that the rig will be reactivated at a future date. When there is an oversupply of rigs in the industry, there has usually been a heightened risk of rig impairments.

The Group can provide no assurance that its assumptions and estimates used in its asset impairment evaluations will ultimately be realized or that the current carrying value of its property and equipment will ultimately be realized.

1.3.2 Changes in tax laws and policies, effective income tax rates, or adverse outcomes resulting from examinations of the Group's tax returns could adversely affect its financial results

Tax laws and regulations are highly complex and subject to interpretation and disputes. The Group may conduct its worldwide operations through various subsidiaries in a number of countries, making it subject to highly complex tax laws, regulations, and income tax treaties within and between the countries in which it operates, as well as countries in which it may be resident. These laws may change and are subject to interpretation.

As a result, the Group determines its income tax expense based on its interpretation of the applicable tax laws and regulations in effect in each jurisdiction for the period during which it operates and earns income. Its overall effective tax rate could be adversely affected by lower-than-anticipated earnings in countries where it has lower statutory rates and higher-than-anticipated earnings in countries where it has higher statutory rates, by changes in the valuation of its deferred tax assets and liabilities, or by changes in tax laws, tax treaties, regulations, accounting principles, or interpretations thereof in one or more countries in which it operates. Additionally, changes in laws, treaties, and regulations, as well as the interpretation of such laws, treaties, and regulations, may put the Group at risk for future tax assessments and liabilities, which could be substantial.

The Group's income tax returns are subject to review and examination. It recognizes the benefit of income tax positions it believes are more likely than not to be sustained on their merit should they be challenged by a tax authority. If any tax authority successfully challenges any tax position taken or any of the Group's interGroup transfer pricing policies, or if the terms of certain income tax treaties are interpreted in a manner that is adverse to the Group or its operations, or if it loses a material tax dispute in any country, its effective tax rate on its worldwide earnings could increase substantially.

1.3.3 The Group may be adversely affected by changes in Brazilian tax law and unfavorable outcomes related to tax contingencies

The Brazilian government regularly implements changes in tax laws, including adjustments to tax rates and the introduction of temporary taxes, which may increase the Group's total tax obligations and, in turn, adversely affect it. Additionally, certain tax laws may be subject to restrictive interpretations by tax authorities. If tax authorities have an interpretation of tax laws that differs from the Group's, it may be adversely affected and be required to pay the full amount of the relevant taxes, plus charges and penalties. Furthermore, the effects of these changes and any other changes that result from the enactment of additional tax reforms or changes in the way current tax laws are applied cannot be quantified, and there can be no assurance that these changes will not have an adverse effect on the Group's business.

Changes in Brazilian tax legislation and increases in tax rates during periods of economic instability are frequent. In December 2023, the Brazilian Congress approved a comprehensive tax reform, which, among other things, aims to simplify the taxes charged on consumption by unifying five taxes applied at the federal, state, and municipal levels into two taxes applied at the federal (contribution on goods and services) and state levels. The implementation of the new tax regime will occur gradually and in different stages, with effects in force as of 2027 and 2033. The Group has been in the process of analyzing the impact of the new tax reform on its results of operations and financial condition. As of the date of this Information Document, the Group cannot foresee what the impacts could be.

Additionally, at the end of 2023, the House of Representatives approved the bill to convert a provisional measure into law, establishing a new system for the tax treatment of revenues arising from governmental subsidies at the federal level. According to the new law, revenues arising from governmental subsidies will be subject to corporate income tax and social contribution on net income payment.

Moreover, there have been recent changes to the tax system for the deduction of expenses related to the payment of interest on net equity, altering certain aspects of the formula for calculating such expenses and making it more restrictive than the previous rules. This has had a significant impact on taxpayers who benefit from subsidies for investment and funding.

The Group is also subject to inspections by federal, state, and municipal tax authorities. As a result of these inspections, the tax authorities may question its tax positions. The Group cannot provide assurances that the provisions for such proceedings, if any, will be appropriate, that there will not be additional tax exposure, and that it will not be necessary to create additional tax reserves for any tax exposure. Any increase in the amount of taxes due because of challenges to the Group's tax positions may adversely affect it.

Furthermore, Brazilian tax authorities have recently increased the number of inspections. There are several tax issues that are of concern to the Brazilian authorities and in relation to which they regularly inspect companies, including inventory control, goodwill amortization expenses, corporate restructuring, and tax planning, among others. Any legal and administrative proceedings related to tax matters in which the Group is involved, including those before the Administrative Council for Tax Appeals (Conselho Administrativo de Recursos Fiscais) and state and municipal administrative courts, may adversely affect it.

1.3.4 The Group's consolidated effective income tax rate may vary substantially from one reporting period to another

The Group's consolidated effective income tax rate is impacted by the mix between its domestic and international pre-tax earnings or losses, as well as the mix of the international tax jurisdictions in which it operates. The Group cannot provide any assurance as to what its consolidated effective income tax rate will be in the future due to, among other factors, uncertainty regarding the nature and extent of its business activities in any particular jurisdiction and the tax laws of such jurisdictions, as well as potential changes in U.S. and foreign tax laws, regulations, or treaties, or the interpretation or enforcement thereof. Changes in the administrative practices and precedents of tax authorities or any reclassification or other matter (such as changes in applicable accounting rules) that increases the amounts the Group has provided for income taxes or deferred tax assets and liabilities in its consolidated financial statements may also contribute to this variability. This variability may cause the Group's consolidated effective income tax rate to vary substantially from one reporting period to another.

1.3.5 Changes to, the revocation of, adverse interpretations of, or exclusion from Brazilian tax regimes and international treaties to which the Group and its clients are currently subject may negatively impact the Group

Amounts paid to the Group by Petrobras and its other clients in Brazil for chartering its offshore units are currently exempt from Brazilian withholding income tax. Due to the controversies surrounding the contractual split model adopted by the oil and gas industry, Law No. 9,481 was amended in 2017 by Law No. 13,586 ("**Law No. 9,481**") to establish new requirements to benefit from the zero percent withholding income tax. According to Law No. 9,481, whenever the charter or lease agreement is executed simultaneously with the services agreement, both in relation to the prospecting and exploration of oil and natural gas and signed between related parties, the amount of the charter or lease cannot exceed the following percentages; otherwise, the excess will not benefit from the zero rate but rather be subject to the regular withholding income tax rates (15% or 25% if the beneficiary of the payment is resident in a low tax jurisdiction or subject to a privileged tax regime):

- 70% (seventy percent) for vessels with floating production systems and/or storage and discharge (floating production systems – FPS);
- 65% (sixty-five percent) for vessels with a drilling rig, completion rig, workover/wellwork system (drillships); and
- 50% (fifty percent) for other types of vessels.

In addition, the Group's results of operations are directly affected by the special customs regime for the exportation and importation of goods related to the exploration and production of oil and gas (Regime Aduaneiro Especial de Exportação e Importação de bens destinados à exploração e à produção de petróleo e gás natural) ("**REPETRO**"), which are Brazilian tax incentive programs that allow the use of a special customs arrangement on the import and export of goods and equipment for the term of any concession agreement if they are intended to be used in the research and development of petroleum and natural gas. REPETRO is governed by a federal decree that provides that REPETRO will remain in force until 2040. Any termination or modification of this tax incentive program could have a material adverse effect on the Group.

1.4 Risks related to the Group's operations in Brazil

1.4.1 The significant influence by the Brazilian government over the Brazilian economy, along with Brazilian political and economic conditions, may materially adversely affect the Group's business, results of operations, and financial condition

Substantially all of the Group's operations and customers are located in Brazil. Accordingly, its financial condition and results of operations are substantially dependent on Brazil's economy. The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policies and regulations that influence the Brazilian economy. The government's actions to control inflation and other regulations and policies have, in the past, involved measures such as interventions in interest rates and the foreign exchange market, changes in tax policies, price controls, capital controls, limits on imports, and other actions. The Group has no control over, and cannot predict, the measures or policies that the Brazilian government may adopt in the future.

The Group's business, results of operations, and financial condition may be adversely affected by changes in public policies at the federal, state, and municipal levels related to taxes, currency exchange control, as well as other factors, such as:

- applicable regulations and increases in fines for any violations of law applied by the Brazilian government, including through ANP, as well as state and local governments;
- oil and gas prices in Brazil and abroad;
- interest rates;
- foreign exchange controls and restrictions on remittances abroad;
- monetary policy;
- exchange rate fluctuations;
- changes in labor and regulatory rules;
- inflation;
- liquidity in Brazilian financial and capital markets;
- expansion or contraction of the Brazilian economy;
- tax policies and changes in tax laws;
- import and export controls;
- increased unemployment;
- economic, social, and political instability;
- public health, including as a result of epidemics and pandemics;
- energy shortages; and
- other political, diplomatic, social, environmental, climate, and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian government will implement changes in policy or regulations affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and in the securities of Brazilian companies, including the notes.

1.4.2 Political instability may adversely affect the Group

The Brazilian economy has been and continues to be affected by political events in Brazil, which have also impacted the confidence of investors and the public in general, adversely affecting the performance of the Brazilian economy and causing heightened volatility of securities issued by Brazilian companies.

Brazilian markets experienced heightened volatility in the last decade due to uncertainties stemming from the Lava Jato (one of the most significant ani-corruption investigations in Brazilian history) and other investigations that have materially impacted the Brazilian economy and political environment. Numerous members of the Brazilian government and the legislative branch, as well as senior officers of large state-owned and private companies, have been convicted of political corruption involving officials accepting bribes through kickbacks on contracts granted by the government to several infrastructure, oil and gas, and construction companies, among others.

The ultimate outcome of these investigations is uncertain, but they have had an adverse impact on the image and reputation of the implicated companies and on the general market perception of the Brazilian economy. The development of these unethical conduct cases has and may continue to adversely affect the Group.

Relatedly, in the aftermath of the 2022 election results, there were mass protests and demonstrations throughout Brazil, and it is unclear whether this heightened state of political and social tension will intensify and lead to further political uncertainty. The Group cannot predict the scope, nature, and impact of political conflicts, nor that of any policy changes or reforms, or reversals thereof, that the current administration will implement, including the effect that such conflicts, changes, or reforms may have on its business, financial condition, results of operations, or on the Brazilian economy as a whole.

Any of the above factors may create additional political uncertainty, which could have a material impact on the Brazilian economy and on the Group's business, financial condition, and results of operations.

1.4.3 Inflation and any efforts by the Brazilian government to curb inflation may have an adverse effect on the Group

Brazil has experienced high rates of inflation in the past. Inflation and certain governmental actions to curb inflation, along with speculation about potential governmental measures, have materially and adversely affected the Brazilian economy and contributed to economic uncertainty in Brazil, heightening volatility in the Brazilian capital markets, which could adversely affect the Group.

Brazil’s General Price Index (Índice Geral de Preços – Mercado) recorded inflation of 6.5% in 2024, inflation of (3.2)% in 2023, inflation of 5.5% in 2022, and 17.8% in 2021. Measures adopted by the Brazilian government to control inflation have historically included the maintenance of a restrictive monetary policy with high interest rates, thereby limiting the availability of credit and reducing economic growth. The Monetary Policy Committee (Comitê de Política Monetária) (“COPOM”) frequently adjusts the official base interest rates in situations of economic uncertainty to meet the economic goals established by the Brazilian government.

In recent years, there has been significant volatility in the official Brazilian base interest rate (Sistema Especial de Liquidação e Custódia), set by the COPOM, which ranged from 2.00% on December 31, 2020, to 12.25% as of December 31, 2024.

Any future measures taken by the Brazilian government, including changes in interest rates, intervention in the exchange market, and the implementation of mechanisms to adjust or defend the value of the real, may trigger inflation, adversely affecting the overall performance of the Brazilian economy. If Brazil experiences high inflation in the future, there could be a significant increase in the Group's operating expenses, negatively impacting its financial condition.

1.4.4 Exchange rate instability may adversely affect the Brazilian economy and, as a result, the Group

The Brazilian real has experienced significant depreciations and appreciations in relation to the U.S. dollar and other strong foreign currencies over the last four decades. During this period, the Brazilian government has implemented a number of economic plans and exchange rate policies, including sudden devaluations, periodic mini-devaluations, exchange controls, dual exchange rate markets, and a floating exchange rate system. Since 1999, Brazil has adopted a floating exchange rate system with interventions by the Central Bank in buying or selling foreign currency. The Group cannot assure that these measures will not be taken by the Brazilian government in the future or that it will not be adversely affected by a depreciation or appreciation of the real against the U.S. dollar and other currencies.

In 2021, the Brazilian real depreciated by 7.4% against the U.S. dollar, with the real/U.S. dollar selling exchange rate at R$5.5805 per $1.00 on December 31, 2021. In 2022, the Brazilian real appreciated by 7.0% against the U.S. dollar, with the exchange rate at R$5.2177 per $1.00 on December 31, 2022. As of December 31, 2023, the real/U.S. dollar selling exchange rate was R$4.8413, representing a 7.2% appreciation of the real in 2023. As of December 31, 2024, the exchange rate was R$6.1923, indicating a 27.89% depreciation of the real in 2024.

The Group cannot assure that the real will not significantly appreciate or depreciate in relation to the U.S. dollar. A depreciation of the real may create additional inflationary pressures in Brazil and cause increases in interest rates, which may negatively affect the overall Brazilian economy and, consequently, the Group, due to decreased consumption and increased costs.

Additionally, as prices of oil and gas are calculated based on the U.S. dollar, fluctuations in the real/U.S. dollar exchange rate have a direct impact on the Group's source of revenue. The Group has no control over and cannot predict the Brazilian foreign exchange policy and may be adversely affected by changes in foreign exchange policies.

1.4.5 Developments and the perception of risk in other countries, particularly in the United States, European countries, and emerging markets, including China, may adversely affect the Brazilian economy and the market price of Brazilian securities

The market value of securities of Brazilian issuers is affected to varying degrees by economic and market conditions in other countries, including the United States, China, European countries, and other Latin American and emerging market countries. Although economic conditions in the United States and European countries may differ significantly from those in Brazil, investors' reactions to developments in these countries may adversely affect the market value of securities of Brazilian issuers, including the Group's notes. Moreover, crises or significant developments in other countries and capital markets may diminish investors' interest in securities of issuers with significant operations in Brazil, including the notes, and their trading price, limiting or preventing the Group's access to capital markets and funds to finance its future operations at acceptable terms.

Additionally, the financial crisis and political instability in the United States, the trade war between the United States and China, crises in Europe and other countries, as well as the consequences of Brexit, have affected the global economy, producing a number of effects that directly or indirectly impacted the Brazilian capital markets and economy. These effects include fluctuations in the price of securities of listed companies, reduced availability of credit, deterioration of the global economy, fluctuations in exchange rates, and inflation, among others, which may adversely affect the Group.

The Group is also subject to impacts arising from the political tension between the United States, Iran, and Iraq, the conflict between Russia and Ukraine, as well as other conflicts in the Middle East and East Asia, including the conflict between Israel and Hamas, and Yemeni rebels' hijackings and assaults on ships crossing the Red Sea, where a significant portion of the world's seaborne crude oil flows through. The sanctions imposed by various countries against Russia, including those regarding the purchase of oil and gas from Russia, have affected the price of oil and gas worldwide, including in Brazil. If these sanctions continue to be imposed or if there is an escalation in tensions and sanctions between the United States, Iran, Iraq, Russia, and possibly other European countries, the price of oil could fluctuate further, continuing to affect the commodities and energy market in Brazil and globally, which could impact the Group's operating costs, revenues, and consumer expenses, and therefore adversely affect it.

1.4.6 Any further downgrading of Brazil's credit rating may adversely affect the Group

Credit ratings affect investors' perceptions of risk and, as a result, the yields required on debt issuances in the financial markets. Rating agencies regularly evaluate Brazil and its sovereign ratings, taking into account a number of factors, including macroeconomic trends, fiscal and budgetary conditions, indebtedness, and the prospect of changes in these factors.

As of the date of this Information Document, Brazil's sovereign credit ratings were BB with a stable outlook, Ba1 with a stable outlook, and BB with a stable outlook as reported by Fitch, Moody's, and S&P, respectively, which in all cases is below investment grade. The Group cannot assure that rating agencies will maintain Brazil's sovereign credit ratings.

Any downgrading of Brazil's sovereign credit ratings may increase the perception of risk among investors and, as a result, adversely affect the price of securities issued by Brazilian companies, including the Group. This could adversely affect the Group's rating and, consequently, the trading price of its notes.

1.5 Risks related to the Admission and to the Shares

1.5.1 An active trading market for the Company's Shares on Euronext Growth may not develop

No assurance can be given that an active trading market for the Shares will develop on Euronext Growth following the Admission, nor that if an active trading market is developed such will be sustained. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares after the Admission.

1.5.2 The trading volume and price of the Shares may fluctuate significantly

The trading volume and price of the Shares could fluctuate significantly in response to several factors, for example, (i) changes in the Group's actual or projected results of operations or those of its competitors, (ii) changes in earnings projections or failure to meet investors' and analysts' earnings expectations, (iii) investors' evaluations of the success and effects of the Group's strategy, as well as the evaluation of the related risks, (iv) changes in general economic conditions or the equities markets generally, (v) changes in the industries in which the Group operates, (vi) shareholders selling Shares and (vii) other factors. Volatility has had a significant impact on the market price of securities issued by many companies earlier, and may be unrelated to the operating performance of the relevant company. The price of the Shares may therefore fluctuate due to factors that have little or nothing to do with the Company, and such fluctuations may materially affect the price of the Shares. Further, sale of shares by major shareholders could also negatively affect the market price of the Shares.

1.5.3 Future issuances of Common Shares or other securities in the Company may dilute the holdings of shareholders and could materially affect the price of the Shares

The Company may in the future decide to offer and issue new Common Shares or other securities in order to finance its operations, in connection with unanticipated liabilities or expenses or for any other purposes. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. An issuance of additional equity securities or securities with rights to convert into equity, including the Warrants (as described in Section 10.8.1 "Warrants" could reduce the market price of the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders as well. Accordingly, the Company's shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

1.5.4 The Company's Articles of Association provide for an indemnification by the Company for the Directors and Officers of the Company

The Company's Articles of Association contain a, provision providing that directors shall incur no personal liability in relation to a commitment validly made in the name of the Company, provided such is compliant with the Company's Articles of Association and the Law. The Articles of Association also provide that the Company shall, to the extent permitted by law, indemnify *inter alia* any director or officer against damages to be paid by such indemnified person or costs incurred by such person as a consequence of or in connection with any action, suit or proceeding to which they may be party by reason of their position with the Company. The indemnification applies to any action taken by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties, except with respect to any matter for which such persons is adjudged by a court of competent jurisdiction in such action, suit or proceeding to be liable for gross negligence, fraud or willful misconduct This indemnification commitment by the Company may disincentivize shareholders from asserting claims against the Company's officers and directors unless the act or failure to act involves gross negligence, fraud or willful misconduct.

1.5.5 The Company will incur increased costs as a result of being listed on Euronext Growth

As a company with its Shares listed on Euronext Growth, the Company will be required to comply with the reporting and disclosure requirements that apply to companies listed on Euronext Growth. The Company will incur additional legal, accounting and other expenses in order to ensure compliance with the aforementioned requirements and other applicable rules and regulations. The Company anticipates that its incremental general and administrative expenses as a company with its shares listed on Euronext Growth will include, among other things, costs associated with financial reports to shareholders and investors, shareholders' meetings and investor relations, incremental director liability insurance costs and director compensation. In addition, the Board of Directors and Management may be required to devote significant time and effort to ensure compliance with the applicable rules and regulations for companies with shares listed on Euronext Growth, which may entail that less time and effort can be devoted to other aspects of the business. Any such increased costs, individually or in the aggregate, could have an adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

1.5.6 Risks related to the registration of the Shares in the CSD and the Registrar Agreement

The Company has entered into a registrar agreement (the "**Registrar Agreement**") with Equro Issuer Services AS, with registered address at Billingstadsletta 13, 1396 Billingstad, Norway (the "**CSD Registrar**" or "**Equro**") to facilitate the registration of the Shares with the CSD in connection with the Admission, see Section 10.4 "CSD registration of the Shares".

Although each Share registered with the CSD will represent evidence of beneficial ownership of one underlying ordinary share in the Company (i.e. a Common Share), investors are owners of Shares only and are not shareholders of the Company from a Luxembourg legal perspective; as such investors may have no direct rights against the Company and may be required to obtain the cooperation of the CSD Registrar in order to assert claims against the Company, and to look solely to the CSD Registrar for the payment of any dividends, for exercise of voting rights attaching to the Common Shares in the Company and for all other rights arising in respect of the Common Shares. The Company cannot guarantee that the CSD Registrar will be able to execute its obligations under the Registrar Agreement, including that the owners of the Shares will receive the notice of a general meeting in time to instruct the CSD Registrar to either effect a re-registration and exchange of their Shares for Common Shares or otherwise vote the underlying Common Shares in the manner desired by such beneficial owners. Any such failure may inter alia, limit the access for, delay or prevent, the beneficial shareholders being able to exercise the rights attaching to the Common Shares in the Company.

Each of the Company and the CSD Registrar may terminate the Registrar Agreement at any time with a minimum of three months' prior written notice, or immediately upon written notice of a material breach by the other party of the Registrar Agreement

In the event the Registrar Agreement is terminated, there can be no assurance that it would be possible to enter into a replacement agreement for purposes of permitting the uninterrupted registration of the Shares in the CSD. If the Company is not successful in entering into a replacement agreement, the Shares would not be tradable on Euronext Growth which again could have a material and adverse effect on the Company and its shareholders.

Pursuant to the Registrar Agreement, the CSD Registrar is only liable for direct losses incurred as a result of the CSD Registrar's breach of contract. Accordingly, the Company may not be able to recover its entire loss if the CSD Registrar does not perform its obligations under the Registrar Agreement.

1.5.7 The Company's Articles of Association include a squeeze-out regulation.

The Articles of Association of the Company includes a squeeze-out regulation for instances when a holder of Securities (as defined therein) together with its affiliates following any transfer or subscription of Securities which, would come to own more than 80 % of the Securities (a "**Squeeze-Out Event**").

Upon the occurrence of a Squeeze-Out Event, the shareholder surpassing the 80 %-threshold shall be entitled to purchase, and force all other holders of Securities to sell to it all the Securities held by them, by notifying such parties within 90 days following a Squeeze-Out Event. The price per Security shall be at least equal to the highest price paid for a Security by the Squeeze-out Beneficiary (as defined in the Articles) and/or its affiliates during the six month period prior to the Squeeze-Out Event, and, absent any such price, shall be equal to the fair market value as determined by the Squeeze-Out Beneficiary.

Holders of Securities could require that a valuation report should be prepared by an independent expert if they deem the that the price to be paid does not reflect the fair value. In such cases, the price as determined by such independent experts shall be final and binding. Thus, there is a risk that a holder of Shares could be squeezed-out, and further that the squeeze-out price will not reflect the market price of the Shares at the time of the Squeeze-Out Event.

2 RESPONSIBILITY FOR THE INFORMATION DOCUMENT

This Information Document has been prepared by Constellation Oil Services Holding S.A. solely in connection with the Admission to trading on Euronext Growth.

The Board of Directors of Constellation Oil Services Holding S.A. accepts responsibility for the information contained in this Information Document. The Board of Directors confirm that, having taken all reasonable care to ensure that such is the case, the information contained in this Information Document is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

5 March 2025

The Board of Directors of Constellation Oil Services Holding S.A.

____________________ Maria Gordon Chairperson	____________________ Bruno Serapião Director
____________________ Jorge Tagle Director	____________________ Jaap Jan Prins Director
____________________ Bertrand de Fays Director	____________________ Attila Sénig Director

3 GENERAL INFORMATION

3.1 Other important investor information

The Company has furnished the information in this Information Document. The responsibility for the accuracy and completeness of the information set forth herein lies with the Company. The Euronext Growth Advisor has assisted the Company in preparing the Information Document and used reasonable efforts to ensure that the Information Document is in accordance with the content requirements set out by Oslo Børs. For this purpose and in connection with the Company's application for Admission, the Euronext Growth Advisor has engaged legal and financial advisors who have conducted certain limited due diligence investigations related to legal and financial matters pertaining to the Group for the purpose of the Admission.

This Information Document has been reviewed by the Euronext Growth Advisor, but the Euronext Growth Advisor cannot guarantee that the information in this Information Document is correct and/or complete in all respects and accordingly disclaims liability, to the fullest extent permitted, for the accuracy or completeness of the information in this Information Document.

Neither the Company nor the Euronext Growth Advisor is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of an investment in the Shares.

Investing in the Shares involves a high degree of risk. See Section 1 ("Risk factors").

3.2 Presentation of financial and other information

3.2.1 Financial information

The Company has prepared consolidated annual financial statements in accordance with IFRS as of and for the years ended 31 December 2023 and 2022 (the "**Annual Financial Statements**"). The Annual Financial Statements are included in Appendix B to this Information Document. The Annual Financial Statements have been audited by Grant Thornton Auditores Independentes Ltda. ("**Grant Thornton**"), as set forth in their reports included therein.

Further, the Company has prepared consolidated interim financial statements for the nine-month period ended 30 September 2024, with comparable figures for the corresponding period in 2023 (the "**Interim Financial Statements**"). The Interim Financial Statements are included in Appendix C to this Information Document.

Grant Thornton has not audited, reviewed or produced any report or any other information provided in this Information Document.

The Company presents its financial information in USD.

3.2.2 Rounding

Certain figures included in this Information Document have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

3.2.3 Industry and market data

In this Information Document, the Group has used industry and market data obtained from independent industry publications, market research and other publicly available information. Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Information Document that was extracted from industry publications or reports and reproduced herein.

Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Information Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 ("Risk factors") and elsewhere in this Information Document.

Unless otherwise indicated in the Information Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

3.2.4 Cautionary note regarding forward-looking statements

This Information Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Information Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. For a non-exhaustive overview of important factors that could cause those differences, please refer to Section 1 ("Risk factors").

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Information Document.

3.2.5 Exchange rates

The presentation currency of the Financial Statements is USD.

The individual financial statements of all Group companies are presented in the functional currency of the primary economic Environment in which the subsidiaries operate.

The following table sets forth, for the previous five years as indicated, information regarding the average, high and low, reference rates for NOK, expressed in NOK per USD, in each case rounded to the nearest four decimal places, based on the daily exchange rate announced by the Central Bank of Norway:

Fiscal year	Average	High	Low	Period end
2019	8.8037	9.2607	8.4108	8.7803
2020	9.4004	11.4031	5.5326	8.5326
2021	8.5990	9.1205	8.1742	8.8194
2022	9.6245	10.9332	8.6467	9.8573
2023	10.5647	11.2476	9.8275	10.1724
2024	10,7433	11,423	10.2971	11,3534

The following table sets forth, for the previous five years as indicated, information regarding the average, high and low, reference rates for NOK, expressed in NOK per EUR, in each case rounded to the nearest four decimal places, based on the daily exchange rate announced by the Central Bank of Norway:

Fiscal year	Average	High	Low	Period end
2019	9.8527	10.2748	9.5578	9,8638
2020	10.7207	12.3165	9.8315	10.4703
2021	10.1648	10.6170	9.6828	9.9888
2022	10.1040	10.5838	9.4923	10.5138
2023	11.4206	12.0045	10.5135	11.2405
2024	11,6276	12,1108	11,2685	11,795

4 REASONS FOR THE ADMISSION

The Company believes the Admission will:

- facilitate a liquid market for the Shares;
- diversify the shareholder base and enable other investors to take part in the Group's belief of future growth and value creation; and
- enhance the Group's profile with investors, business partners, suppliers and customers.

No equity capital or proceeds will be raised by the Company upon the Admission, but the Company has completed the Recapitalization, as defined and further described in Section 6 "The implemented Recapitalization", prior to the Admission. As a part of the Recapitalization, the Company raised USD 75 million of new equity capital.

5 DIVIDENDS AND DIVIDEND POLICY

5.1 Dividend policy

The Company has not formalized a dividend policy. Such policy may be implemented in the future. As described in Section 7.10 "Material financing agreements", the Company's debt financing agreement contains restrictions on amongst other the distribution of dividend. In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its borrowing arrangements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility.

The Company has not distributed any dividends for the period covered by the Financial Statements.

5.2 Legal and contractual constraints on the distribution of dividends

At the end of each financial year, the accounts are closed and the Board of Directors draws up an inventory of the Company's assets and liabilities, the balance sheet and the profit and loss accounts in accordance with Luxembourg laws. Of the annual net profits of the Company, five per cent (5%) at least shall be allocated to the legal reserve. This allocation shall cease to be mandatory as soon and as long as the aggregate amount of such reserve amounts to ten per cent (10%) of the share capital of the Company. Upon recommendation of the Board of Directors, the general meeting of shareholders shall determine how the remainder of the Company's profits shall be used in accordance with the Luxembourg law dated 10 August 1915 on commercial companies, as amended (the "**Companies Law**") and the Articles of Association. Distributions shall be made to the shareholders in proportion to the number of Common Shares they hold in the Company.

In addition to the above, the Board of Directors may proceed with the payment of interim dividends subject to the provisions of Luxembourg laws. Any share premium, assimilated premium or other distributable reserve may be freely distributed to the shareholders subject to the provisions of the Companies Law and the Articles of Association.

Any share premium, assimilated premium or other distributable reserve may be freely distributed to the shareholders subject to the provisions of the Companies Law and the Articles of Association.

5.3 Manner of dividend payment

The CSD Registrar would receive any dividend and other payments distributed by the Company via the custodian appointed by Euronext VPS. For any payments in other currencies than NOK, the custodian or the CSD Registrar (as the case may be) will exchange the amount to NOK. Any future payments of dividends on the Shares will be denominated in the currency of the bank account that at the time of the payment of the dividend was registered in the CSD as the account for payment of dividends to the relevant shareholder and will be paid to the shareholders through the CSD Registrar. As such, investors may be affected by e.g. USD or EUR to NOK currency fluctuations, and investors whose reference currency is a currency other than NOK may be affected by currency fluctuations in the value of NOK relative to such investor's reference currency in connection with a dividend distribution by the Company. Shareholders residing in Norway who have not registered their bank account details on their CSD account would receive dividends by giro payment. Foreign shareholders registered in the CSD who have not provided the CSD Registrar with details of their bank account, would not receive payment of dividends unless they register their bank account details on their CSD account, and thereafter inform the CSD Registrar about said account. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the CSD Registrar's exchange rate on the payment date and time. Dividends will be credited automatically to the CSD registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the CSD Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares.

6 THE IMPLEMENTED RECAPITALIZATION

6.1 Overview

On December 12th 2024, the Company concluded a comprehensive recapitalization involving all of its current shareholders and debt holders (the "**Recapitalization**").

The Recapitalization consisted of the following key components:

- Total sources of USD 1,268.5 million, consisting of:
  - USD 75 million of junior capital (equity) raised by NewCo Holding USD 21 S.A., (a newly established company now renamed Constellation HoldCo S.A.) ("**HoldCo**") from new investors in the Company (the "**Private Placement**");
  - USD 543.5 million of junior capital reinvested by existing equity owners and creditors in the Company; and
  - USD 650 million of new debt in the form of a US high yield senior secured bond issue (the "**HY Bonds**") raised at the level of a new direct wholly owned subsidiary of HoldCo, i.e. NewCo Holding USD 20 S.à r.l. (the "**Escrow Issuer**").
- Total uses of USD 1,268.5 million, consisting of:
  - Full redemption or reinvestment of the Company's existing debt and equity of USD 1,200 million;
  - Incremental interest, transaction fees and expenses of approximately USD 42 million; and
  - Net cash to balance sheet of USD 67 million.

The net effect of the Recapitalization was mainly (i) a debt reduction for the Company of USD 287 million, (ii) increase in cash of USD 67 million and (iii) increase in the Company's equity by USD 355 million (all numbers are on an "as adjusted basis" per 30 September 2024).

As part of the Recapitalization, HoldCo became a shareholder of the Company by way of a merger between the Escrow Issuer and the Company (the "**Merger**") with the Company as the surviving entity. The Merger resulted in the transfer of the proceeds raised through the Private Placements and the direct obligations under the HY Bonds to the Company. The Merger was completed on 12 December 2024.

The table below illustrates the high level pro-forma balance sheet (based on the accounting value of the equity) following the Recapitalization.

Illustration pro-forma balance sheet following the Recapitalization (based on the accounting value of the equity).

	Amount (Sep-24)	Adj.	Pro-forma
Cash on balance sheet	83	67	150
Priority Lien Notes	37	(37)	--
ALB L/C Debt	30	(30)	--
Total Priority Debt	**67**	**(67)**	**--**
ALB Convertible Loans	536	(536)	--
Bradesco Convertible Debt	45	(45)	--

Illustration pro-forma balance sheet following the Recapitalization (based on the accounting value of the equity).

	Amount (Sep-24)	Adj.	Pro-forma
2026 First Lien Convertible Notes	285	(285)	--
2050 Second Lien Convertible Notes	2	(2)	--
Unsecured Convertible Notes	3	(3)	--
Senior Secured Bond Issue	--	650	650
Total Senior Debt	**872**	**(222)**	**650**
Total Debt	**937**	**(287)**	**650**
Net Debt	**855**	**(355)**	**500**
Total shareholders equity	**1,533**	**355**	**1,889**
Net Debt and Equity	**2,387**	**--**	**2,388**
Total Debt and Equity	**2,470**	**67**	**2,537**

7 BUSINESS OVERVIEW

This Section provides an overview of the Group's business as of the date of this Information Document. The following discussion contains forward-looking statements that reflect the Company's plans and estimates, see Section 3.2.4 ("Cautionary note regarding forward-looking statements") above, and should be read in conjunction with other parts of this Information Document, in particular Section 1 ("Risk factors").

7.1 Introduction

The Company's registered name is Constellation Oil Services Holding S.A, and its commercial name is Constellation. The Company is incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg. The Company's registration number is B163424.

The Company has 12 direct and indirect subsidiaries as further described in Section 10.2 ("Legal structure").

The Company was incorporated on 30 August 2011. The Company's registered office is located at 8-10, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg. The Company's website can be found at https://www.theconstellation.com/.

7.2 History and important events

The table below shows the Group's key milestones from its incorporation and to the date of this Information Document:

Year	Event
1980	The Group was established.
1981	The Group began onshore operations.
1994	The Group commenced offshore operations with anchor moored rigs.
1996	Delivery of Atlantic Star.
2010	The Group commenced operating ultra-deepwater fields for Petrobras.
2010	Delivery of Gold Star.
2010	Delivery of Lone Star.
2011	Delivery of Alpha Star.
2012	Delivery of Amaralina Star.
2012	Delivery of Laguna Star.
2015	Delivery of Brava Star.
2018	The Company filed for judicial reorganization.
2022	The Company emerged from the judicial reorganization.
2024	The Company implemented and concluded the Recapitalization.

7.3 The Company's principal activities

7.3.1 Overview

The Company is a market-leading provider of offshore oil and gas drilling services in Brazil, and its operations represent 22% of the offshore drilling rigs operating in the country.[1] The Company's scale, with approximately 1,800 employees, and its history of 45 years of continuous operating experience in this industry provide the Company with a competitive advantage in the global oil and gas market. In particular, the Company are well positioned to continue to benefit from ultra-deepwater drilling activity in Brazil, a market segment driven primarily by the discoveries of vast potential oil and gas reserves in the pre-salt layer offshore Brazil. The Company own and operate a fleet of seven offshore rigs, including six modern ultra-deepwater dynamically positioned rigs in operation, all under contracts that expire between 2025 and 2028.

[1] RigLogix database.

The Group has offices based in Houston, Texas, USA, Amstelveen, The Netherlands, Panama and Luxembourg for business development, supply chain support and administrative purposes.

7.3.2 Fleet

The Group own and operates sever offshore rigs, all currently in operation and under long-term charter contracts, being six of them with Petrobras and one with Brava Energia. Additionally, commencing in the third quarter of 2025 the Group will manage and operate the Tidal Action rig from the South Korean Group, Hanwha

The table below describes the main characteristics of the Group's offshore drilling rigs.

Rig	Contracting party	Type	Water Depth (ft)	Drilling Depth (ft)	Delivery Date[2]	Contract Expiration Date
Alpha Star	Petrobras [1]	DP; SS	9,000	30,000	July 2011	February 2028
Amaralina Star	Petrobras	DP drillship	10,000	40,000	September 2012	January 2029
Brava Star	Petrobras	DP Drillship	12,000	40,000	August 2015	December 2026
Gold Star	Petrobras	DP; SS	9,000	30,000	February 2010	August 2025
Laguna Star..................	Petrobras[3]	DP drillship	10,000	40,000	November 2012	July 2028
Lone Star.......................	Petrobras	DP; SS	7,900	30,000	April 2010	September 2025
Atlantic Star	Petrobras	Moored; SS	2,000	21,320	February 2011	November 2025
Tidal Action rig[4]...........	Petrobras	DP3 Kongsberg	12,000	34,400	March 2025	April 2028

1 *Operations under the contract started on February 18, 2025.*

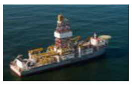
2 *The "Delivery Date" are to (1) the date the Group's offshore rig commenced or is expected to commence operations for the customer or (2) the date on which the Company acquired or upgraded the offshore rig.*

3 *Laguna Star will start a new agreement with Petrobras in the third quarter of 2025.*

4 *On September 23, 2024, the Company announced that Laguna Star rig and the Tidal Action rig were selected in a tender for two opportunities with Petrobras for the operation of two ultra-deepwater rigs. The Tidal Action rig bareboat charter and management agreement were signed on September 21, 2024, and the related Petrobras agreements were signed on September 23, 2024. Both Petrobras opportunities have a total firm duration of approximately two and a half years, with possible extension by mutual agreement for up to two and a half years, commencing in the third quarter of 2025. The contracts were awarded at current market conditions day rates.*

Further information about the Group's offshore drilling rigs is included in the figure below:

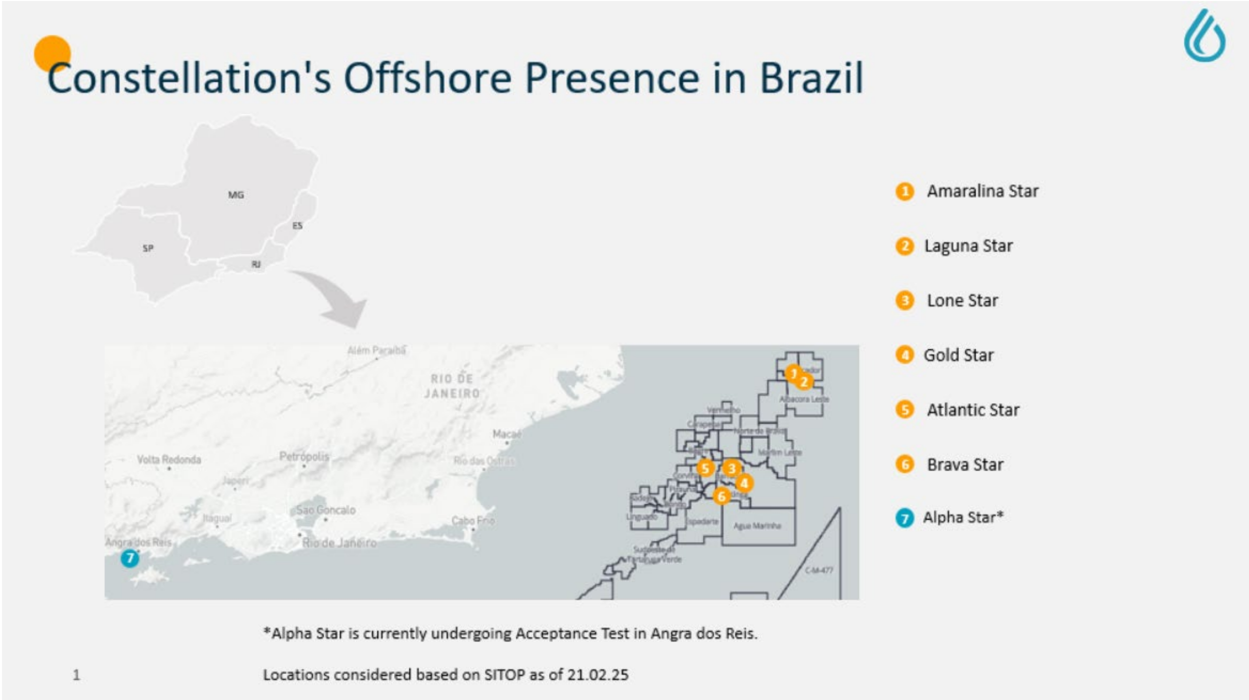
Figure 1: Information about the Group's offshore drilling rigs.

	Owned fleet							Managed fleet
	Brava Star	Laguna Star	Amaralina Star	Alpha Star	Lone Star	Gold Star	Atlantic Star	Tidal Action
								
Specification	Ultra-deepwater drillship 7th gen.	Ultra-deepwater drillship 6th gen.	Ultra-deepwater drillship 6th generation	Ultra-deepwater semisubmersible 6th gen.	Ultra-deepwater semisubmersible 6th gen.	Ultra-deepwater semisubmersible 6th gen.	Mid-water moored semisubmersible 2nd gen.	Ultra-deepwater drillship 7th gen.
Delivery year	2015	2012	2012	2011	2010	2010	1976 Upgraded in 2007 & 2011	2025
Design	96K	90K	90K	DSS-38	TDS 2000P	DSS-38	Pentagone series	DSME 12,000
Shipyard	Samsung	Samsung	Samsung	Keppel FELS	SBM Atlantica / GPC	Keppel FELS	CFEM	Hanwha
Water depth (ft)	12,000 ft	10,000 ft	10,000 ft	9,000 ft	7,900 ft	9,000 ft	2,000 ft	12,000 ft
Drilling Depth (ft)	40,000 ft	40,000 ft	40,000 ft	30,000 ft	30,000 ft	30,000 ft	21,320 ft	37,400 ft
Derrick Hook Load Activity	1250 st Main 1000 st aux Full Dual Activity	1000 aux 350 st aux Offline Activity	1000 st main 350 st aux Offline Activity	1000 st main Single Activity	1000 st main Single Activity	1000 st main Single Activity	650 st main Single Activity	1400 st Main 1000 st Aux well Full Dual Activity
Variable deck load (t)	20,000 t @ Drilling Mode	20,000 t @ Drilling Mode	20,000 t @ Drilling Mode	10,428 t @ Drilling Mode	6,021 t @ Drilling Draft	10,428 t @ Drilling Draft	2,253 t @ Drilling Draft	25,108t @ Drilling mode
Dimensions (ft)	228m x 42m x 19.5m	218m x 42m x 19m	218m x 42m x 19m	103.5m x 69.5m x 35m	97.5m x 70.1m x 28.3m	103.5m x 69.5m x 35m	99m x 103m	230m x 42m x 19m
Station keeping	DP3 Kongsberg	DP3 Kongsberg	DP3 Kongsberg	DP2+ Kongsberg	DP2 Kongsberg	DP2+ Kongsberg	Moored Rig WD cap. 600m	DP3 Kongsberg
BOP	Shaffer 15M	Shaffer 15M	Shaffer 15M	Hydrill 15M	Hydrill 15M	Hydrill 15M	Cameron 10M	Shaffer 15M
BOP Rams	7 Rams	6 Rams	6 Rams	5 Rams	5 Rams	5 Rams	4 Rams	7 Rams

(Source: Company information.)

The map below shows the location of the Group's offshore drilling fleet as of 21 February 2025:

Figure 2: The location of the Group's offshore drilling fleet.

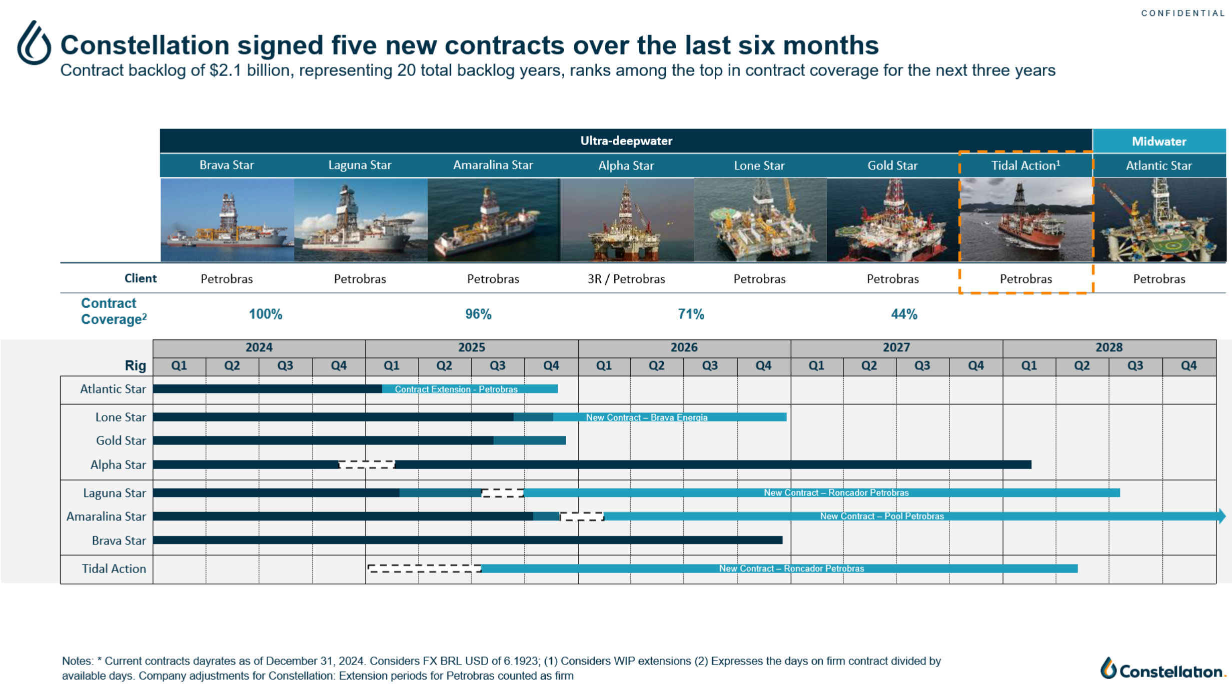


7.3.3 Further information and charter information around the Group's fleet

7.3.3.1 Overall charter information

An illustration of the Group's overall charter information is included in the figure below:

Figure 3: Overall charter information as of 31 December 2024.



(Source: Company information.)

7.3.3.2 Alpha Star

Alpha Star is a semi-submersible drilling rig that commenced operations in July 2011. This drilling rig is capable of drilling in waters with depths of up to 9,000 feet and has a drilling depth capacity of up to 30,000 feet. Alpha Star is equipped to operate in pre-salt water depths and will be under charter with Petrobras until February 2028, with provision for further extension. It is a DSS 38 rig constructed by Keppel FELS.

Charter information description:
On September 16, 2023, the Company announced that Alpha Star had been selected in a public bidding for a new agreement with Petrobras for the operation of the semi-submersible rig. The agreement, which was entered into on September 16, 2023, has a total firm duration of three years and, subject to mutual agreement between the parties, can be extended for three more years. The scope of the agreement includes drilling, completion and workover activities, which will be performed in water depths up to 7,874 feet. Operations under the contracted started on February 18, 2025.

On February 21, 2024, the Company was awarded an amendment to Alpha Star's three-year contract with Petrobras for the inclusion of Real Time Riser Analysis (RTRA) services. This advanced solution enables continuous real-time data monitoring, significantly boosting operational safety and enhancing decision-making. The amendment totalizes approximately US$ 18 million, with the RTRA being expected to become fully operational by the fourth quarter of 2025 and will be used by Petrobras until the end of the contract.

7.3.3.3 Lone Star

Lone Star is a semi-submersible drilling rig, that commenced operations in April 2011. It is capable of drilling in waters with depths of up to 7,900 feet and has a drilling depth capacity of up to 30,000 feet. Lone Star is equipped to operate in pre-saltwater depths and is under charter with Petrobras until September 2025, with a provision for contract extension subject to mutual agreement. It is a TDS 2000 Plus rig constructed by SBM Atlantia/GPC.

Charter information description:
On January 3, 2022, the Company that the Lone Star rig have been awarded a contract with Petrobras . Operations commenced on September 14, 2022. The contract has a total firm duration of three years.

As of June 30, 2024, the Company had a provision for onerous contract in the total amount of $4.9 million ($6.4 million as of December 31, 2023) with respect to this agreement.

On November 25th, 2024 the Company announced that Lone Star has been awarded a new contract with Brava Energia, valued at about US$ 130 million for a firm term of 400 days, plus a 60-days priced option which, if executed, may keep the rig busy until the first quarter of 2027. The contract is expected to commence in the 4th quarter of 2025, in direct continuation after the rig is released by its current client, Petrobras.

7.3.3.4 Gold Star

Gold Star is a semi-submersible drilling rig that commenced operations in February 2010. It is capable of drilling in waters with depths of up to 9,000 feet and has a drilling depth capacity of up to 30,000 feet. Gold Star is equipped to operate in pre-salt water depths and is under charter and service rendering agreements with Petrobras until August 2025, with a provision for contract extension subject to mutual agreement. It is a DSS 38 rig constructed by Keppel FELS.

Charter information description:
On January 3, 2022, the Company announced that Gold Star had been awarded a contracts with Petrobras. Operations commenced on August 9, 2022. The agreement has a total firm duration of three years and has the option to be extended by mutual agreement in up to 17 additional months. The Company is actively working to get a contract in place to maintain the rig occupied after the end of the current contract with Petrobras.

As of June 30, 2024, the Company had a provision for onerous contract in the total amount of $10.2 million ($11.1 million as of December 31, 2023) with respect to this agreement.

7.3.3.5 Amaralina Star

Amaralina Star is a drillship drilling rig, built at Samsung Heavy Industries shipyard in South Korea, that commenced operations in February 2010. It is capable of drilling in waters with depths of up to 10,000 feet and has a drilling depth capacity of up to 40,000 feet. It is equipped to operate in pre-salt water depths and has the ability to execute parallel activities.

Charter information description:

On December 29, 2021, the Company announced a new agreement with Petrobras for Amaralina Star. The agreement, which was entered into on December 7, 2021, has a total firm duration of two years and, subject to Petrobras decision, can be extended for one more year, totaling a maximum contract period of three years. It provides for operations in ultra-deep waters, in up to 7,800 feet, including a number of specialized services, such as cementing unit, drilling cuttings dryers and remotely operated vehicles. The operations are taking place in the Roncador field, in the Campos Basin, and have commenced on October 18, 2022. In October 2023, Petrobras has exercised its unilateral option to extend the term of this agreement for 365 additional days, extending the expiration date of this agreement to October 16, 2025.

As of June 30, 2024, the Company had a provision for onerous contract in the total amount of $1.8 million ($2.7 million as of December 31, 2023) with respect to this agreement.

On December 13, 2024, the Company was awarded a new long-term agreement of Amaralina Star rig with Petrobras. The term of duration is of 1,095 days, extendable by mutual agreement. The contract covers operations in ultra-deep waters and includes a range of specialized services, such as cementing units, solid control, 2 remotely operated vehicles (ROVs), MPD, Real Time Riser Analysis and H2S services. This framework supports effective collaboration and operational efficiency. The new contract is expected to start in the first quarter of 2026.

7.3.3.6 Laguna Star

Laguna Star is a drillship drilling rig, built at Samsung Heavy Industries shipyard in South Korea, that commenced operations in November 2012. It is capable of drilling in waters with depths of up to 10,000 feet and has a drilling depth capacity of up to 40,000 feet. It is equipped to operate in pre-salt water depths and has the ability to execute parallel activities.

Charter information description:

On July 6, 2021, the Company announced that Laguna Star was selected in a public bidding for an agreement with Petrobras for the operation of the drillship rig. The agreement, which was entered into on July 2, 2021, has a total firm duration of three years and is not subject to extension periods. Operations commenced on March 1, 2022, on the Itapu Field, located on the Santos Basin, and also the Barracuda, Caratinga and Marlim Sul Fields, located on the Campos Basin. The agreement also includes specialized services such as cementing unit, drilling cuttings dryers, remotely operated vehicle and managed pressure drilling, which are contracted by Constellation with companies such as Halliburton, SLB, Baker Hughes, Weatherford, Oceaneering, Fugro, and others. Following the completion of this contract, the Laguna Star rig will undergo necessary adjustments, class inspections, and hull cleaning before resuming operations.

On September 23, 2024, the Company announced that Laguna Star rig and the Tidal Action rig were selected in a tender for two opportunities with Petrobras for the operation of two ultra-deepwater rigs. The Tidal Action rig bareboat charter and management agreement were signed on September 21, 2024, and the related Petrobras agreements were signed on September 23, 2024. Both Petrobras opportunities have a total firm duration of approximately two and a half years, with possible extension by mutual agreement for up to two and a half years, commencing in the third quarter of 2025. The contracts were awarded at current market conditions day rates.

As of June 30, 2024, the Company had a provision for onerous contract in the total amount of $0.3 million ($0.3 million as of December 31, 2023) with respect to this agreement.

7.3.3.7 Brava Star

Brava Star is a dynamically positioned ultra-deepwater drillship, built at Samsung Heavy Industries shipyard in South Korea, that commenced operations in August 2015. It is capable of drilling in waters with depths of up to 12,000 feet and has a drilling depth capacity of up to 40,000 feet. It is equipped to operate in pre-salt water depths. It is a latest-technology full dual-activity drilling rig with enhanced features, such as a second blowout preventer and a heavy crane with compensated movement, capable of deploying and retrieving subsea equipment.

Charter information description:
On December 13, 2022, the Company announced that the Brava Star drillship had been selected in a public bidding for an agreement with Petrobras for the operation of the drillship rig. This new agreement was executed on December 9, 2022, and operations commenced on December 19, 2023, with an execution period of 1,095 days, and can be extended, subject to mutual agreement between the parties, for a maximum of 1,905 days. The agreement provides for operations in ultra-deep waters up to 7,800 feet and includes several integrated services. The firm term of the agreement expires on December 18, 2026.

On February 23, 2024, the Company and Petrobras entered into an amendment to the December 2022 agreement to provide an innovative technologies comprising technical upgrades on the blowout preventers and dynamic position systems of the unit, enabling operations in shallow water depths of 918 feet for at least 100 days. Operations commenced in the fourth quarter of 2024.

7.3.3.8 Atlantic-Star

Atlantic-Star is an anchor-moored semi-submersible drilling rig originally constructed in 1976, and operating under the Company since 1996. The rig has been upgraded in 2007 and 2011, being suitable for drilling and completion operations with high performance. It is capable of drilling at water depths of up to 2,000 feet and has a drilling depth capacity of up to 21,320 feet. Atlantic-Star is currently under an agreement with Petrobras until November 2025. The Company completed an upgrade of Atlantic-Star in February 2011. In 2016, Atlantic-Star was certified by ANP to meet local content regulations.

Charter information description:
On February 5, 2020, the Company announced that Atlantic-Star had been selected in a bidding for a new agreement with Petrobras for the operation of the semi-submersible rig. The agreement, which was entered into on January 31, 2020, has a total firm duration of three years and, subject to mutual agreement between the parties, can be extended for two more years. Operations are being performed in the Campos Basin, located offshore the Brazilian coast, and commenced on January 6, 2021.

In November 2023, Petrobras and the Company exercised the Group's mutual option to extend the agreement for 389 additional days, and the agreement was set to expire in January 2025. On December 23rd, 2024 the Company announced a further extension of the current contract for an additional period of up to 301 days, commencing from January 2025, which extended the contract until November 2025. The Company is actively working to get a contract in place to maintain the rig occupied after the end of the current contract with Petrobras.

7.3.4 Backlog

As of December 31, 2024, December 31, 2023 and December 31, 2022, the Group's backlog for contract drilling was 2.1 billion, $1.5 billion and $1.3 billion, respectively.

Contract drilling backlog is calculated by multiplying the contracted operating dayrate by the firm contract period and adding any potential performance bonuses, which is assumed will be paid to the maximum extent provided for in the respective contracts. The calculation also assumes 100% uptime of the Group's drilling rigs for the contract period; however, the amount of actual revenue earned and the actual periods during which revenues are earned may be different from the amounts and periods estimated due to various factors, including, but not limited to, stoppages for maintenance or upgrades, unplanned downtime, the learning curve related to commencement of operations of additional drilling units, weather conditions and other factors that may result in applicable dayrates lower than the full contractual operating dayrate. Contract drilling backlog includes revenues for mobilization and demobilization on a cash basis. All of the Group's contracts are subject to renewal through negotiation among the parties.

The following table sets forth the amount of the Group's contract drilling services backlog related to contracted existing and new projects for the periods indicated as of December 31, 2024. The backlog in the table is based upon dayrates as of December 31, 2024 and on the assumption that the Group will obtain the full performance bonus under all of the Group's charter and service contracts, excluding the effects of inflation.

	2025	2026	2027	2028	2029	Total
Amount (in millions of $)	646	700	432	255	18	2,050
Percentage	31	34	21	12	1	100

1 Amounts denominated in reais have been converted to U.S. dollars at the selling rate as reported by the Central Bank, as of December 31, 2024 for reais into U.S. dollars of R$ 6.1923 to $1.00.

7.4 Industry and principal market

7.4.1 Overview

The global offshore drilling industry provides drilling, workover and well construction services to E&P companies through the use of jackup platforms, semi-submersible rigs, drillships and various other drilling units. As the world looks for new sources of oil and gas to supplement depleting reserves, offshore drilling activity and discoveries have become an increasingly critical source of supply. Exploration activity has been ongoing in key regions including Brazil, the Gulf of Mexico, and West Africa, as well as emerging areas such as East Africa, South-East Asia and Australia. The fact that large offshore reserves are often located in remote areas under harsh conditions has made offshore drilling both challenging and expensive, spurring demand for increased technology and capabilities. Additionally, many new discoveries are occurring in deeper waters, which require higher specification drilling units.

Offshore drilling units are typically categorized as either jackups or floaters, terms which describe a rig's basic form. Jackups are used in shallow water, while floaters are used in deeper waters where the rigs float at the surface level. Rigs are then further classified by rig type, drilling depth and generation, which refers to the year when the rig was ordered. operate floating drilling units with a fleet comprised of drillships and semi-submersible rigs, conducting drilling in ultra-deepwater, deepwater and midwater environments.

- Drillships: – Vessels resembling a typical ship built for deepwater drilling. In addition to a full suite of equipment, a drilling derrick is usually located at the center of a drillship, with drilling operations being conducted through openings in the ship-shaped hull called moon pools. They typically carry larger loads than semi-submersible rigs and are self-propelled and highly mobile, making them highly effective for exploratory drilling in remote locations.

- Semi-submersible rigs: – Floating vessels that are supported by a submerged or partially submerged ballasting platform system that provides stability and protection against ocean conditions such as waves, winds and currents. Ballast tanks enable the rig to float on shallow draft while in transit and are filled with seawater upon arrival at the drilling location. Semi-submersible rigs are typically mobilized either through self-propulsion capabilities or through the assistance of a supply vessel or other similar vessel. Semi-submersible rigs are typically better suited than drillships for operations in rougher water conditions.

Offshore oil and gas drilling hinges on the contractual relationship between drillers and E&P companies. Offshore drillers own rigs that are contracted out to E&P operators for a dayrate. These dayrate contracts vary in scope from short-term operational goals of drilling a specified number of wells to longer term contracts granting use of a rig for months or years. Given their level of complexity and the often remote location of offshore wells, offshore operations tend to require significantly more rig time than onshore operations.

Utilization refers to the percentage of active rigs operating. Dayrates and utilization are two significant factors that dictate the production of the offshore drilling sector. As demand for offshore drilling rigs increase, utilization also typically increases. Elevated utilization implies a tightened rig supply condition, which contributes to upward pressure on dayrates.

7.4.2 Market Outlook

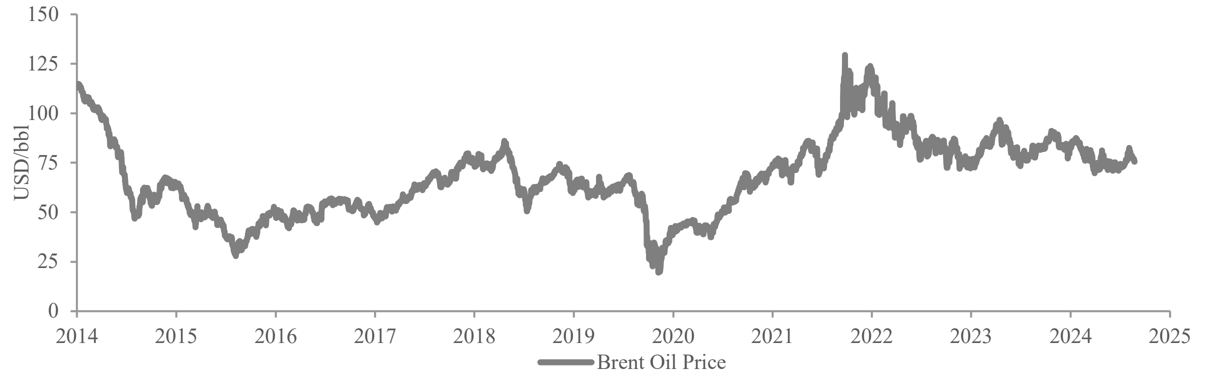
The current outlook for offshore drilling is robust. Since 2021, the global average leading-edge dayrates for ultra-deepwater capable assets have increased from around $170,000 per day to around $460,000 per day. The significant increase in leading-edge dayrates is reflective of higher overall utilization of ultra-deepwater rigs, as new demand has more than outpaced any supply additions in the period.

The demand for offshore drilling services is highly correlated with capital expenditures (capex) by E&P companies, a figure which reached a low point in 2020/2021. Since then, E&P budgets have expanded meaningfully, and the level of activity in the ultra-deepwater offshore drilling industry has been increasing steadily since 2021. Based on projections from Rystad Energy, offshore E&P capex will continue to increase in the years ahead, suggesting a concurrent increase in offshore drilling activity as well.

E&P capex levels, and by extension, E&P offshore drilling budgets, are influenced by numerous factors, including the current prices of oil and gas, expectations about future prices, company-specific cash flow levels, historical project returns and other capital allocation strategies (e.g., onshore versus offshore drilling). Generally, sustained high energy prices result in higher cash flow generation by E&P companies, which in turn allow more funds to be spent on offshore drilling services.

The figure below illustrates the historical brent oil price over the last decade:

Figure 4: Historical brent oil price over the last decade.

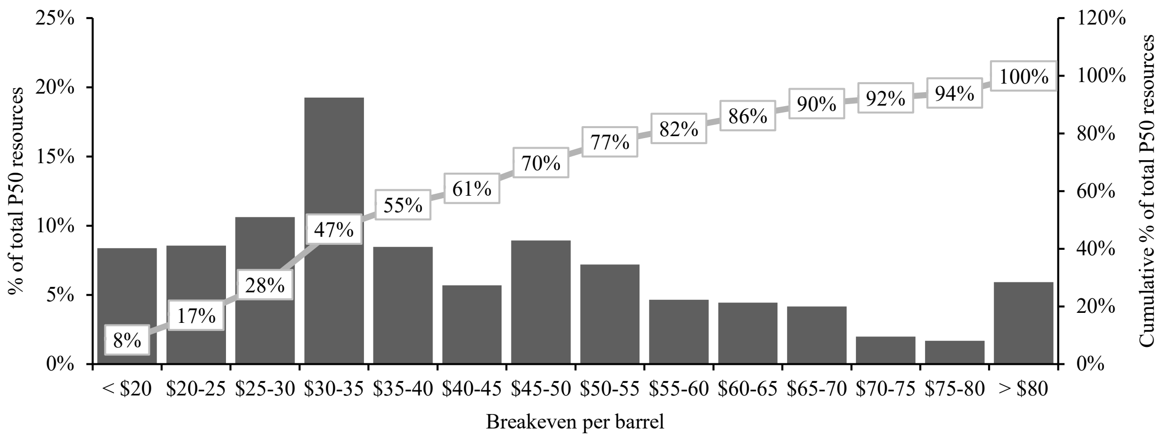


Source: LSEG Data & Analytics (data accessible via subscription; dataset compiled February 2025).

According to LSEG Data & Analytics, Brent crude oil prices have averaged $78 per barrel year-to-date, $80 per barrel in 2024 and $82 per barrel in 2023. Since beginning of 2021 through February 2025, the price has averaged $83 per barrel. According to data from Rystad Energy, pertaining to the breakeven cost of currently discovered but undeveloped offshore crude oil projects, a price of $80-85 per barrel would make 96% of projects economically viable, and at a price of $70 per barrel, 90% of projects would be economically viable. The same data shows a weighted average breakeven price of $43 per barrel for these projects.

The figure below illustrates the breakeven price per barrel and cumulative % of economically viable projects:

Figure 5: Breakeven price per barrel and cumulative % of economically viable projects.



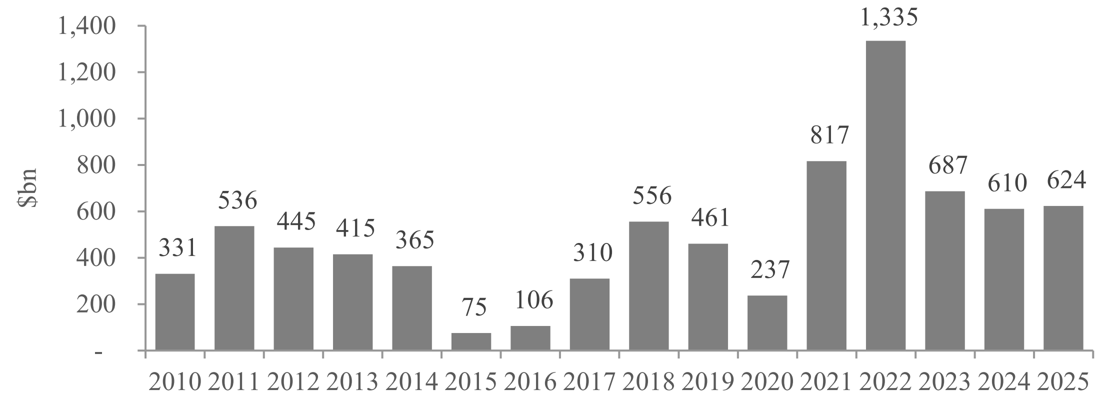
Source: Rystad Energy (data accessible via subscription; dataset compiled August 2024).

A survey from the same agency from 2014 suggested a global breakeven price of $90 per barrel for new projects to sustain global production levels at around 100 million barrels per day. While the numbers are not directly comparable, the material decrease in average breakeven costs over the last ten years have made new investments much more resilient to fluctuations in the oil price, supporting demand for offshore drilling services even in lower oil price scenarios.

While E&P companies remain prudent with their capital allocation framework, continuing to give high priority to shareholder returns through buybacks and dividends, the record high free cash flows the industry has generated from 2021 and later has given ample room to new investments as well. This benefits offshore drilling activity. In 2022 the combined E&P free cash flow amounted to $1,335bn. Rystad Energy data suggests that the FCF figures will remain high in 2025 as well. The current market environment, in which oil companies generate more cash than ever before follows years of low investment levels through 2020, and after that a stringent focus on high-quality, low-breakeven projects. This means that the current E&P production portfolio should retain a high cash-generation and capex potential even if the oil price declines from current levels.

The figure below illustrates the historical E&P free cash flow generation and Rystad's projection for 2025:

Figure 6: Historical E&P free cash flow generation and Rystad's projection for 2025.

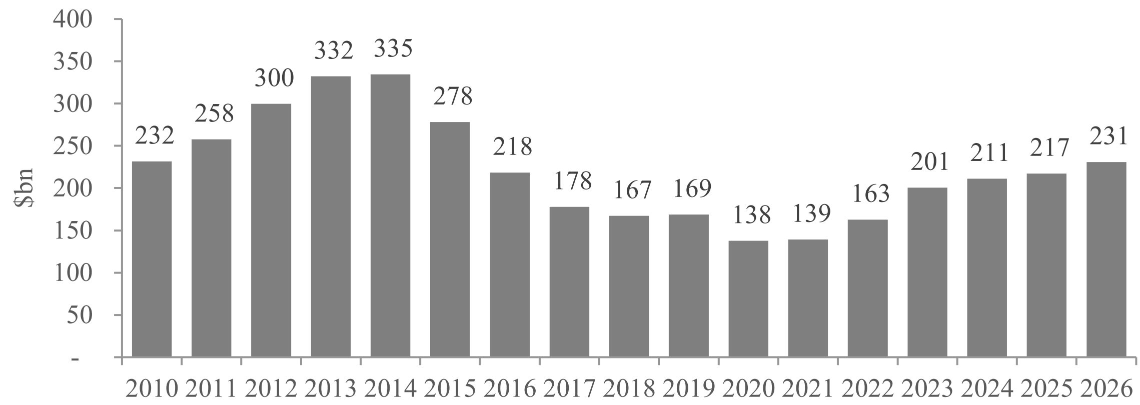


Source: Rystad Energy (data accessible via subscription; dataset compiled February 2025).

Data from Rystad Energy shows that E&P companies have increased offshore capital spending since 2021. In 2021, aggregated capex amounted to approximately $139 billion, in 2022, 2023 and 2024 the year-over-year growth has been 17%, 23% and 5%, respectively. Investments are expected to grow further in 2025 and 2026.

The figure below illustrates the historical total offshore capex and Rystad's projections through 2026;

Figure 7: Historical total offshore capex and Rystad's projections through 2026.



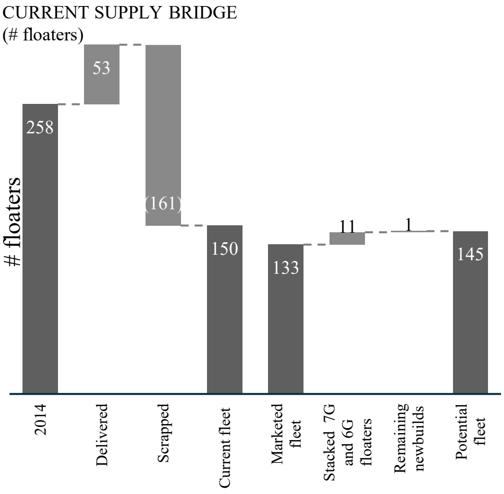
Source: Rystad Energy (data accessible via subscription; dataset compiled February 2025).

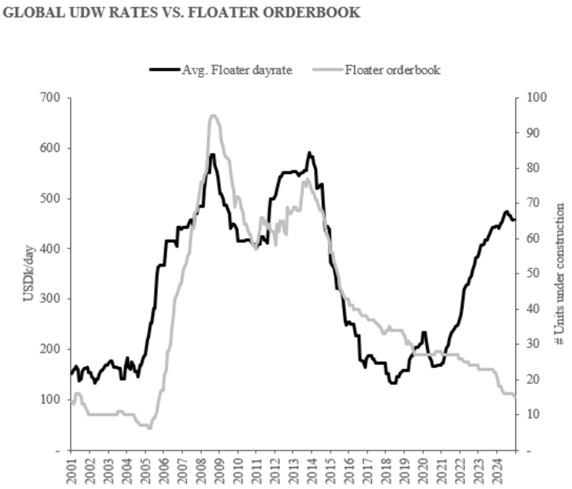
In contrast to increasing demand for offshore drilling, the available supply of drilling rigs has declined meaningfully. In October 2014, the total benign floater fleet counted 258 rigs according to data from RigLogix. As of February 2025, the fleet has been reduced to 150 assets, out of which 133 units are marketed. This is a reduction of 45% and 51%, respectively. In addition to the marketed fleet, there are 11 cold-stacked newer generation drill-ships that are predominately in the hands of the major drilling companies, who are expected to remain disciplined with their reactivation of cold-stacked capacity.

A unique aspect of this upcycle is the disconnect between rising dayrates and the lack of new build orders. Unlike previous cycles, this time, day rates are climbing, while no new orders have been placed to date.

The figure on the bottom left illustrates the current supply bridge, while the figure on the bottom right compares global UDW rates with the floater order book:

Left, figure 8: The current supply bridge. Right, figure 9: Comparison global UDW rates with the floater order book.



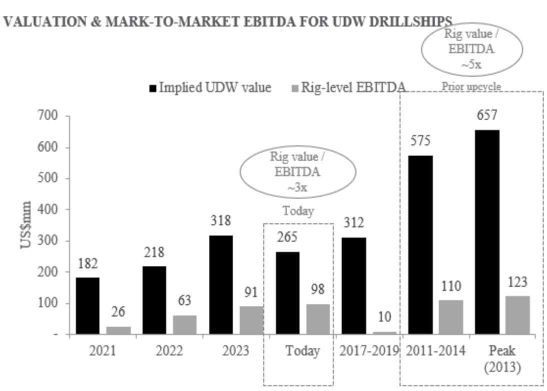


Source: Clarksons Research Services Ltd. (data accessible via subscription; dataset compiled February 2025). RigLogix (data accessible via subscription; dataset compiled February 2025).

Several factors contribute to the lack of newbuilds. First, the all-in costs if newbuilds has risen sharply, as demonstrated by the Clarkson Research shipyard newbuild index, which has increased by approximately 50% since 2020. The industry downturn reduced shipyard capacity and led to higher upfront payment requirements to mitigate risk. Additionally, sector equities are trading below newbuild parity and replacement costs, making companies prefer share buybacks, second-hand assets, or reactivating existing assets over ordering newbuilds. Securing financing for new offshore assets is also challenging, often requiring much longer contracts. These factors reinforce the outlook for a strong upcycle with limited supply ahead. Currently, second-hand 7th generation assets are priced around $265.0 million, reflecting growth since 2021 and 2022 levels but still below past peaks and newbuild parity, presenting potential for asset value appreciation in the coming years.

The figure on the bottom left illustrates the Clarksons' Research shipyard NB index, while the figure on the bottom right presents the historical trend of implied valuations for UDW drillship.

Left, figure 10: Clarksons' Research shipyard NB index. Right, figure 11: The historical trend of implied valuations for UDW drillship.

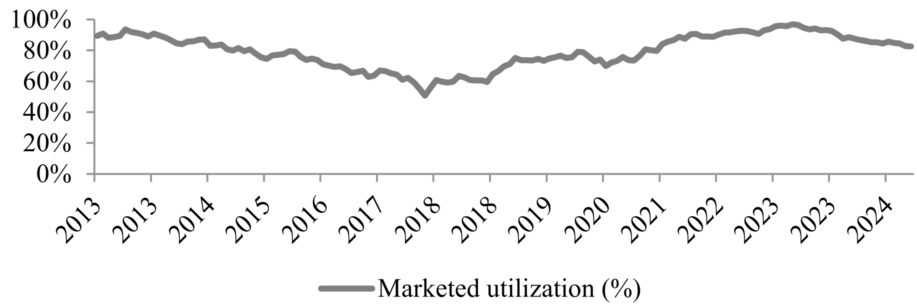


Source: Clarksons Research Services Ltd (data accessible via subscription; dataset compiled February 2025).

Deepwater drilling market utilization reached a low point in late 2017 of 53%. Since then, the combination of higher demand for offshore drilling services and the material reduction in available supply has improved utilization to around 84% currently. While the marketed utilization for deepwater and ultra-deepwater assets have declined slightly since 2023, this is partially because several previously cold stacked units have returned to the fleet. The combination of dayrates above $400,000 and higher frequency of multi-year contract awards have made reactivation of these stacked assets economically viable. In addition, the near-term dynamic has also been impacted by a shift from short-term to longer-term contracts, leading to delays in planned programs as oil companies take longer to approve substantial budgets for multi-year contracts.

The figure below illustrates the marketed utilization for floaters:

Figure 12: The marketed utilization for floaters.

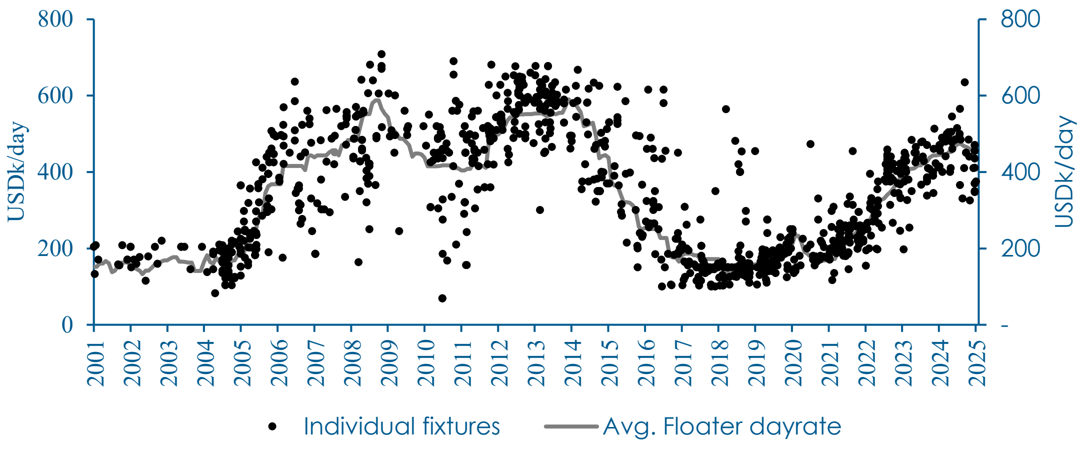


Source: RigLogix (data accessible via subscription; dataset compiled February 2025).

Data from Clarksons Research Services Ltd. shows that the average dayrate across all key ultra-deepwater regions have increased meaningfully since 2021, from around $170,000 per day in January 2021, to around $460,000 per day in December 2024. Over the last twenty years, ultra-deepwater dayrates have averaged around $360,000 per day, and over the last ten years, rates have averaged $268,000 per day. During the previous upcycle, lasting from late 2005 through 2014, rates averaged $468,000 per day, during which individual fixtures for the highest specification assets approached $700,000 per day.

The figure below illustrates the historical dayrate development for floaters since 2001:

Figure 13: The historical dayrate development for floaters since 2001.

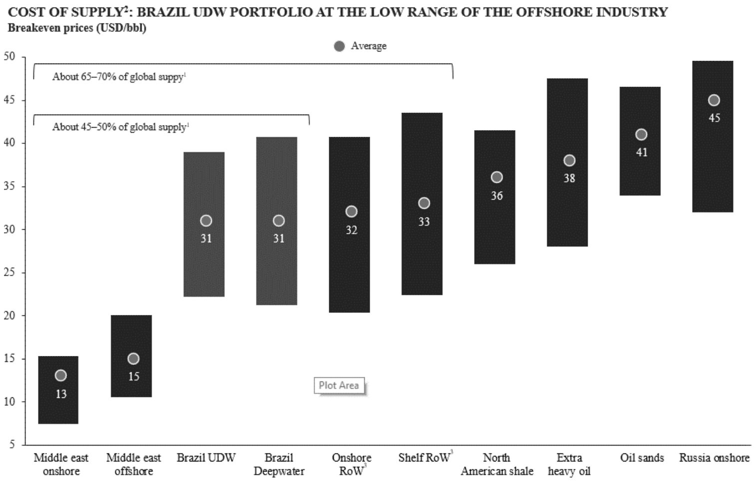


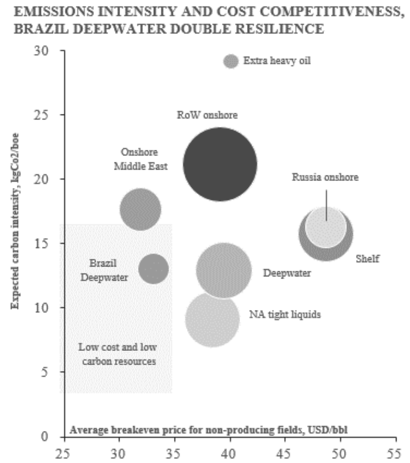
Source: Clarksons Research Services Ltd. (data accessible via subscription; dataset compiled February 2025)., RigLogix (data accessible via subscription; dataset compiled February 2025).

Brazil is rapidly becoming a leading market for ultra-deepwater projects because of its rich resources and strong project economics. Brazil's ultra-deepwater developments are notable for their cost efficiency, particularly in pre-salt wells. The left-hand chart below compares the cost of supply and breakeven prices for projects in Brazil against other regions, highlighting Brazil's position as a long-term leader due to low breakeven costs. The chart on the right-hand size below illustrates Brazil's low carbon intensity, demonstrating its strength and dual resilience in both economic and environmental terms.

The figure on the bottom left illustrates the regional breakeven prices, while the figure on the bottom right presents the emission intensity and cost competitiveness:

Left, figure 14: The regional breakeven prices. Right, figure 15: Emission intensity and cost competitiveness.





[2)] Cost of supply range illustrates an 80% confidence interval for the breakeven prices. Includes producing fields, ongoing development projects, discoveries and exploration assets.

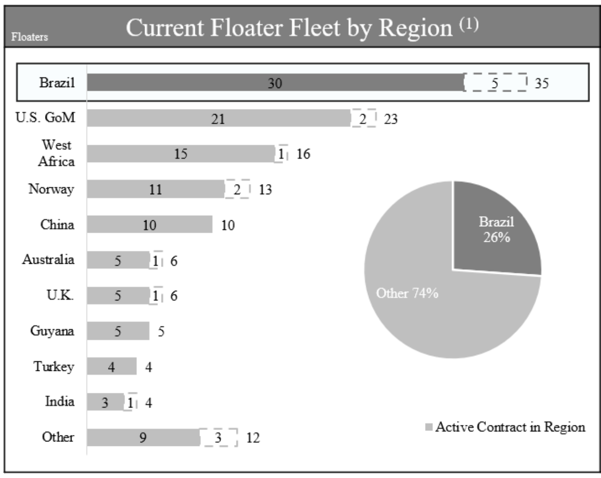
Average breakeven prices non-producing fields, USD/bbl.

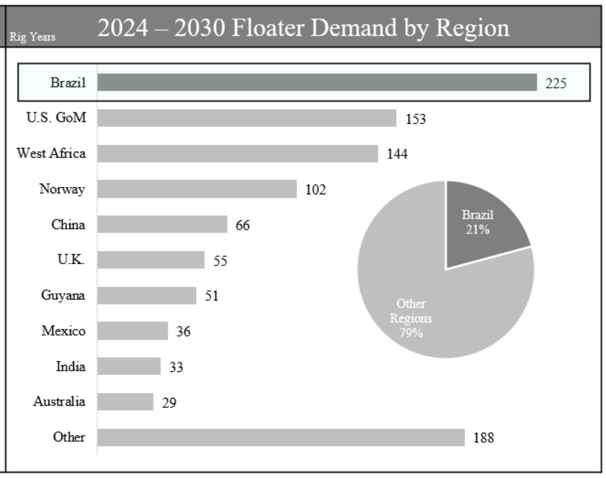
Source: Rystad Energy (data accessible via subscription; dataset compiled August 2024).

Brazil is currently hosting approximately 35 drillships and semi-submersibles for deepwater operations. This accounts for approximately 26% of the total active floater rig supply globally and includes contracted rigs (drillships and semi-submersibles) that are competitive in the market. In terms of demand, it is the country with the highest expectation of future uncontracted activity until 2030. According to RigLogix, the utilization rate for floaters already in Brazil is currently at 100%, implying a sold-out market. While international offshore drilling companies are actively bidding in most Petrobras tenders, those already established in Brazil with rigs that meet Petrobras compliance standards hold a significant cost advantage. Rigs from outside Brazil face high costs for upgrades and contract preparation work in order to achieve Petrobras compliance, along with the mobilization costs needed to bring the asset to the region. This creates substantial barriers to entry for the Brazilian drilling market. Additionally, local offshore drilling companies in Brazil benefit from lower costs compared to their international peers, partially due to a higher proportion of local crew and superior knowledge of efficient operations in the region.

The figure on the bottom left illustrates the number of floaters per region, while the figure on the bottom right presents the projected floater demand by region.

Left, figure 16: The number of floaters per region. Right, figure 17: Projected floater demand by region.





[1]Includes currently active on contract rigs and mobilized rigs with upcoming contracts in the region; excludes stacked rigs

Source: Rystad Energy (data accessible via subscription; dataset compiled February 2025).

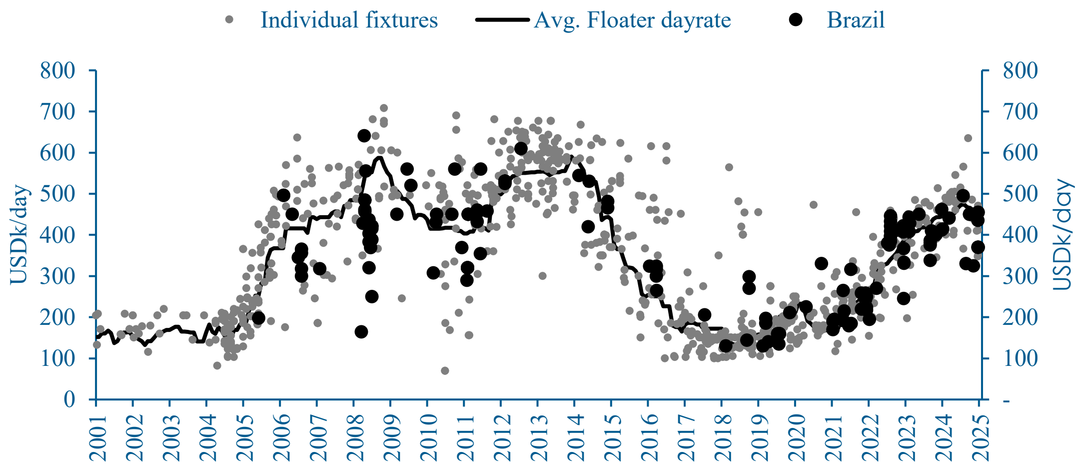
Petrobras, the global leader in deepwater oil production, provides strong visibility for the offshore drilling sector in Brazil through its 5-year business plans. The reliability of these plans is relatively high due to the long-cycle nature of deepwater projects, which typically take about four to five years from the final investment decision (FID) to first oil.

The current 5-year plan has a $76 billion budget, the highest number since the oil and gas downturn began in 2015. The planned addition of 14 FPSOs (Floating Production, Storage, and Offloading units) between 2025 and 2029 is expected to drive further demand for rigs, which is anticipated to rise from current levels.

In the Brazilian market, Petrobras may continue to announce new contract drilling tenders as several existing contracts near their end and to sustain its activity level in line with its strategic business plan. Based on the latest lead times (12-18 months), new tenders are expected throughout first half of 2025.

As shown in the figure below, Brazilian fixtures have outpaced the global average since 2022, driven by 100% utilization and demand exceeding capacity.

Figure 18: Day-rate momentum



Source: Clarksons Research Services Ltd. (data accessible via subscription; dataset compiled February 2025).

7.5 Competitive landscape

The global oil and gas services industry is highly competitive. The Group currently face competition in offshore drilling from competitors such as Seadrill Ltd., Transocean Ltd, Noble Drilling, Inc., Valaris Limited, Foresea Holding S.A., Ventura Offshore Holding Ltd., Etesco Construções e Comércio Ltda., among others.

Competition for offshore rigs is usually on a global basis, as these rigs are mobile and may be transported at a cost that can be substantial, from one region to another in response to demand. The Group's largest competitors in the drilling industry have more diverse fleets and may have greater financial resources than the Group, which may better enable them to withstand periods of low utilization, compete more effectively on the basis of price, build new rigs or acquire existing rigs.

7.6 Business strategy and strategic objectives

The Company's strategy is focused on delivering return on invested capital through its fleet of semi-submersible rigs and drillships. The Company expects to achieve its objectives through the following strategies:

<u>Expansion of fleet and the types of services the Group provides</u>

The Company believes that is solid track record in ultra-deepwater drilling will enable it to operate rigs from other companies and groups and/or other types of offshore vessels for the Group's clients, such as accommodation units, well intervention vessels, lift boats and jackups, which are niche services with potential for premium rates. As such, the Group intent to expand its fleet and the types of services it provide to its clients by entering into agency or other contractual arrangements, such as joint ventures and bareboat charter agreements.

Capitalize on its market-leading position in Brazilian ultra-deepwater drilling to opportunistically expand to key international offshore markets and segments.

As a recognized Brazilian market leader, the Company intend to capitalize on its strong market position in Brazil. The Company believe that its leading ultra-deepwater presence in Brazil, premium drilling fleet, high safety standards and strong track record position it well to seek new opportunities in the key international offshore markets. The Company intend to position ourselves in markets with potential for deepwater growth, such as West Africa, the western Gulf of Mexico and Southeast Asia.

Continue refining and enhancing the Group's fleet.

The Company are focused on using and investing in new and proven fleet safeguards and technologies that support sustainable growth and have the potential to maximize efficiency, reduce environmental impact and enhance safety. The Group's technical team, with the largest engineering team in Brazil for a drilling company among Seadrill, Valaris, Foresea and Transocean, proactively monitors industry innovations and is aligned with the newest technical specifications required by operators, positioning the Group to secure premium contracts and attract top-tier customers. The Group also leverage new and cutting-edge technology to improve operational efficiency, safety, innovation and the environment. As such, the Group has implemented real-time operations monitoring to provide certain parameters and key performance indicators of its offshore drilling units in real-time, 24 hours per day and 3D scanning of drilling rigs to improve troubleshooting and provide better training. Operations support processes optimization, such as asset management and supply chain management, also address safety, asset integrity, tripping performance, financial efficiency, human capital and client requirements.

Disciplined approach to capital allocation.

The Group focus on maintaining strong, recurring cash flow streams through market cycles and intend to continue to maximize the Group's cash flows by optimizing the Group's capital expenditures through condition-based maintenance of its assets, which can further extend the lifespan of its equipment while allocating capital more efficiently than performing major overhauls every five years. The Group also prioritize fostering long-term partnerships with key suppliers, generally enabling the Group to secure favorable terms and access critical materials even in tight market conditions.

In addition, given the volatility in the Group's industry, the Company's long-term business plan aims to achieve indebtedness levels that the Company believe are conservative and help to safeguard the Company, preserve its financial flexibility and minimize risk across all market conditions. Further, the Company focus on building and preserving the Group's financial reserves during peak cycles to help protect the Company during downturns, enabling strategic investments and stability when opportunities arise. Finally, the Company recognize the importance of returning value to shareholders, and the Company's financial strategy will balance these priorities to maximize long-term value creation.

Promote operational excellence, sustainability, and safety.

The Company intend to maintain the Group's strong focus on the continued high-quality performance and safety of the Group's operations. The Company's management team is dedicated to the superior performance of its assets by hiring, training and retaining highly skilled employees. The Company intends to maintain high QHSE standards by maintaining the Group's certifications in ISO 9001:2015, ISO14001:2015, ISO 45001:2018 and API Spec Q2 Standards. On Mai, 2024, the Company received the API Spec Q2 certification, a quality management system designed specifically for drilling services providers. In addition, the Company are committed to continuing to provide safety and technical training to maintain the high quality and safe services that its clients expect from us, including relatively low downtime for its rigs.

Become the preferred drilling partner for operators committed to decarbonizing their operations.

The Group intend to become the preferred drilling partner for operators in Brazil for research and development projects associated with the decarbonization of their operations. To this end, the Group created a department focused on researching and developing technological alternatives for carrying out well construction services with lower fuel consumption, while maintaining the same levels of operational safety. In 2023, the Group entered into the first R&D project in partnership with Petrobras and the University of São Paulo (*Universidade de São Paulo*), one of the most renowned universities in Latin America, to develop a solution focused on reducing fuel consumption while operating rigs in offshore fields. This initiative consists of an artificial intelligence platform that will support the measurement and optimization of energy management on board. One of the technologies being evaluated is the use of hydraulic accumulators to reduce the number of electric motors needed to operate the rig's drilling system. The Group carried out initial tests of this technology on Brava Star and achieved preliminary reductions in absolute diesel consumption. The Group are developing other energy efficiency projects in the areas of digital solutions, main engines, combustion, generation and auxiliary systems.

7.6.1 Future challenges and outlook

The Company's future outlook is promising but comes with several challenges. Expanding of the fleet and diversifying services will require careful management of complex contractual arrangements and joint ventures. Entering international markets like West Africa, the Gulf of Mexico, and Southeast Asia involves navigating different regulatory environments and competitive pressures. The focus on enhancing the fleet with advanced technology demands significant investment and continuous innovation. Maintaining financial flexibility to weather industry volatility requires balancing immediate needs with long-term goals. Additionally, the Company's commitment to sustainability and decarbonization introduces the challenge of integrating new technologies and achieving fuel consumption reductions. Overall, the Company is well-positioned for growth but must adeptly manage these challenges to achieve its objectives.

7.7 Material transactions of the Group

The Group has not carried out any transactions after 31 December 2023 that represent a change of more than 25 % in its total assets, revenue or profit or loss.

In Q4 2024 the Group carried out a recapitalisation, as further describer in Section 6 "The implemented Recapitalization".

7.8 Material Investments

7.8.1 The Company's material investments during the period covered by the Financial Statements and up to the date of this Information Document

The Group has not made any material investments during the period covered by the Financial Statements and up to the date of this Information Document.

7.8.2 Material investments in progress or for which firm commitments have already been made

The Group does not have any material investments in progress or for which firm commitments have already been made.

7.9 Material contracts

7.9.1 Material contracts outside the ordinary course of business

The Group has not entered into any material contract outside the ordinary course of business for the two years prior to the date of this Information Document. Further, the Group has not entered into any other contract outside the ordinary course of business which contains any provision under which any member of the Group has any material obligation or entitlement.

7.10 Material financing agreements

7.10.1 USD 650,000,000 senior secured notes due 2029

The Company is the issuer of USD 650,000,000 senior secured notes due 2029 (the "**Notes**"). The Notes were initially issued on 7 November 2024 by NewCo Holding USD 20 S.à r.l. as escrow issuer, being merged into the Company on 12 December 2024, as part of the Recapitalisation. The proceeds from the issuance of the Notes were used to refinance the debt as part of the Recapitalisation.

The Notes bear an interest of 9.375% p.a., being payable semi-annually in arrears on each 7 May and 7 November, commencing on 7 May 2025. Principal on the Notes is payable annually on 7 November, commencing on 7 November 2026, in an amount of USD 75,000,000 per annum. The balance will be payable on the maturity date.

The Notes are redeemable, in whole or in part, at any time on or after the first call date on 7 November 2026 at specified call prices. The Notes are callable at a "make whole" price prior to the first call date. Further, the Company may redeem up to 40% of the Notes before 7 November 2026 with an amount equal to or less than the net cash proceeds from certain eligible equity offerings, at a redemption price equal to 109.375% of the principal amount, plus any accrued and unpaid interest. In addition, until 7 November 2026, the Company may redeem up to 10% of the Notes per annum at a redemption price equal to 103% of the principal amount, plus accrued and unpaid interest. The Notes are subject to a tax call.

The Notes include event of default provisions, covenants and other restrictions, including, but not limited to, in respect of incurrence of additional indebtedness, asset sales and dividend payments. The restriction on dividend payments includes a requirement that the consolidated net leverage ratio cannot be greater than 1.25 following a distribution. Certain covenants are subject to covenant suspension if, inter alia, the Notes have an investment grade rating from any two rating agencies.

Upon the occurrence of a change of control triggering event, which includes a change of control, a sale of substantially all assets as well as a ratings event, subject to exceptions, each bondholder will have the right to require the Company to make an offer to purchase Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest.

The Notes are guaranteed and secured on a first-priority basis by certain collateral, subject to the terms of an intercreditor agreement. The collateral will consist of, inter alia, each collateral drilling rig, all rights in all offshore agreements, certain deposit accounts and securities accounts, insurance policies relating to each collateral drilling rig and the equity interests of each subsidiary guarantor and each excluded bareboat charterer subsidiary, subject to certain exceptions. Constellation Netherlands B.V., Constellation Services Ltd., Serviços de Petróleo Constellation S.A., Alaskan & Atlantic Rigs B.V., London Tower Management B.V., Brava Drilling B.V., Palase Management B.V. and Positive Investment Management B.V. have provided note guarantees.

GLAS Trust Company LLC is trustee, collateral agent and intercreditor agent.

The Notes have been listed on the Singapore Exchange Securities Trading Limited since February 13, 2025.

7.11 Dependency on contracts, patents, licenses etc.

It is the Company's opinion that the Group's existing business and profitability are not dependent upon any patents, licenses or contracts.

7.12 Intellectual property rights

The Group does not have any material intellectual property.

7.13 Significant new products/services

The Company has not recently, and is not contemplating to, introduce any significant new products and/or services in the near term.

7.14 Legal and arbitration proceedings

During the normal course of our business activities, the Group is subject to civil, environmental, labor and tax contingencies of judicial and administrative nature. The Group record provisions for losses arising from litigation based on an evaluation of our chance of loss by our internal and external legal counsels, the progress of related proceedings and the history of losses in similar cases. The Group record provisions for contingencies in which our chance of loss is considered probable or when so required under accounting rules. As of September 30, 2024 and December 31, 2023, the Group's provisions for current legal contingencies totalled USD 1,266,000 and USD 2,455,000 respectively. For more information, see note 10 in the Interim Financial Statements and note 12 in the Annual Financial Statements.

The following is a description of our main legal proceedings as of the date of this Listing Report:

Tax

In September 2010, Serviços de Petróleo Constellation S.A. ("Serviços de Petróleo"), one of the Company's 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 June 30, 2024, the estimated amount involved is $8.7 million.

In 2015, Serviços de Petróleo received three notices of violation from the Brazilian Revenue Service concerning *Programa de Integração Social* (a federal value-added tax) (PIS) and *Contribuição para o Financiamento da Seguridade Social* (a federal value-added tax) (COFINS) collected in 2010 and 2011. Additionally, in 2020 and 2021 the Brazilian Revenue Service issued two other notices of violation, concerning PIS and COFINS collected in 2016 and 2017. The Brazilian Revenue Service initiated tax administrative proceedings, demanding that Serviços de Petróleo makes tax payments due to alleged use of improper tax credits to reduce its PIS and COFINS obligations. In each of the three administrative proceedings, Serviços de Petróleo filed an appeal to contest the Brazilian Revenue Service's tax assessment. However, on October 17, 2024, the Brazilian Revenue Service partially recognized our claims related to the 2015 notices and reduced the value of the tax assessment by approximately 70% of the original value imposed. This decision is still subject to appeal and to review. As of June 30, 2024, the estimated value involved for the 2015, 2020 and 2021 notices of violation was US$19.7 million, US$3.3 million and US$3.8 million, respectively, which will be reduced given the recent decision.

Other Matters

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. The Company 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 judge Nancy Andrighi rejected Transocean's special appeal. Transocean appealed, seeking a collegial decision in the Superior Court of Justice. The Company presented a reply to Transocean's appeal in February 2024.

In July 2014, the Company received letters from Petrobras informing the Company 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 the Company's last response to Petrobras in 2014, the Company has not received any correspondence from Petrobras on this matter. In Petrobras' publicly available disclosures, Petrobras discloses that Petrobras paid these withholding taxes under a special payment program launched in 2018, and subsequently withdrew from discussions regarding the proceedings arising from tax assessments. Given that five years have passed by since Petrobras made the payment of the withholding taxes and Petrobras has not further contacted the Company, the Company believes that there will be no future claims related to those notices of violations.

On January 6, 2025, Serviços de Petróleo Constellation S.A. ("**SPC**") received debit notices from Petrobras related to the alleged late commencement of the charter agreements related to the Sete Brasil project (Urca, Mangaratiba, and Bracuhy rigs). The total amount claimed is USD 269.1 million, with payment originally due on January 21, 2025. This penalty was imposed on SPC solely due to the joint and several liability clause in the charter agreements. SPC and its controlling shareholder, the Company, based on the advice of external counsel and the Management's assessment of the debit notices, believe that the risk of loss related to these claims is remote. As such, they are not deemed to represent an actual risk to the Company. Petrobras has expressed its commitment to working collaboratively toward a resolution that satisfies all parties involved. To facilitate discussions, Petrobras has granted an extension of the due date until April 30, 2025, with extensions to be considered if necessary, and invited SPC for a mediation process, which, if accepted by SPC, will suspend the debt collection during mediation process.

8 SELECTED FINANCIAL INFORMATION

8.1 Introduction and basis for preparation

The following selected financial information has been extracted from (i) the Company's audited consolidated financial statements for the years ended 31 December 2023 and 2022 (the "**Annual Financial Statements**") and (ii) the unaudited condensed consolidated interim financial statements as of and for the nine months period ended 30 September 2024 with comparable figures for the corresponding period in 2023 (the "**Interim Financial Statements**").

The Annual Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and are audited by Grant Thornton Auditores Independentes Ltda. ("**Grant Thornton**"). The auditor's reports do not include any qualifications. The Annual Financial Statements are attached as Appendix B. The auditor's reports are enclosed in the Annual Financial Statements attached hereto.

The Interim Financial Statements have been prepared in accordance with IAS 34.

The Annual Financial Statements and the Interim Financial Statements are also referred to herein as the "Financial Statements".

The selected financial information presented in Section 8.3 to Section 8.4 below has been derived from the Financial Statements, solely, and should be read in connection with, and is qualified in its entirety by reference to, as applicable, the Annual Financial Statements (Appendix B) and the Interim Financial Statements (Appendix C).

8.2 Summary of accounting standard, policies and principles

For information regarding accounting principles and policies, please see note 2 in the Annual Financials Statements and Interim Financial Statements.

8.3 Selected Financial Information for the Company

8.3.1 Interim Consolidated Statement of comprehensive income

The table below sets out selected information from the Company's unaudited interim consolidated statement of comprehensive income for the nine months period ended 30 September 2024 and 30 September 2023.

In thousand USD	**Nine months period ended 30 September**	
	2024 *(unaudited)*	**2023** *(unaudited)*
NET OPERATING REVENUE	423,476	422,691
COST OF SERVICES	(399,313)	(385,553)
GROSS PROFIT	24,163	37,138
General and administrative expenses	(17,117)	(20,050)
Other income	27,167	899
Other expenses	(407)	(140)
OPERATING PROFIT/(LOSS)	33,806	17,847
Financial income	4,066	25,840
Financial expense	(48,587)	(50,481)

In thousand USD	**Nine months period ended 30 September**	
	2024 *(unaudited)*	**2023** *(unaudited)*
Foreign exchange variation income/(expense), net	(369)	(286)
FINANCIAL EXPENSES, NET	(44,890)	(24,927)
PROFIT/(LOSS) BEFORE TAXES	(11,084)	(7,080)
Taxes	9,805	2,330
PROFIT/(LOSS) FOR THE PERIOD	(1,279)	(4,750)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustment	(10,314)	3,347
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(11,593)	(1,403)
Comprehensive income attributable to:		
Controlling interests	(11,593)	(1,403)

8.3.2 Statement of comprehensive income

The table below sets out selected information from the Company's audited consolidated statement of comprehensive income for the years ended 31 December 2023 and 31 December 2022.

In thousand USD	**Year ended 31 December**	
	2023 *(audited)*	**2022** *(audited)*
NET OPERATING REVENUE	551,824	406,145
COST OF SERVICES	(525,711)	(429,672)
GROSS PROFIT / (LOSS)	26,113	(23,527)
General and administrative expenses	(30,607)	(52,705)
Other income	55,633	1,077,130
Other expenses	(30,617)	(7,007)
OPERATING PROFIT	20,522	993,891
Financial income	3,193	2,224
Financial expense	(49,410)	(134,614)

In thousand USD	**Year ended 31 December**	
	2023 *(audited)*	**2022** *(audited)*
Foreign exchange variation income/(expense), net.	(353)	(83)
FINANCIAL EXPENSES, NET	(46,570)	(132,473)
PROFIT/(LOSS) BEFORE TAXES	(26,048)	861,418
Taxes..	(4,859)	(2,133)
PROFIT/(LOSS) FOR THE YEAR	(30,907)	859,285
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustment	5,208	2,879
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	(25,699)	862,164
Comprehensive income attributable to:		
Controlling interests	(25,699)	862,164

8.3.3 Statement of financial position

The table below sets out selected information from the Company's audited consolidated statement of financial position as of 31 December 2022, 31 December 2023, and from the Company's unaudited interim consolidated statement of financial position as of 30 September 2024.

In thousand USD	**As of 30 September**	**As of 31 December**	
	2024 *(unaudited)*	**2023** *(audited)*	**2022** *(audited)*
ASSETS			
Current assets:			
Cash and cash equivalents	61,805	87,943	59,479
Short-term investments	19,125	45	52
Trade and other receivables..	99,206	125,016	76,314
Recoverable taxes	26,492	21,541	22,946
Deferred mobilization costs	5,650	8,072	12,765
Assets held for sale	-	3,200	-
Other current assets...	16,380	11,388	16,041
Total Current Assets	228,658	257,205	187,597
NON-CURRENT ASSETS			
Restricted cash...	1,733	1,733	1,733
Recoverable taxes	25	-	-

In thousand USD	As of 30 September	As of 31 December	
	2024	**2023**	**2022**
	(unaudited)	*(audited)*	*(audited)*
Deferred tax assets	26,330	20,312	17,823
Deferred mobilization cost	1,692	4,380	7,760
Other non-current assets	5,714	4,423	1,977
Property, plant and equipment, net	2,347,965	2,416,098	2,470,296
Total Non-current Assets	2,383,459	2,446,946	2,499,589
Total Assets	2,612,117	2,704,151	2,687,186
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Loans and financings	35,568	33,696	4,992
Payroll and related charges	28,364	28,655	13,190
Trade and other payables	39,779	57,178	65,265
Taxes payables	3,992	4,784	4,434
Deferred revenues	11,333	17,184	18,129
Provisions	13,983	21,405	7,507
Other current liabilities	6,153	6,532	7,351
Total Current Liabilities	139,172	169,434	120,868
NON-CURRENT LIABILITIES			
Loans and financings	901,821	930,520	937,200
Derivatives	26,352	26,352	44,044
Deferred revenues	10,401	17,824	11,453
Provisions	1,653	15,710	3,611
Total Non-current Liabilities	940,227	990,406	996,308
TOTAL LIABILITIES	1,079,399	1,159,840	1,117,176
SHAREHOLDERS' EQUITY			
Share capital	4,933	4,933	4,933
Warrants	1,733	1,733	1,733
Share premium	1,567,897	1,567,897	1,567,897
Reserves	(147,314)	(137,000)	(142,208)
Accumulated profit	105,469	106,748	137,655
TOTAL SHAREHOLDERS' EQUITY	1,532,718	1,544,311	1,570,010
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,612,117	2,704,151	2,687,186

8.3.4 Interim Consolidated Statement of cash flow

The table below sets out selected information from the Company's unaudited interim consolidated statement of cash flow for the nine months period ended 30 September 2024 and 30 September 2023.

In thousand USD	**Nine months period ended 30 September**	
	2024 (*unaudited*)	**2023** (*unaudited*)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(1,279)	(4,750)
Adjustments to reconcile profit/(loss) for the period to net cash provided by operating activities:		
Depreciation of property, plant and equipment	150,524	139,228
Loss (gain) on disposal of property, plant and equipment, net	335	93
Recognition of deferred mobilization costs	8,069	10,797
Recognition of deferred revenues, net of taxes levied	(15,694)	(16,948)
Financial expenses on loans and financings	46,403	48,802
Provision/ (reversal) of onerous contract, net	(16,832)	-
Other financial expenses (income), net	(1,513)	92
Recognition (reversal) of provisions	(4,064)	32
Recognition (reversal) of provisions for lawsuits, net	1,983	511
Provision / (reversal) of derivatives	-	(23,967)
Taxes	(9,805)	(5,376)
Decrease/(increase) in assets:		
Trade and other receivables	25,810	(20,265)
Recoverable taxes	(4,976)	(6,556)
Deferred taxes	(6,018)	(5,996)
Deferred mobilization costs	(2,959)	-
Other assets	(3,043)	(9,853)
Increase/(decrease) in liabilities:		
Payroll and related charges	(291)	14,301
Trade and other payables	(17,399)	(30,105)
Taxes payables	6,890	6,781
Deferred revenues	2,420	336
Other liabilities	(9,043)	(2,144)
Cash used in operating activities	149,517	95,013
Income tax and social contribution paid	2,123	120
Adjusted cash (used in) / provided by operating activities	151,640	95,133
CASH FLOWS FROM INVESTING ACTIVITIES		
Short-term investments	(19,080)	7
Acquisition of property, plant and equipment	(83,236)	(43,484)
Proceeds from disposal of property, plant and equipment	-	11

In thousand USD	Nine months period ended 30 September	
	2024 *(unaudited)*	**2023** *(unaudited)*
Net cash (used in) / provided by investing activities	(102,316)	(43,466)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on loans and financings	(46,393)	(20,956)
Repayment of loans and financings	(26,837)	(833)
Net cash (used in)/provided by financing activities	(73,230)	(21,789)
Increase/(Decrease) in cash and cash equivalents	(23,906)	29,878
Cash and cash equivalents at the beginning of the period	87,943	59,479
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2,233)	592
Cash and cash equivalents at the end of the period	61,805	89,949

8.3.5 Statement of cash flow

The table below sets out selected information from the Company's audited statement of cash flow for the years ended 31 December 2022 and 31 December 2023.

In thousand USD	Year ended 31 December	
	2023 *(audited)*	**2022** *(audited)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the year	(30,907)	859,285
Adjustments to reconcile profit/(loss) for the year to net cash provided by operating activities:		
Depreciation of property, plant and equipment	185,724	148,942
Loss (gain) on disposal of property, plant and equipment, net	572	335
Reversal of impairment recognised on property, plant and equipment, net	(54,674)	(560,756)
Recognition of deferred mobilization costs	12,658	10,883
Recognition of deferred revenues, net of taxes levied	(20,561)	(14,522)
Financial expenses on loans and financings	64,596	85,465
Debt restructuring	-	(513,226)
Provision/ (reversal) of onerous contract, net	29,630	(1,671)
Other financial expenses (income), net	(335)	2,964
Recognition (reversal) of provisions	60	50
Recognition (reversal) of provisions for lawsuits, net	(538)	1,162
Provision / (reversal) of derivatives	17,692)	44,044
Provision for loss of receivables	-	442
Taxes	4,859	2,133

In thousand USD	Year ended 31 December	
	2023 *(audited)*	**2022** *(audited)*
Decrease/(increase) in assets:		
Trade and other receivables	(48,702)	(30,648)
Recoverable taxes	1,405	(8,430)
Deferred taxes	(2,489)	(1,408)
Deferred mobilization costs	(4,585)	(25,686)
Other assets	717	(2,808)
Increase/(decrease) in liabilities:		
Payroll and related charges	15,465	(2,985)
Trade and other payables	(8,087)	10,621
Payables to related parties	-	(193)
Taxes payables	(2,337)	811
Deferred revenues	25,987	32,837
Other liabilities	(593)	4,544
Cash used in operating activities	150,113	42,184
Income tax and social contribution paid	(2,172)	(296)
Adjusted cash (used in) / provided by operating activities	147,941	41,888
CASH FLOWS FROM INVESTING ACTIVITIES		
Short-term investments	7	4,663
Restricted cash	-	15,732
Acquisition of property, plant and equipment	(78,936)	(123,559)
Proceeds from disposal of property, plant and equipment	675	744
Net cash (used in) / provided by investing activities	(78,254)	(102,420)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on loans and financings	(36,747)	(5,689)
Proceeds from loans and financing	-	62,400
Advance for future capital increase	-	1,733
Repayment of loans and financings	(5,825)	(17,618)
Net cash (used in)/provided by financing activities	(42,572)	40,826
Increase/(Decrease) in cash and cash equivalents	27,114	(19,706)
Cash and cash equivalents at the beginning of the year	59,479	76,306
Effects of exchange rate changes on the balance of cash held in foreign currencies	1,350	2,879
Cash and cash equivalents at the end of the year	87,943	59,479

8.3.6 *Statement of changes in equity*

The table below sets out selected information from the Company's consolidated statement of changes in equity for the years ended 31 December 2022, 31 December 2023, and from the Company's unaudited interim consolidated statement of changes in equity as of 30 September 2024.

In thousand USD	Share Capital	Warrants	Share Premium	Reserves[1]	Accumulated profit	Total Shareholders' Equity
Balance, December 31, 2022........	4,933	1,733	1,567,897	(142,208)	137,655	1,570,010
Loss for the period............................	-	-	-	-	(4,750)	(4,750)
Other comprehensive income for the period	-	-	-	3,347	-	3,347
Total comprehensive loss for the period	-	-	-	3,347	(4,750)	(1,403)
Balance, December 31, 2023........	4,933	1,733	1,567,897	(137,000)	106,748	1,544,311
Loss for the period............................	-	-	-	-	(1,279)	(1,279)
Other comprehensive income for the period	-	-	-	(10,314)	-	(10,314)
Total comprehensive loss for the period	-	-	-	(10,314)	(1,279)	(11,593)
Balance, September 30, 2024	4,933	1,733	1,567,897	(147,314)	105,469	1,532,718

1 A total of amounts related to Legal, Share of investments' other comprehensive income / (loss), Acquisition of non-controlling interest in subsidiaries and Foreign currency translation adjustments.

8.4 Operating and financial review

8.4.1 *Results for the nine months period ended 30 September 2024 compared to the nine months period ended 30 September 2023*

Revenues for the nine months period ended 30 September 2024 remained stable year-over-year, from USD 422.7 million in the nine months period ended 30 September 2023 of USD 423.5 million. It represented an increase of 0.2% year over year.

In the nine months period ended 30 September 2024, contract drilling expenses (operating costs excluding depreciation) increased by 1.0% year-over-year to USD 248.9 million, compared with USD 246.4 million in the nine months period ended 30 September 2023. The increase was primarily driven by higher Personnel (USD 5.5 million) and materials costs (USD 7.0 million), which was partially offset by the reduction in Maintenance (USD 7.5 million) and Contingencies (USD 2.1 million).

General and administrative expenses had a 14.6% decrease year-over-year, from USD 20.1 million in the nine months period ended 30 September 2023, compared to USD 17.1 million in the nine months period ended 30 September 2023. The reduction, mainly driven by the reversion of commercial agent provision booked in previous years.

Total Other Income/expenses Net increased from USD 0.8 million in the nine months of 2023 to USD 26.3 million in the nine months of 2024, mainly due to Onerous Contract Reversion (USD16.8 million), Olinda sale (USD 8.1 million), and Petrobras penalty provision reversal of Brava Star (USD 2.0 million).

Net financial expenses increased to USD (44.9) million in the nine months period ended 30 September 2024, compared to USD (24.9) million in the nine months period ended 30 September 2023. Most of the increase is related to derivative positive results accounted in the nine months period ended 30 September 2023.

Net income in the nine months period ended 30 September 2024 was a loss of USD 1.3 million, compared to a loss of USD 4.8 million in the nine months period ended 30 September 2023.

8.4.2 Results for the year ended 31 December 2023 compared to the year ended 31 December 2022

In 2023, net operating revenue increased 35.9%, or USD 145.7 million, to USD 551.8 million when compared to 2022. Except from Brava Star and Atlantic Star, the remaining five rigs from the fleet had gone through contract transition during 2022. From the total USD 145.7 million revenue increase, USD 80.4 million was generated by the semis, USD 38.3 million by drillships and USD 30.8 million by the moored rigs, mostly explained by the increase in utilization by the commencement of new contracts with better economics.

In 2023, contract drilling expenses (operating costs excluding depreciation) increased USD 59.3 million (21.1%) year-over-year to USD 340.0 million, compared with USD 280.7 million in 2022, mainly due to a higher utilization of the fleet. The year-over-year increase was mainly driven by higher personnel (USD 37.8 million), impacted by (i) union agreement and salary adjustment, Short Term Incentive accrual to be paid in 2024 in connection with 2023 excellent results, and (ii) materials (USD 23.9 million), due to higher utilization in 2023 vs. 2022. Both costs were also significantly impacted by the 5 contracts transitions in 2022.

USD 21 million of the total costs of 2022 were related to the mobilization of the new contracts and, therefore, were deferred to be recognized on a monthly basis throughout the term of each contract. The increase was partially offset by reductions in maintenance costs (USD 6.3 million).

General and administrative expenses reduced USD 22.1 million, or (41.9) % year-over-year to USD 30.6 million in 2023 if compared to 2022. The year-over-year decrease was mainly driven by the reduction of USD 25.0 million in others, related to non-recurring Judicial Restructuring costs borne in 2022, which was partially offset by the increase of USD 3.5 million in personnel mostly related to collective agreement, Short Term Incentive and Management Incentive Plan.

Total Other Income/expenses Net decreased from USD 1.070 million in 2022 to USD 25.0 million in 2024, mainly due to USD 513.2 million gain on Debt restructuring and an impairment reversal of USD 560.8 million in 2022, compared to USD 54.7 million of impairment reversal and USD 29.6 million provisions of onerous contract in 2023.

Net financial expenses were USD 46.6 million in 2023, compared to USD 132.5 million in 2022. The decrease was mainly due to the debt restructuring which reduced company's debt in June 2022 and derivative results as per note 20 of the 2023 Financial Statements.

Net loss in 2023 was USD 30.9 million, compared to USD 859.3 million in 2022.

8.4.3 Financial position as of 30 September 2024 compared to financial position as of 31 December 2023

Outstanding cash (which includes cash and cash equivalents, and restricted cash) and short term investments decreased US$ 7.1 million from December 31, 2023, to US$ 82.7 million as of September 30, 2024.

Total debt decreased by US$ 26.8 million to US$ 937.4 million as of September 30, 2024, compared to US$ 964.2 million as of December 31, 2023. Net debt also decreased by US$ 19.8 million to US$ 854.7 million as of September 30, 2024.

8.4.4 Financial position as of 31 December 2023 compared to financial position as of 31 December 2022

Outstanding cash (which includes cash and cash equivalents, short-term investments and restricted cash) increased to USD 89.7 million as of 31 December 2023, compared to USD 61.3 million in 31 December 2022.

Total debt increased by USD 22.0 million to USD 964.2 million as of 31 December 2023, compared to USD 942.2 million as of 31 December 2022. Net debt was reduced by USD 6.4 million to USD 874.5 million as of 31 December 2023. Total equity as of 31 December 2023 amounted to USD 1,544,311 thousand, down from USD 1,570,010 thousand as of 31 December 2022. The decrease was due to the loss of the year ended 31 December 2023.

8.4.5 Cash flows for the nine months period ended 30 September 2024 compared to the cash flows for the nine months period ended 30 September 2023

Cash flow provided by operating activities totalled to USD 151.6 million in the nine months period ended 30 September 2024, compared to USD 95.1 million in the nine months period ended 30 September 2023. The USD 56.5 million increase was mainly driven by the Brava Star mobilization fee of USD 25.7 million received earlier this year, a reduction of USD 12.7 million in trade and other payables, and the anticipation of receivables made in the last quarter of 2022 which reduced receivables collected in the nine months period ended 30 September 2023.

Net cash outflow from investing activities from continuing operations was USD 102,316 thousand, of which USD 19,080 thousand in Short Term Investments and USD 83,236 in the thousand, for the nine months period ended 30 September 2024, up from an outflow of USD 43,466 thousand for the period ended 30 September 2023. The increase was driven by four main factors: Gold Star's thruster overhaul, Laguna Star's thruster overhaul, initial Alpha Star investments linked to its contract transition scheduled for the fourth quarter of this year, and Brava Star's final costs from previous year docking.

Net cash outflow from financing activities from continuing operations was USD 73,230 thousand for the nine months period ended 30 September 2024, compared to an outflow of USD 21,789 thousand for the nine months period ended 30 September 2023. The cash outflow for the nine months period ended 30 September 2024 was primarily due to the election to pay quarterly interest in cash of the first lien debt since 30 September 2023, as well as the start of amortization of notes issued by the Company at that time.

Outstanding cash (which includes cash and cash equivalents, and restricted cash) and short term investments decreased USD 7.1 million from 31 December 2023, to USD 82.7 million as of 30 September 2024.

8.4.6 Cash flows for the year ended 31 December 2023 compared to the cash flows for the year ended 31 December 2022

Cash flow from operating activities was an inflow of USD 147,941 thousand for the year ended 31 December 2023, compared to an inflow of USD 41,888 thousand for the year ended 31 December 2022. The cash inflow for 2023 was higher than 2022 primarily due to higher fleet utilization and better contract economics compared to legacy commitments.

Net cash inflow from investing activities was USD 78,254 thousand, fully applied in the acquisition of Property Plant and Equipment, for the year ended 31 December 2023, down from an inflow of USD 102,420 thousand for the year ended 31 December 2022. The net cash outflow from investing activities decreased is primarily driven by the adequacy and SPS (Special Periodic Survey) investments made on the five contract transitions to new contracts performed by the company in 2022.

Net cash outflow from financing activities was USD 42,572 thousand for the year ended 31 December 2023, down from an inflow of USD 40,826 thousand for the year ended 31 December 2022. Net cash after financing activities totalled USD 27.1 million in 2023, compared to USD (19.7) million year over year.

Outstanding cash (which includes cash and cash equivalents, short-term investments and restricted cash) increased to USD 89.7 million as of 31 December 2023, compared to USD 61.3 million in 31 December 2022.

8.5 Significant changes or transactions

Other than the Recapitalisation as described in Section 6 "The implemented Recapitalization", there has been no significant changes in the financial or trading positions of the Group since 30 September 2024.

8.6 Related party transactions

The Company has not entered into any transactions with related parties during the period covered by the Financial Information and up until the date of this information Document.

8.7 Working capital statement

The Company is of the opinion that the working capital available to the Group at the date of this Information Document is sufficient for the Group's present requirements for the period covering at least 12 months from the date of this Information Document.

9 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

9.1 Introduction

The Board of Directors is responsible for the overall management of the Company and may exercise all of the powers of the Company not reserved to the Company's shareholders pursuant to the Articles of Association of the Company and Luxembourg law.

9.2 The Board of Directors

9.2.1 General

The Board of Directors shall be composed of a maximum of seven (7) members. As of the date of this Information Document, the Company has a Board of Directors composed of six Directors (the "**Directors**"). The names and positions of the Directors are set out in the table below.

The Company's registered office address, at 8-10, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, serves as the business address for the members of the Board of Directors in relation to their directorship in the Company.

9.2.2 The composition of the Board of Directors

The Board of Directors consists of the following members:

Name	Position	Served since[1]	Term expires
Maria Gordon	Chairperson	2022	Annual general meeting in 2026
Bruno Serapião	Director	2022	Annual general meeting in 2026
Jorge Tagle	Director	2022	Annual general meeting in 2026
Jaap Jan Prins	Director	2022	Annual general meeting in 2026
Bertrand de Fays	Director	2022	Annual general meeting in 2026
Attila Sénig	Director	2022	Annual general meeting in 2026

1 *All Directors were re-elected on 13 June 2024 and on 12 December 2024.*

9.2.3 Brief biographies of the Directors

Set out below are brief biographies of the Directors, including their managerial expertise and experience, in addition to an indication of any significant principal activities performed by them outside of the Company.

Maria Gordon, Chairperson

Mrs. Gordon has served as chairman of the Company since June, 2022. She started her career as a reporter for The Washington Post. In 1998, she joined Goldman Sachs at the asset management division, where she spent 12 years, being named managing director in October, 2006. In 2009, Gordon moved to PIMCO to help the firm broaden its outreach beyond debt markets. Mrs. Gordon has also been the chair of the Company's strategy committee. She was named twice Top 40 under 40 by The Financial News.

Current directorships and senior management positions	*Capricorn Energy PLC (chair), Bank of Georgia PLC (non-executive director) and chair Constellation Oil Services Holding S.A (board member).*
Previous directorships and senior management positions last five years	*TCS (non-executive director), Detsky Mir (chair), Alrosa (non-executive director), Evraz PLC (non-executive director), Polyus (non-executive director) and MOEX (non-executive director).*

Bruno Serapião, Director

Mr. Serapião has served as a board member of the Company since 9 September, 2022. He started his career in aviation in 1996, after graduating. He worked for Hidrovias do Brasil, from 2010 to 2020, and he is currently executive chairman of the board of Hidrovias do Brasil. He is the current CEO of Atvos. He has also been the chair of the Company's sustainability, HSE and operations committee. Mr. Serapião holds a degree in aerospace mechanical engineering from the Aeronautical Technological Institute (*Instituto Tecnológico de Aeronáutica – ITA*).

Current directorships and senior management positions	*Atvos Par S/A (Chief Executive Officer).*
Previous directorships and senior management positions last five years	*Takoda Datacenters (Director) and Hidrovias do Brasil (Chair and CEO).*

Jorge Tagle, Director

Mr. Tagle has served as a board member of the Company since 10 June 2022. Throughout his career, he held senior executive positions, primarily at the Quiñenco Group. He was deputy general manager and commercial manager of Banco de Chile, executive vice president of Nexans SA, corporate general manager of Alusa SA, corporate finance manager of Madeco SA. At Quiñenco SA, meanwhile, he was manager of M&A and new projects. Earlier in his career he worked at Citicorp Corporate Finance in different M&A and capital markets transactions. Currently he is a partner of Servicios Financieros ALTIS S.A., advisor to Megeve Investments and a member of the Board of Viña Luis Felipe Edwards and Constellation Oil Services Holding S.A. Mr. Tagle has also been the chair of the Company's nomination and remuneration committee. He holds a bachelor's degree in Civil Engineering from Pontificia Universidad Católica de Chile and a master's in Business Administration from the Wharton School at the University of Pennsylvania.

Current directorships and senior management positions	*Servicios Financieros ALTIS S.A. (Partner) and Viña Luis Felipe Edwards (board member).*
Previous directorships and senior management positions last five years	*N/A.*

Jaap Jan Prins, Director

Mr. Prins has served as a board member of the Company since 10 June 2022. He worked for ING Bank where he was global head of the energy, transport and infrastructure sectors. He is a partner of Bowline Capital Partners, a firm with offices in London and Rotterdam, providing services in capital raising, debt advisory, M&A, and proprietary investments. He also served as an expert advisor of the investment committee of NN Investment Partners, one of the largest Dutch asset managers.

Current directorships and senior management positions	*Bowline Advisors Ltd (Partner), Bowline Capital Partners B.V. (Partner) and JJP Holding B.V. (Director).*
Previous directorships and senior management positions last five years	*ING Bank N.V. (Managing Director).*

Bertrand de Fays, Director

Mr. de Fays has served as a board member of the Company since 4 November 2022. His fields of experience include: intra-group financing (treasury/cash pool operations) and holding/investment structures, securitization vehicles for a variety of clients, such as private equity funds and listed multinationals. Over the years, he has gained vast experience in the energy sector, real estate business, and metal industry. Mr. Bertrand de Fays is a qualified accountant with extensive experience in accounting and outsourced corporate services in Luxembourg.

Current directorships and senior management positions	*Centralis S.A. (Client Services Senior Manager), Kilmart Investments Luxembourg S.à r.l. (board member), Brand Aluma International Holdings Ltd S.à r.l. (board member), CHC REINSURANCE S.A. (board member), HCI Luxembourg S.à r.l. (board member), S&P Global European Holdings Luxembourg S.à r.l. (board member), S&P Global Finance Luxembourg S.à r.l. (board member), S&P Global Holdings Luxembourg S.à r.l. (board member), Hexcel Finance Holdings Luxembourg (board member), Hexcel Financing Luxembourg S.à r.l. (board member), Hexcel Holdings Luxembourg S.à r.l. (board member), Cameco Luxembourg S.A. (board member), Camlux S.à r.l. (board member), FERSEN S.A. (board member), Curia Global S.à r.l. (board member), Curia Luxembourg S.à r.l. (board member), Curia Services Luxembourg S.à r.l. (board member), BPG Lux International Holdings S.à r.l. (board member), BPG Europe Holdings S.à r.l. (board member), BPG International Finance Co S.à r.l. (board member). Curia Holdings S.à r.l. (board member), SafeWorks S.à r.l. (board member), D-R Luxembourg International S.à r.l. (board member), Hexcel Reinforcements Holdings Luxembourg SARL (board member), MAN International S.à r.l. (board member), BWL Global S.à r.l. (board member), MAN Holding Luxembourg S.C.S. (board member), Aris Gold*

	Luxembourg S.à r.l. (board member), Knight Therapeutics Europe S.A. (board member), Constellation Oil Services Holding S.A. (board member), PG Topco S.à r.l. (board member), Beta Energy Investments S.à r.l. (board member), Beta II Holdings S.à r.l. (board member), Beta II S.à r.l. (board member), Ventient Beta Holdco S.à r.l. (board member), Ventient Cardiff Holdco S.à r.l. (board member), Ventient Dynamo Holdco S.à r.l. (board member), Ventient Energy Europe Finco S.à r.l. (board member), Ventient Energy Europe Holdco S.à r.l. (board member), Ventient Energy S.à r.l. (board member), Sherwin-Williams Luxembourg S.à r.l. (board member), Sherwin-Williams Coatings S.à r.l. (board member), Sealed Air Luxembourg S.à r.l. (board member), Sealed Air Finance Luxembourg S.à r.l. (board member), Brindleyplace Holding S.à r.l. (board member).
Previous directorships and senior management positions last five years……	*WCI Luxembourg S.à r.l. (board member), Leclerc Foods Luxembourg S.à r.l. (board member), CHC Leasing S.à r.l. (board member), Pembina Finance Luxembourg S.à r.l. (board member), ACI Worldwide (Luxembourg) S.à r.l. (board member), S&P Global Europe Luxembourg S.à r.l. (board member), S&P Global Investments Luxembourg S.à r.l. (board member), Q GE Lux Holdco S.à r.l. (board member), Q GE Lux Propco 1 S.à r.l. (board member), Q Lux MasterCo S.à r.l. (board member), Q UK Lux Holdco S.à r.l. (board member), Q UK Lux Propco 1 S.à r.l. (board member), NewCo Holding EUR 15 S.à r.l. (board member), PG Topco II S.à r.l. (board member) and PG Topco I S.à r.l. (board member).*

Attila Sénig, Director

Mr. Sénig has served as a board member of the Company since 10 June 2022. He has detailed knowledge of regulatory, accounting and tax regulations and regularly act as a non-executive manager for a diverse portfolio of international clients of Centralis S.A. where he is the client services director. Mr. Attila Sénig is a qualified tax advisor and chartered accountant with extensive experience in accounting and outsourced corporate services in Hungary and Luxembourg.

Current directorships and senior management positions	*Kilbroney Investments SA (board member), Kilbroney Finance SA (board member), Velocity Global Luxembourg Sarl (board member), Almacantar Blackfriars Holding Sarl (board member), Almacantar Blackfriars Sarl (board member), Almacantar Bryanston Sarl (board member), Almacantar Centre Point GP Sarl (board member), Almacantar Centre Point Investments Sarl (board member), Almacantar Centre Point Sarl (board member), Almacantar Edgware Sarl (board member), Almacantar Group Sarl (board member), Almacantar Marble Arch Holding Sarl (board member), Almacantar Newco Sarl (board member), Almacantar Sarl (board member), Almacantar SBP 1 Holding Sarl (board member), Almacantar SBP 2 Holding Sarl (board member), SBP 1 Sarl (board member), SBP 2 Sarl (board member), Almacantar Bryanston Holding Sarl (board member), Natura & Co Luxembourg Holdings Sarl (board member), Petrosantander Luxembourg Holdings Sarl (board member), CN Holdings Luxembourg Sarl (board member), Savoy Hotel Holding Sarl (board member), Cameco Luxembourg SA (board member), Camlux Sarl (board member), DS Smith (Luxembourg) Sarl (board member), DS Smith Perch Luxembourg Sarl (board member), Natura & Co International Sarl (board member), Ashtree Investments Sarl (board member), Global Reach Finance & Capital Sarl (board member), KH Holdings Sarl (board member), Rablon Finance & Capital Sarl (board member), HBC Europe Holding Sarl (board member), HBC Europe Sarl (board member) and CHC Financial Holdings Sarl (board member).*
Previous directorships and senior management positions last five years……	*N/A.*

9.2.4 *Common Shares, Shares or options held by the Board of Directors*

As of the date of this Information Document, no member of the Board of Directors holds any Common Shares, Shares or options in the Company.

9.3 Management

9.3.1 *The composition of Management*

The Management consists of the following members:

Name	Position
Rodrigo Ribeiro	Chief Executive Officer
Daniel Rachman	Chief Financial Officer
Luis Senna	Chief Legal Officer
Silvia Ruggeri	Chief People and IT Officer
Rodrigo Jokubauskas	Chief Operating Officer
Leonardo Guimarães	Chief Technical Officer
Thiago Schimmelpfennig	Chief Commercial and Innovation Officer

8-10, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, serves as the business address for the members of the Management in relation to their employment in the Company.

9.3.2 *Brief biographies of the Management*

Rodrigo Ribeiro, Chief Executive Officer:
Mr. Ribeiro joined the Group in 2000 and has over 29 years of experience in the industry. He started his career in 1996 working for Odebrecht Óleo e Gás S.A. prior to joining the Company. He held a number of positions in Brazil and abroad, including chief operation officer, operations manager, rig manager and site manager. He also served as president of the Brazilian Association of Petroleum Goods and Services Companies (*Associação Brasileira das Empresas de Bens e Serviços de Petróleo* – ABESPetro), from 2022 to 2023. Mr. Rodrigo Ribeiro holds a bachelor's degree in mechanical engineering from Universidade Santa Úrsula, a Postgraduate in Petroleum Engineering, Safety Engineering, MBA from FDC Business Schooland, and a Master's degree in Mineral Engineering from the Polytechnic School of Universidade de São Paulo.

Current directorships and senior management positions	*ABESPetro (Brazilian Association of Petroleum Goods and Services Companies) (Chair) and RRR Enterprises Inc. (Director).*
Previous directorships and senior management positions last five years	*ABESPetro (Brazilian Association of Petroleum Goods and Services Companies) (President).*

Daniel Rachman, Chief Financial Officer:
Mr. Rachman joined the Group in 2023 and has over 12 years of experience in the industry. Mr. Rachman held a number of leadership positions in GE Oil & Gas and Baker Huges, in Brazil and in the United States, having last served as global chief financial officer of the subsea production business. He also worked for Deloitte, as audit manager, from 2004 to 2011. He holds a bachelor's degree in business from Fundação Armando Álvares Penteado and a master's degree in accounting from Trevisan Escola de Negócios.

Current directorships and senior management positions	*N/A.*
Previous directorships and senior management positions last five years	*N/A.*

Luis Senna, Chief Legal Officer:
Mr. Senna joined the Group in 2012 and has over 13 years of experience in the industry. Before serving as the Company's general counsel, he served as compliance officer, from 2017 to 2020. Before joining the Group, he worked in recognized law

firms in Brazil, representing clients in complex commercial deals. Mr. Senna holds a law degree from Pontifícia Universidade Católica.

Current directorships and senior management positions	*N/A.*
Previous directorships and senior management positions last five years......	*N/A.*

Silvia Ruggeri, Chief People and IT Officer:
Mrs. Ruggeri joined the Group in 2010 and has over 18 years of experience in the industry. Mrs. Ruggeri held leadership positions in human resources and served as deputy chief administration officer, leading human resources, real state, information technology and communications departments. Before joining the Group, she held human resources positions in international human resources, human resources systems and compensation departments at Halliburton. Mrs. Ruggeri holds a bachelor's degree in business administration from Pontifícia Universidade Católica.

Current directorships and senior management positions	*Sbn Agricultura e Pecuaria Ltda (Managing Partner) and SBN Participações e Investimentos Ltda (Managing Patner).*
Previous directorships and senior management positions last five years......	*N/A.*

Rodrigo Jokubauskas*, *Chief Operating Officer*:*
Mr. Jokubauskas joined the Group in 2012 and has over 20 years of experience in the industry. Mr. Jokubauskas held leadership positions and served as Offshore Maintenance Coordinator, Offshore Installation Manager ,QHSE Manager, and Shore Base and Operations Manager and Superintendent.

Before joining the Group, he worked at Halliburton and Weatherford. Mr. Jokubauskas holds a bachelor's degree in Mechanical Engineering (UNIFEI), and an Executive MBA from Fundação Dom Cabral.

Current directorships and senior management positions	*N/A.*
Previous directorships and senior management positions last five years......	*N/A.*

Leonardo Guimarães, Chief Technical Officer*:*
Mr. Guimarães joined the Group in 2022 and has over 30 years of experience in the industry. Mr. Guimarães held leadership positions and served as Asset Integrity Manager, and Technical Superintendent.

Before joining the Group, he held leadership positions in Transocean, Odebrecht Oil & Gas and Seadrill. Mr. Guimarães holds a bachelor's degree in Mechanical Engineering (UERJ).

Current directorships and senior management positions	*N/A.*
Previous directorships and senior management positions last five years......	*N/A.*

Thiago Schimmelpfennig, Chief Commercial and Innovation Officer*:*
Mr. Schimmelpfennig joined the Group in 2009 as operations engineer and has over 15 years of experience in different areas within the Group. After joining us, Mr. Schimmelpfennig worked as rig manager in the states of Amazonas and Mato Grosso, in Brazil, and in Paraguay. He served as deputy chief operating officer before joining the commercial department in 2018 as commercial manager. He also worked for BMW, as trainee engineer, in 2009. Mr. Schimmelpfennig holds a bachelor's degree in mechanical engineering from Universidade Federal de Santa Catarina, and an MBA in oil and gas from Robert Gordon University.

Current directorships and senior management positions	*N/A.*
Previous directorships and senior management positions last five years......	*N/A.*

9.3.3 Common Shares, Shares or options held by the Management

As of the date of this Information Document, none of the members of the Management holds any Common Shares, Shares or options in the Company.

9.4 Employees

As of the date of this Information Document, the Group has approximately 1,800 employees.

The number of employees (full-time and part time) as of December 31, 2023 was 1.827 employees and the number of employees (full-time and part time) as of December 31, 2022 was 1.744 employees.

9.5 Benefits upon termination and service contracts

No member of the Board of Directors is entitled to equity benefits upon termination of their positions. Members of the Board are entitled to cash payments under the terms of a Management Incentive Plan (MIP) which includes specific provisions in case of involuntary termination of their positions except in case of termination for cause (all eligible amounts will be cancelled).

In the event of the employment agreement being terminated by the Company, all members of the Management are entitled to a cash payment equivalent to one month's salary for each year of service with the Company. Additionally, Members of the Management are also entitled to cash payments under the terms of the Management Incentive Plan which includes specific provisions in case of involuntary termination of their positions. In case of termination for cause, all eligible units will be cancelled.

9.6 Corporate governance

The Company is not subject to the Norwegian Code of Practice for Corporate Governance (the "**Corporate Governance Code**") or any other code of practice for corporate governance. Nonetheless the Board of Directors has a responsibility to ensure that the Company has sound corporate governance mechanisms and may consider the requirements of the Corporate Governance Code in its decision making.

9.7 Committees of the Board of Directors

The Board of Directors is advised by four permanent advisory committees and one special committee on matters relating to its oversight responsibility. The committees set the general business guidelines within the areas of their respective responsibilities, in accordance with applicable laws and the internal policies and controls of the Company. The advisory committees are chaired by a director and are composed by directors and of key executives of the Company. Each the committees has its own charters that establishes its duties and responsibilities. The Company also has enacted a Corporate Governance Handbook that sets out the main procedures and guidelines applicable to Corporate Governance practice.

9.7.1 Audit and Risks Committee

The Audit and Risks Committee advise and propose improvements related to its area of activity, with the objectives of supervising the quality and integrity of financial reports, adherence to legal, statutory and regulatory standards, the adequacy of risk management processes and the activities of internal and independent auditors, in order to give greater efficiency and quality to the decisions of the Board of Directors.

The Audit and Risks Committee consists of Maria Gordon, Jorge Tagle and Jaap Jan Prins.

9.7.2 Strategy Committee

The Strategy Committee oversees negotiation, implementation and execution strategies in order to make the Board of Directors' decisions more efficient and high quality.

The Strategy Committee consists of Maria Gordon, Jorge Tagle, Jaap Jan Prins, Bruno Serapião, Tadeu Costa Fraga, Rodrigo Ribeiro, Daniel Rachman and Thiago Schimmelpfenning.

9.7.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee valuates and recommends long-term strategies for candidates for the Board of Directors, as well as advising the Board of Directors on remuneration, benefits programs and succession planning for managers and key employees and setting performance evaluation targets.

The Nomination and Remuneration Committee consists of Jorge Tagle, Maria Gordon and Bruno Serapião.

9.7.4 Sustainability+HSE+Operations Committee

The Sustainability+HSE+Operations Committee evaluates and recommends the sustainability, health, safety and environment and operational strategy and guidelines in the oil and gas sector, with a view to mitigating risks and seeking opportunities to be more efficient in ESG management in relation to its businesses, in order to improve the quality of the Company's Board of Directors' decisions.

The Sustainability+HSE+Operations Committee consists of Maria Gordon, Bruno Serapião and Jaap Jan Prins Tadeu Costa Fraga, Rodrigo Ribeiro, Rodrigo Jokubauskas and Leonardo Guimarães.

9.7.5 Special Committee

The Special Committee assists the Board of Directors to prepare and analyze strategic opportunities, including potential M&A opportunities.

The Special Committee consists of Maria Gordon (Chair), Jorge Tagle and Jaap Jan Prins.

9.8 Conflicts of interests etc.

No member of the Board of Directors or Management has during the last five years preceding the date of the Information Document:

- received any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the board of directors, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a member of the board of directors or management of a company.

To the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Directors and members of the Management.

There are no family relationships among the members of the Board of Directors and members of Management.

10 SHARE CAPITAL AND SHAREHOLDER MATTERS

10.1 Corporate information

The Company's legal name is Constellation Oil Services Holding S.A. and the Company's commercial name is Constellation. The Company is a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg and in accordance with the Luxembourg law of 10 August 1915 on commercial companies, as amended.

The Company is registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B163424, and the Company was incorporated on 30 August 2011.

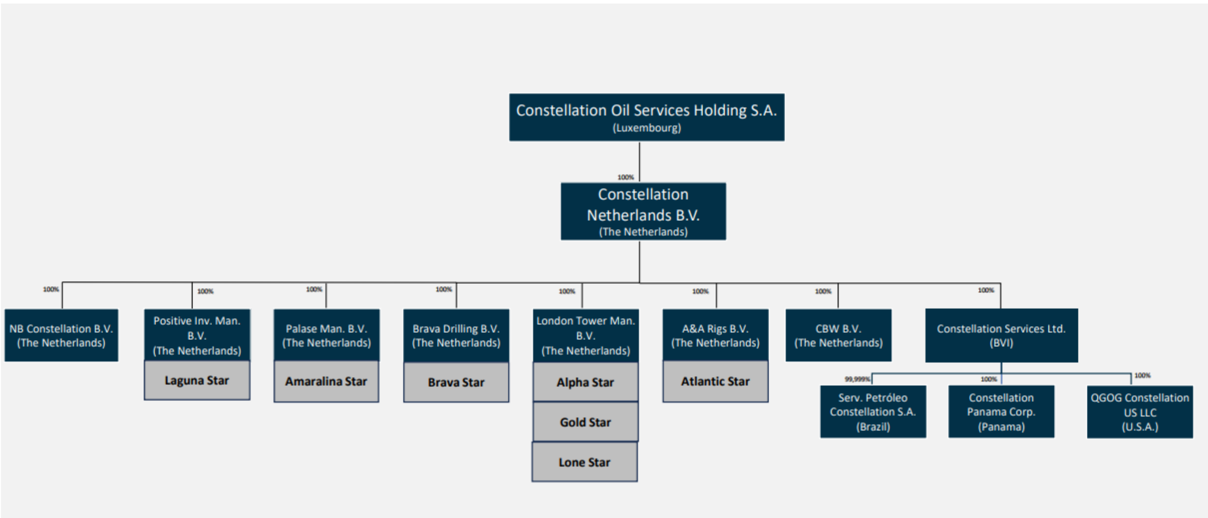
The Group's business address is 8-10, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, and its telephone number at this address is +352 26 18 61. The Company's registered office address is 8-10, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg.The Group's website is https://www.theconstellation.com/.

The Shares are recorded in book-entry form with CSD under ISIN NO0013460071. The Company's register of holders of Shares in CSD is administrated by Equro. The Company's Legal Entity Identifier ("**LEI**") code is 5493005YJTU769NW5I10. The register of members of the Company, being the holders of the Common Shares, is maintained at the Company's registered office in Luxembourg.

10.2 Legal structure

The Company is the parent company of the Group. Other than being a holding company, the Company has limited activity. The Company has 12 (direct and indirect) subsidiaries as of the date of this Information Document, as set out in the below structure chart.

Figure 19: The Company's legal structure chart



Key information for each company of the Group is set out in the table below:

Company name	Jurisdiction	Activity	Ownership interest (either direct or indirect)
Constellation Oil Services Holding S.A..........................	Luxembourg	Holding Company.	N/A
Constellation Netherlands B.V.......................................	The Netherlands	Holding of operational and assets owner companies.	100%
Positive Inv. Man. B.V...	The Netherlands	Operational and owner of asset Laguna Star.	100%
Palase Man. B.V.	The Netherlands	Operational and owner of asset Amaralina Star.	100%

Company name	Jurisdiction	Activity	Ownership interest (either direct or indirect)
Brava Drilling B.V.	The Netherlands	Operational and owner of asset Brava Star.	100%
London Tower Man. B.V.	The Netherlands	Operational and owner of assets Alpha Star, Gold Star and Lone Star.	100%
A&A Rigs B.V.	The Netherlands	Operational and owner of asset Atlantic Star.	100%
CBW B.V.	The Netherlands	Operational - third-party asset.	100%
Serv. Petróleo Constellation S.A.	Brazil	Operational.	100%
Constellation Panama Corp.	Panama	Back office.	100%
Constellation Services Ltd.	British Virgin Islands	Service and personal provider.	100%
QGOG Constellation US LLC	U.S.A	Representation office.	100%
NB Constellation B.V.	The Netherlands	Currently non-Operational.	100%

10.3 Share capital and share capital history

10.3.1 Authorized and issued share capital

<u>Issued share capital</u>

As of 1 January 2023, the total number of Common Shares issued was (i) 180,000,000 Class A shares, each with a nominal value of USD 0.01, and (ii) 313,333,333 Class B-1 shares, each with a nominal value of USD 0.01. The number of Common Shares issued remained the same as of 31 December 2023.

As of 1 January 2024, the total number of Common Shares issued was (i) 180,000,000 Class A shares, each with a nominal value of USD 0.01, and (ii) 313,333,333 Class B-1 shares, each with a nominal value of USD 0.01. As of 31 December 2024, following a change in the capital structure, i.e. a cancellation of the existing classes of shares and a creation of ordinary shares, in December 2024, the total number of Common Shares issued was 1,519,918,308 ordinary shares, each with a nominal value of USD 0.01.

All of the Company's issued and outstanding Common Shares have been created under Luxembourg law and are fully paid.

<u>Authorized share capital:</u>

At the date of this Information Document, the Company's authorized share capital is as follows:

The Board shall have the right to raise the share capital of the Company up to an amount of USD 17,023,085.05 (such amount including the already issued share capital of the Company), by issuing a maximum of 182,390,197 shares (such aforementioned shares, including the initial issued share capital of the Company, the "**Authorised Share Capital**"). For a period of five (5) years starting from 12 December 2024, and within the limits of the Authorised Share Capital, in each case solely in accordance with the terms of the applicable warrants in effect as of 12 December 2024, the Board is authorised (i) to issue from time to time shares to the holders of the warrants and (ii) to limit or cancel the preferential subscription rights of existing shareholders otherwise applicable to such issuance.

10.3.2 Share capital history

The information below shows the development in the Company's issued share capital for the period covered by the Financial Information and subsequent changes:

On 10 June 2022:

- decrease of the share capital of the Company (without repayment to the shareholders of the Company) by an amount of USD 981,200,788.00 in order to bring the share capital of the Company from its amount of USD 981,200,788.00 represented by (i) 2,852,293,996 class A shares in registered form without nominal value and (ii) 36,933,368.00 class B shares in registered form without nominal value to zero United States Dollar (USD 0.00) by cancellation of all existing class A and class B shares and allocation of the full amount of the decrease to the share premium account;

- increase of the share capital of the Company by an amount of USD 4,933,333.33 by the issuance of 180,000,000 new class A shares, each with a nominal value of USD 0.01 and 313,333,333 new class B-1 shares, each with a nominal value of USD 0.01, to raise the share capital from its amount of zero United States Dollar (USD 0.00), to USD 4,933,333.33 represented by 180,000,000 class A shares each with a nominal value of USD 0.01 all in registered form, and 313,333,333 new class B-1 shares each with a nominal value of USD 0.01 all in registered form.

On 12 December 2024 :

- (i) creation of a new class of shares in the share capital of the Company, being the ordinary shares; (ii) increase of the share capital of the Company by an amount of USD 23,572,418.94 by the issuance of 173,333,333 class B-2 Shares, 1,351,883,313 class C-1 Shares, 718,716,258 class C-2 Shares, 113,308,990 Class C-3 Shares, each with a nominal value of USD 0.01; (iii) increase of the share capital of the Company by an amount of USD 1,843,069.86 by the issuance of 184,306,986 ordinary shares, each with a nominal value of USD 0.01; (iv) amendment of the share capital of the Company by reclassification of 180,000,000 class A shares, 313,333,333 class B-1 shares, 173,333,333 class B-2 shares, 351,883,313 class C-1 Shares, 718,716,258 class C-2 Shares and 113,308,990 class C-3 Shares into 2,850,575,227 ordinary shares, each with a nominal value of USD 0.01; and (v) repurchase and cancellation of 1,514,963,905.54 ordinary shares in order to bring the share capital to USD 15,199,183.08 represented by 1,519,918,308 ordinary shares with a nominal value of USD 0.01 per share.

10.4 CSD registration of the Shares

10.4.1 Introduction

In order to facilitate registration of the Shares in the CSD, the Company has entered into the Registrar Agreement with the CSD Registrar who administrates the Company's CSD register.

Pursuant to the Registrar Agreement, the CSD Registrar is registered as holder of the Common Shares, being the underlying ordinary shares in the Company's register of members maintained at the registered office of the Company in Luxembourg. The CSD Registrar registers the Shares in book-entry form with the CSD. Therefore, it is not the Company's underlying ordinary shares issued in accordance with the Companies Law and the Company’s Articles of Association, but the sponsored Norwegian depository receipts (the beneficial interests in such shares) (i.e. the Shares) that are registered in book-entry form with the CSD.

The Registrar Agreement is subject to Norwegian law. Each Share registered with the CSD will represent the beneficial ownership of one underlying ordinary share in the Company. The Shares are freely transferable, with delivery and settlement through the CSD system. The Shares will be priced and traded in NOK on Euronext Growth.

10.4.2 The Registrar agreement

Pursuant to the Registrar Agreement, the CSD Registrar will register the Shares in the CSD.

Pursuant to the Registrar Agreement, the shareholders must look solely to the CSD Registrar for the payment of dividends, for the exercise of voting rights attaching to the Shares and for all other rights arising in respect of the Shares. In order to exercise any rights directly as a shareholder of the Company, a holder of Shares must retire his or her Shares in the CSD in order for the CSD Registrar to transfer the legal title in such ordinary shares of the Company to such holder in the register of members of the Company. Such transfer will disable trading on Euronext Growth, until the Shares are re-registered in the name of the CSD

Registrar in the Company's register of members and in the CSD. Shareholders who wish to retire their interest in the CSD must contact the CSD Registrar.

The Company will pay dividends directly to the CSD Registrar, which in turn has undertaken to distribute the dividends and other declared distributions to the shareholders in accordance with the Registrar Agreement. For further information on the Company's manner of dividend payments, see Section 5.3 ("Manner of dividend payment ") above.

The CSD Registrar shall not attend or vote at any of the Company's general shareholders' meetings, other than pursuant to an authorization from the shareholder. The authorization shall be registered in the CSD. Shares for which no voting instructions have been provided, will by the CSD Registrar be defined as "broker non-votes" in voting instructions for such meetings.

The Shareholders have the right to require the ordinary shares of the Company underlying the Shares to be transferred to such holder. If requested by a shareholder, the CSD Registrar may submit an application to the Board of Directors requesting a transfer of ordinary shares from the name of the CSD Registrar to such holder in the register of members of the Company maintained in Luxembourg. The Board of Directors should not unreasonably withhold the reply to such applications. An application from the CSD Registrar includes, but not limited to, proceedings in connection with a take-over of the Company.

The CSD Registrar is only liable for any direct loss suffered by the Company as a result of breach of contract. Each of the Company and the CSD Registrar may terminate the Registrar Agreement at any time with a minimum of three months' prior written notice, or immediately upon written notice of a material breach by the other party of the Registrar Agreement. In the event that the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted trading of the Shares on Euronext Growth.

10.4.3 The CSD and transfer of Shares

The CSD is the Norwegian paperless centralized securities register. It is a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded.

All transactions relating to securities registered with the CSD are made through computerized book entries. No physical share certificates are, or may be, issued. The CSD confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, the Central Bank of Norway), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the CSD is *prima facie* evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The CSD is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the CSD' control which the CSD could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the CSD may, however, be reduced in the event of contributory negligence by the aggrieved party.

The CSD must provide information to the Financial Supervisory Authority of Norway (*Nw.: Finanstilsynet*) on an ongoing basis, as well as any information that the Financial Supervisory Authority of Norway requests. Further, Norwegian tax authorities may require certain information from the CSD regarding any individual's holdings of securities, including information about dividends and interest payments.

10.5 Ownership structure

To the Company's knowledge, no shareholders other than Constellation Holdco S.A., Equro Issuer Services AS, American High-Income Trust and Lux Oil & Gas International S.à r.l. holds 5% or more of the issued Common Shares as of 3 March 2025 as set out below.

#	Shareholder	Number of Common Shares	Percentage, %
1	Constellation Holdco S.A.	708,821,603	46.64
2	Equro Issuer Services AS	325,098,321	21.39
3	American High-Income Trust	166,478,120	10.95
4	Lux Oil & Gas International S.à r.l.	133,451,999	8.78

To the Company's knowledge, no shareholders other than Eksportfinansiering Norge, Goldman Sachs International, The Bank of New York Mellon, Citigroup Global Markets Ltd, BNP Paribas and J.P. Morgan Securities LLC holds 5% of more of the Shares registered in the CSD as of 28 February 2025 as set out below.

#	Shareholder	Number of Shares	Percentage, %
1	Eksportfinansiering Norge	86,411,228	26.58
2	Goldman Sachs International	71,891,563	22.11
3	The Bank of New York Mellon	31,086,445	9.56
4	Citigroup Global Markets Ltd	24,820,008	7.63
5	BNP Paribas	23,520,257	7.23
6	J.P. Morgan Securities LLC	16,391,598	5.04

There are no arrangements known to the Company that may lead to a change of control in the Company.

The Company's largest shareholder as of 3 March 2025, Constellation Holdco S.A. (HoldCo), consist of shareholders and creditors of the Company prior to the Recapitalization. The shareholders of HoldCo may exchange their shares in HoldCo for the same number of Common Shares in the Company (i.e. the total number of Common Shares in the Company will remain unchanged of such conversion, and the only result will be a change in the shareholders' register of the Company). The articles of association of HoldCo states that HoldCo, on shareholders meetings of the Company, shall cast its votes in accordance with the instruction of the general meeting in HoldCo (to be held prior to any general meeting of the Company), meaning that the votes on the general meeting of the Company will be cast in the same proportion as the general meeting of HoldCo.

10.6 Authorisations to increase the share capital and to issue Common Shares

The Board shall have the right to raise the share capital of the Company up to an amount of USD 17,023,085.05 (such amount including the already issued share capital of the Company), by issuing a maximum of 182,390,197 shares (such aforementioned shares, including the initial issued share capital of the Company, the “Authorised Share Capital”).

For a period of five (5) years starting from 12 December 2024, and within the limits of the Authorised Share Capital, in each case solely in accordance with the terms of the applicable warrants in effect as of 12 December 2024, the Board is authorised (i) to issue from time to time shares to the holders of the warrants and (ii) to limit or cancel the preferential subscription rights of existing shareholders otherwise applicable to such issuance.

After each increase of the Company’s share capital according to the above, the articles of association of the Company shall be amended to reflect such an increase.

10.7 Share repurchase and treasury shares

As of the date of this Information Document, the Company does not hold any treasury shares.

The Company may not subscribe for its own shares, but within the limits and conditions set forth in the Law of 10 August 1915 on Commercial Companies, as amended, the Company may repurchase its Common Shares under the following conditions:

- An authorisation to acquire shares given by the general meeting, which shall determine the terms and conditions of the proposed acquisition, the maximum number of shares to be acquired, the duration of the period for which the authorisation is given and which may not exceed 5 years and, in the case of acquisition for value, the maximum and minimum consideration;
- the acquisition (including the holding of shares in treasury from previous transactions and shares acquired by a person acting in his own name but on behalf of the company) must pass the "balance sheet test" (described below);
- only fully paid-up shares may be included in such transaction; and
- equal treatment of shareholders who are in the same position is to be respected, unless the acquisition is approved with unanimity by all shareholders.

Balance sheet test:

- On the closing date of the last financial year, the net assets as set out in the annual accounts are, or following such a distribution would become, lower than the amount of the subscribed capital plus the reserves which may not be distributed under Luxembourg law or by virtue of the articles of association.
- The amount of a distribution to shareholder may not exceed the amount of the profits at the end of the last financial year plus any profits carried forward and any amounts drawn from reserves which are available for that purpose, less any losses carried forward and sums to be placed to reserve in accordance with the Luxembourg law or the articles of association.

10.8 Financial instruments

Other than the Warrants (as describe below) no company in the Group has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries.

10.8.1 Warrants

In connection with the Recapitalization, the Company amended and restated a total of 1,200 warrants which had been initially issued on 10 June 2022 (the "**Warrants**"). Each Warrant gives the right to subscribe for 151,991.831 new Common Shares in the Company. The total number of Common Shares that the Warrants entitle the holders to subscribe for is thus 182,390,197. The exercise price for the Warrants is USD 0.56 per ordinary share (the "**Exercise Price**"). The Warrants do not entitle the holders to any voting rights, dividends or other rights as a shareholder of the Company, prior to the exercise of the Warrants into Common Shares.

The Warrants will automatically be exercised in the context of a Specified Qualifying Liquidity Event (as defined below), subject to and in accordance with the terms of the warrant agreement. The Warrants are not exercisable at the holders' election.

A Specified Qualifying Liquidity Event ("**Specified Qualifying Liquidity Event**") is a Liquidity Event (as defined in the articles of association of the Company and described in Section 10.10.6 "Liquidity Event") in which the total enterprise value implied by such Liquidity Event (as determined by the independent investment bank engaged with respect to such Liquidity Event) exceeds USD 1,350,000,000, provided that (i) no merger or consolidation (whether or not the Company is the surviving entity) shall constitute a Specified Qualifying Liquidity Event unless at least 75% of the consideration provided to the holders of Common Shares in respect of such merger or consolidation is in the form of cash and/or securities that are listed on a nationally registered exchange in the United States or a regulated market in Europe under applicable MiFID rules that have at least USD 20 million of average daily trading volume for the last 90 days and (ii) any public offering of ordinary shares in the Company shall constitute a Specified Qualifying Liquidity Event if it results in at least 20% of the ordinary shares of the Company (either in the form of a primary or secondary offering) being sold on a nationally registered exchange in the United States or a regulated market in Europe under applicable MiFID rules where the listing price of the ordinary shares exceeds the Exercise Price.

The Warrants will automatically be exercised in the context of a Specified Qualifying Liquidity Event at any time until 10 June 2071, and the exercise price for the Warrants is USD 0.56 per ordinary share (the "**Exercise Price**"). The Warrants do not entitle the holders to any voting rights, dividends or other rights as a shareholder of the Company, prior to the exercise of the Warrants into Common Shares.

The Warrants are exercisable on a cashless basis on customary terms. Such a cashless exercise of the Warrants allows the holder to exercise their right to purchase Common Shares without paying cash, by offsetting the Exercise Price against the value of the Shares to be received, resulting in the Common Shares being fully paid up upon issuance.

The Company shall at all times reserve and keep available out of its authorized but unissued share capital, a sufficient number of Common Shares solely for the purpose of issuance of the aggregate number of Common Shares issuable for all outstanding Warrants.

If there is a change in the amount or value of the Common Shares as a result of a recapitalization, merger, consolidation, cash dividend, stock dividend, stock split, reverse split, conversion or reclassification of equity or like event (other than rights offered pro rata to all holders of Common Shares), the number of ordinary shares issuable upon exercise of the Warrants shall be equitably adjusted (x) as reasonably determined by the Board of Directors and consented to by holders of a majority of the Warrants or (y) by an independent financial advisor so that the holders of Warrants after such date shall be entitled to purchase a number of Common Shares equal to the same percentage of all outstanding Common Shares as it would immediately prior to such event. In connection with any such split, subdivision, reclassification or combination, the Exercise Price shall be proportionately and equitably adjusted such that the aggregate Exercise Price payable in connection with an exercise in full of this Warrant shall be unchanged from the aggregate Exercise Price payable immediately prior to such event.

The Warrants, and all rights thereunder, are transferable.

In addition, the Warrants are subject to certain other customary terms and conditions.

10.9 Shareholder rights

The Company has issued only one class of ordinary shares, and all shares within that class have equal rights as specified in the Articles of Associations, including rights to any dividends.

There are no differences in voting rights among the Common Shares.

The rights attached to the Common Shares are further described in Section 10.10 "The Articles Association" below.

10.10 The Articles Association

The Articles of Association are enclosed in Appendix A to this Information Document. Below is a summary of certain key provisions of the Articles of Association. The summary should not be considered exhaustive.

Considering the CSD Registrar scheme for the Shares, and also given that a substantial percentage of the Company's Common Shares are currently held by Constellation HoldCo S.A., a significant portion of Constellation HoldCo S.A. shares are registered in the Depository Trust Company and recorded in the name of an issuer service provider as the registered shareholder, the Company is not able to monitor the mandatory take over-rules and squeeze out regulation as described in Section 10.10.4 "Mandatory takeover/offer rules" and 10.10.5 "Squeeze out".

10.10.1 Objects of the Company

The purpose of the Company is the acquisition and holding of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management and operation of such ownership interests. The Company may in particular acquire by subscription, purchase, and exchange or in any other manner any stock, shares and other equity securities, bonds, debentures, certificates of deposit and other debt instruments and more generally any securities and financial instruments issued by any public or private entity whatsoever, including partnerships. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin whatsoever.

The Company may borrow in any form. It may issue notes, bonds and debentures and any kind of debt which may be convertible and/or equity securities. The Company may lend funds including the proceeds of any borrowings and/or issues of debt securities to its subsidiaries, affiliated companies or to any other company. It may also grant financial assistance and give guarantees and grant security interests in favor of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company under its direct, indirect or joint control, whether sole control or shared. The Company may further mortgage, pledge, transfer, encumber or otherwise hypothecate all or any of its assets.

The Company may generally employ any techniques and utilise any instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against creditors, currency fluctuations, interest rate fluctuations and other risks.

The Company may grant any form of assistance to any affiliated entities, including the payment of costs or expenses incurred by such affiliated entities, and shareholders in the Company being affiliated entities for the purposes of these Articles. The Company may grant any form of assistance to any other company under its direct, indirect or joint control, whether sole control or shared, and the Company may take any measure of control and supervision of such companies. The Company may also provide support services to entities within the same group of companies to which the Company belongs – including but not limited to – services in connection with cash management and relations with banks.

The Company may carry out any commercial, financial or industrial operations and any leasing or other transactions with respect to real estate or movable property, leasing or other.

10.10.2 The Board of Directors and Management

The Board of Directors shall be composed of a maximum of seven (7) members out of which at least two (2) members shall be professionally residing in the Grand Duchy of Luxembourg (Luxembourg Directors) and at least five (5) members, including the two (2) Luxembourg Directors, shall be independent directors (the Independent Directors and each an Independent Director) (as defined in the Articles of Association). The size of the Board of Directors may be increased only in compliance with the requirements for an amendment of the Articles of Association.

Without prejudice to Article 450-8(2) of the Law, which grants shareholders representing one-tenth of the Company's corporate capital the right to request the convening of a shareholders' meeting and propose the agenda of such meeting, including the proposal for appointment of new managers, the shareholders shall: (i) appoint the Luxembourg Directors from a list of candidates proposed by a corporate services firm designated by a majority of the holders of the Common Shares, it being understood that two Luxembourg Directors shall be considered as Independent Directors and (ii) the remaining Directors (other than the two Luxembourg Directors who are appointed in accordance with article 10.2 (i) of the Articles) from a list of candidates proposed by the Board of Directors, and which indicates which candidates are proposed as Independent Directors.

The directors are appointed for a renewable period not exceeding two (2) years by the general meeting of shareholders. A director may be removed prior to the expiration of such director's term with or without cause by the general meeting of shareholders deciding (i) until the Listing in compliance with the requirements for an amendment of the Articles as set forth in Article 22.13 and (ii) as from the Listing.

The Board of Directors shall elect from among its members a chairman by a vote of the majority of its members.

No person shall be appointed as a director of the Company unless he or she has consented in writing (including e-mail) to act as a director.

A director does not need to be a shareholder and must be an individual. A legal entity may not be appointed as director.

If the office of a director becomes vacant for any reason, the other directors, acting by a simple majority, may fill the vacancy on a provisional basis until a new director is appointed at the next general meeting of shareholders.

The remuneration of the directors shall be fixed by the general meeting of the shareholders.

10.10.3 Reserved matters

The Company shall not take any action with respect to any matter listed below (the "**Reserved Matters**") without the prior approval of the shareholders of the Company by votes which represents at least two thirds of the Company's issued share capital.

The following decisions are Reserved Matters:

(i) Any acquisition or series of related acquisitions by the Company, or by any of its direct or indirect subsidiaries, of assets (including by way of merger, consolidation or otherwise) having an aggregate value greater than USD 100,000,000;

(ii) Any sale, transfer, lease, exchange, encumbrance or other disposition of assets (any of the foregoing a “disposition”) held by the Company, or any of its direct or indirect subsidiaries, in one or more related transactions (including by way of merger, consolidation or otherwise), having an aggregate value greater than USD 100,000,000; and

(iii) Consolidation or combination of the Company with or into another entity, whether by means of a merger, consolidation, share exchange, or any other similar transaction or series of transactions, whether or not the Company is the surviving entity,

Provided that, for the avoidance of doubt, (any acquisition or disposition under clause (i) or (ii) above between the Company and any of its direct or indirect subsidiaries or between such subsidiaries, in each case, in the ordinary course of business shall in no circumstance be a Reserved Matter.

10.10.4 Mandatory takeover/offer rules

Following any transfer or subscription of Securities which, with a result of which a transferee or subscriber would come to own more than 50% of the Securities (a "**Mandatory Takeover Event**"), such majority holder shall be obliged to make an offer to all other holders of Securities to purchase all the Securities held by them (the "**Mandatory Takeover Offer**"). The Mandatory Takeover Offer shall be made no later than 90 days following the occurrence of a Mandatory Takeover Event.

In a Mandatory Takeover Offer, the price per Security shall be equal to the higher of:

a) the price per Security paid with respect to Securities acquired pursuant to the Mandatory Takeover Offer Event; and

b) the average price per Security paid by the majority holder and/or its affiliates for the transfers or subscriptions completed, directly or indirectly, by the majority holder and its affiliates in the twelve (12) month period preceding the Mandatory Takeover Offer Event.

The purchase price shall be paid in cash exclusively.

10.10.5 Squeeze out

Following any transfer or subscription of Securities which, with a result of which a transferee or subscriber would come to own more than 80 % of the Securities (a "Squeeze Out Event"), such majority holder shall be entitled to purchase, and force all other holders of Securities to sell to it all the Securities held by them, by notifying such parties within 90 days following a Squeeze-Out Event. The purchase price for the Common Shares must be at least equal to the highest price paid by the squeeze-out beneficiary during the preceding six months.

If a squeeze-out seller reasonably considers that the price per Security does not reflect the fair market value of the Security as at the date of the Squeeze-Out Event, such squeeze-out seller may by written request within 10 days of the date of issuance of the notice of the squeeze out, require that a valuation report be prepared at the expense of the squeeze out beneficiary by an expert of the squeeze out beneficiary's choice that is independent of any concerned parties and free of conflicts and which expert does not need to be an approved statutory auditor. The price as determined by such expert shall be final and binding.

The squeeze-out price shall be paid in cash exclusively.

10.10.6 Liquidity Event

Liquidity Event means, with respect to the Company, any of the following, directly or indirectly, in one transaction or a series of related transactions:

(i) any merger or consolidation (whether or not the Company is the surviving entity), other than a merger or consolidation of the Company with one or more of its 100% owned direct or indirect subsidiaries;

(ii) any stock purchase, business combination, tender or exchange offer, or any other transaction, pursuant to which any "person" or "group" (as defined under Section 13(d) of the Exchange Act) would acquire or otherwise hold beneficial ownership of more than 50% of the Common Shares (other than a result of a merger or consolidation of the Company with one more of its 100% owned direct or indirect subsidiaries); or

(iii) any sale, transfer, lease, exchange, encumbrance or other disposition of assets representing all or substantially all of the assets of the Company (including its subsidiaries, taken as a whole),

it being specified that a Liquidity Event shall not be triggered by ordinary course market purchases or sales by any shareholders, provided, that, a transaction or series of transactions that would trigger any of the foregoing events shall be deemed not to be ordinary course transactions.

The Board of Directors may resolve that a Liquidity Event is a Qualifying Liquidity Event following which such Qualifying Liquidity Event shall be submitted to the general meeting of shareholders before such Qualifying Liquidity Event may be implemented.

To the extent that the Liquidity Event is a Specified Qualified Equity (as defined above in Section 10.8.1 "Warrants"), Warrants may be issued (as further described in Section 10.8.1 "Warrants").

10.10.7 Voting obligation regarding the Warrants

As described in Section 10.8.1 "Warrants", the Company has outstanding Warrants. Each shareholder shall vote in favour of any and all amendments to the Articles of Association as may be required, in order to renew from time to time, before it expires, the authorization granted to the Board of Directors under the Articles of Association item 5.3 and 5.4, to, in accordance with the terms of the applicable outstanding Warrants, issue Common Shares from time to time to the holders of the Warrants and (ii) to limit or cancel the preferential subscription rights of existing shareholders otherwise applicable to such issuance for such purpose.

10.10.8 Liability – Indemnification

The members of the Board of Directors assume, by reason of their position, no personal liability in relation to any commitment validly made by them in the name of the Company; provided those commitments comply with the Articles of Association and the law.

The Company shall, to the extent permitted by law, indemnify any member of the Board of Directors or officer and his/her heirs, executors and administrators, against any damages or compensations to be paid by him/her or expenses or costs reasonably incurred by him/her, as a consequence or in connection with any action, suit or proceeding to which he/she may be made a party by reason of his/her being or having been a director or officer of the Company, or, at the request of the Company, of any other entity of which the Company is a shareholder or creditor and by which he/she is not entitled to be indemnified, except in relation to matters as to which he/she shall be finally adjudged by a court of competent jurisdiction in such action, suit or proceeding to be liable for gross negligence, fraud or willful misconduct. The foregoing right of indemnification shall not exclude other rights to which such director or officer may be entitled, including pursuant to any separate indemnification agreement entered into between the Company and such director or officer.

The Company may, to the extent permitted by law, indemnify any employee or agent of the Company and his/her heirs, executors and administrators, against any damages or compensations to be paid by him/her or expenses or costs reasonably incurred by him/her, as a consequence or in connection with any action, suit or proceeding to which he/she may be made a party by reason of his/her being or having been an agent or employee of the Company, or, at the request of the Company, of any other Company of which the Company is a shareholder or creditor.

10.10.9 General meeting - procedure for summon and voting

The Company shall give written notice of any general meeting to all shareholders by means of a registered letter or any other means of communication individually accepted by their addressees at least eight (8) days prior to, and no more than sixty (60) days prior to, the date of the meeting, except if waived by the unanimity of the shareholders.

The Board of Directors may determine a date and time preceding the general meeting as the record date for admission such that only shareholders registered in the Register on such date shall be admitted to the meeting. Such record date may not be less than five days before the date of the general meeting. The forms for voting by correspondence at the general meeting should be received by the Company no later than the day preceding the fifth day before the date of the general meeting unless the Company fixes a shorter or longer period

10.10.10 Distributions (during life of the Company and while the Company is put into liquidation)

After deduction of any and all of the expenses of the Company and the authorised the credit balance represents the net profit of the Company. Of the net profit, five percent (5.00%) shall be appropriated for the legal reserve; this deduction ceases to be compulsory when the reserve amounts to ten percent (10.00%) of the capital of the Company. However if the reserve subsequently falls below ten percent (10.00%) of the capital of the Company, five percent (5.00%) of the net profit must again be appropriated for the legal reserve. The balance of the net profit is at the disposal of the general meeting of shareholders, which may decide on the payment of a dividend, to transfer the balance to a reserve account, or to carry it forward in accordance with the applicable legal provisions.

Interim dividends or other reserves (including share premiums but excluding the legal reserve) may be distributed at any time in compliance with the Law, under the following conditions:

(i) the Board draws up interim accounts;

(ii) the interim accounts show that sufficient profits and other reserves (including share premiums) are available for distribution; it being understood that the amount to be distributed may not exceed the profits made since the end of the prior financial year for which the annual accounts have been approved, if any, increased by any undistributed profits carried forward and distributable reserves, and reduced by any losses carried forward and sums to be allocated to any legal or a statutory reserve;

(iii) the decision to distribute interim dividends or other reserves (including share premiums except for the legal reserve), shall be made by the Board within two (2) months from the date of the interim accounts; and

(iv) in their report to the Board, the statutory auditors or the supervisory auditors as applicable must verify whether the above conditions (i) to (iii) have been satisfied.

The Company may be dissolved by a decision of the general meeting of shareholders. The liquidation will be carried out by one or more liquidators, natural or legal persons, appointed by the general meeting of shareholders, which will specify their powers and fix their remuneration. Subject to the other provisions of these Articles, the surplus resulting from the realization of the assets and the payment of the liabilities shall be distributed among the shareholders in proportion to the number of Common Shares of the Company held by them.

10.11 Certain aspects of Luxembourg corporate law

Minority rights

Shareholders are protected by minority rights as set forth in the Law of 10 August 1915, on commercial companies, as amended and the Articles of Association.

The general minority shareholder rights include protections and influence over key corporate decisions. Certain resolutions, such as amendments to the company's articles of association and dissolution, require a qualified majority. A minority shareholder or a group holding at least one-third of the votes present at a meeting can block such amendments. Additionally, any resolution that increases shareholder liabilities requires unanimous shareholder consent, granting minorities the ability to prevent such changes.

Minority shareholders also have rights to influence the decision-making process. Shareholders holding at least ten percent of the company's share capital can demand the convocation of a general meeting and place matters on the agenda. They may also request additional items to be included in the agenda of any meeting by submitting a request at least five days prior.

In terms of information and supervision, shareholders have the right to be informed of any general meeting with sufficient notice and to inspect key financial documents, including the balance sheet, profit and loss account, and auditors' reports. They are entitled to receive responses to questions raised during meetings and to be informed annually about any benefits granted to directors managing the company's day-to-day affairs. Furthermore, shareholders can inspect the shareholders' register at the company's registered office. A group representing at least ten percent of the share capital or votes may also submit written questions regarding the company's management, and if unanswered within a month, they may seek a court-appointed expert to investigate the company's management operations referred to in the written request. If the request is accepted, the court will determine the experts' powers and the extent of their mission. The judge decides whether the report should be published.

Minority shareholders may take legal action on behalf of the company against board members (and potentially third party creditors) if they held at least ten percent of the voting rights at the meeting that discharged those members. Other formal rights include the ability of shareholders holding at least ten percent of the share capital to adjourn a general meeting for up to four weeks without justification. Though this mechanism does not permanently counter majority decisions, it provides time for legal intervention if necessary. Additionally, in cases of capital increases through cash contributions, shareholders have a statutory pre-emptive right to subscribe to new shares in proportion to their existing holdings, though these rights may be restricted through authorized share capital amendments.

Liability of board members

Directors are subject to various duties and liabilities as provided for under Luxembourg laws.
The duties and liabilities of directors of a Luxembourg public limited liability company encompass several key areas, including their general management responsibilities, potential liability for mismanagement, obligations in financial distress, and accountability in bankruptcy proceedings.

Directors are responsible for managing the company's affairs and taking necessary actions to achieve its corporate purpose, except for matters reserved for shareholder approval. They must act with care, diligence, and skill, and although Luxembourg law does not explicitly impose a fiduciary duty, directors are required to act loyally, honestly, and in good faith for the company's exclusive benefit. They are also obligated to prepare and submit annual financial statements, ensure compliance with statutory reporting requirements, and actively participate in company management.

Directors can be held liable for management errors if they fail to fulfill their duties. To establish liability, the company must prove the director's fault, the resulting loss, and a causal connection between the two. Courts assess director actions based on the information available at the time of the decision, and damages are typically limited to foreseeable losses unless fraud is involved. While directors may be granted discharge from liability by the general meeting, such discharge is only valid if the financial statements accurately reflect the company's situation.

Directors may also be held personally or jointly and severally liable for violations of the Luxembourg Law of 10 August 1915, on commercial companies, as amended, or the company's articles of association. In such cases, any shareholder, creditor, or third party may bring a legal claim if they suffer direct losses.

Under the general principles of tort, directors can be held liable for wrongful acts that go beyond simple management errors. However, liability under this principle applies only if the fault is intentional, serious, and incompatible with normal directorial duties. Courts are generally reluctant to hold directors personally liable unless these strict criteria are met.

Additionally, directors may face criminal liability for offenses such as fraudulent financial reporting, misappropriation of company assets, or failure to comply with statutory duties. In the event of financial difficulties, directors must continue to act in the company's best interests and be mindful that their actions during this period may be scrutinized in bankruptcy proceedings. If a company meets the criteria for bankruptcy—namely, cessation of payments and loss of creditworthiness—the court may declare it bankrupt, opening proceedings to liquidate its assets and settle claims. Directors have a legal obligation to file for bankruptcy within one month of meeting these conditions, failing which they may face criminal penalties and personal liability for the company's debts. If found to have acted unreasonably, directors may also be banned from conducting commercial activities. In addition to these specific liabilities in bankruptcy, directors remain subject to their general civil and criminal responsibilities.

10.12 Mandatory takeover rules

The Company is not subject to any takeover regulations, meaning that an acquirer may purchase a stake in the Common Shares exceeding the applicable thresholds for a mandatory offer for a company listed on the regulated market places of the Oslo Stock Exchange (Oslo Børs or Euronext Expand) without triggering a mandatory offer for the remaining Shares as a matter of law. However, the Articles of Association contain provisions regarding Mandatory Takeover as specified in Section 10.10.4 and regarding Squeeze-out as specified in Section 10.10.5.

11 TAXATION

Set out below is a summary of certain Luxembourg and Norwegian tax matters related to an investment in the Company. The summary regarding Luxembourg and Norwegian taxation are based on the laws in force in Luxembourg and Norway as of the date of this Information Document, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis.

The following summary is for general information only and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares in the Company. Shareholders should consult with and rely upon their own tax advisors. Shareholders should specifically consult with and rely upon their own tax advisors with respect to the tax position in their country of residence (whether Norway, Luxembourg, or another country), and, with respect to Norway, the tax consequences related to ceasing to be resident in Norway for tax purposes.

The tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdictions in which the shareholders are resident for tax purposes may have an impact on the income received from Shares in the Company.

11.1 Luxembourg taxation

This summary solely addresses the principal Luxembourg tax consequences of the acquisition, ownership and disposal of Shares and does not purport to describe every aspect of taxation that may be relevant to a particular holder.

Where in this summary English terms and expressions are used to refer to Luxembourg concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Luxembourg concepts under Luxembourg tax law.

This summary is based on the tax law of Luxembourg (unpublished case law not included) as it stands at the date of this Offering. The tax law upon which this summary is based, is subject to changes, possibly with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

This overview assumes (i) that each transaction with respect to the Shares is at arm's length, (ii) that the Shares are treated as equity for Luxembourg tax purposes, and (iii) the holders of the Shares are deemed to hold participations in the Company directly for Luxembourg tax purposes.

This summary solely applies to shareholders who are beneficial owners of Shares. The summary in this Luxembourg taxation paragraph does not address the Luxembourg tax consequences for a holder of Shares who:

(i) is an investor as defined in a specific law (such as the law on family wealth management companies of 11 May 2007, as amended, the law on undertakings for collective investment of 17 December 2010, as amended, the law on specialized investment funds of 13 February 2007, as amended, the law on reserved alternative investment funds of 23 July 2016, the law on securitisation of 22 March 2004, as amended, the law on venture capital vehicles of 15 June 2004, as amended and the law on pension saving companies and associations of 13 July 2005);

(ii) is, in whole or in part, exempt from tax; or

(iii) acquires, owns or disposes of Shares in connection with a membership of a management board, a supervisory board, an employment relationship, a deemed employment relationship or management role;

11.1.2 Luxembourg Tax Residency of holders of Shares

A holder of Shares will not become resident, or be deemed to be resident, in Luxembourg by reason only of the acquisition, holding, sale or disposal of Shares.

11.1.3 Withholding Tax

Distributions of profits under the Shares are in principle subject to a withholding of fifteen percent in Luxembourg. The withholding obligation lies with the company distributing the dividends.

Corporate holders of Shares

A domestic exemption is available to corporate holders of Shares who are inter alia of a legal form envisaged in article 2 of EU Directive 2011/96/EU, other fully taxable Luxembourg resident capital companies, or other fully taxable legal entities subject to a tax comparable to Luxembourg corporate income tax resident in a jurisdiction with whom Luxembourg has concluded a convention to eliminate double taxation, insofar as such holder has held or commits to hold a participation of at least ten percent of the Company or commits to hold a participation with an acquisition value of at least EUR 1,200,000 for at least twelve consecutive months on the date of distribution.

Luxembourg resident individual holders of Shares

Luxembourg withholding tax on dividends paid by the Issuer to a Luxembourg resident individual holder of Shares will entitle such Luxembourg holder to a tax credit for the tax withheld.

11.1.4 Taxes on capital gains and dividends

Non-resident holders of Shares

Dividends received by an individual non-resident holder or by a corporate non-resident holder whose Shares are not effectively connected with a Luxembourg permanent establishment will not be subject to Luxembourg income tax on such dividend income. Non-resident holders of Shares that do not have a permanent establishment in Luxembourg to which the Shares are attributable are only subject to Luxembourg income taxes in respect of any gains realized upon a disposal of the Shares if they cumulatively (i) hold a substantial interest in the Company, and (ii) realize the gain less than six months following acquisition of the Shares, or such holder has been a resident of Luxembourg for tax purposes for at least 15 years and has become a non-resident within the five years preceding the realization of the gain. An interest is considered substantial when the non-resident holder, either alone or together with their spouse or partner or minor children, directly or indirectly holds more than ten percent of the capital in a company, or ten percent of a company's assets where the company does not have capital, at any time during the five years preceding the date of disposal.

Luxembourg resident individual holders of Shares

Any benefits derived or deemed to be derived from or in connection with the Shares that are attributable to an enterprise from which an individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net value of an enterprise, are generally subject to Luxembourg income tax. Dividend income under the Shares may benefit from a fifty percent exemption. A gain realised by a resident individual, acting in the course of the management of that person's private wealth, upon the sale or disposal, in any form whatsoever, of Shares is not subject to Luxembourg income tax, provided this sale or disposal takes place more than six months after the Shares are acquired and the individual does not hold a substantial interest in the Company, as elaborated upon above. Gains realized upon disposals of Shares within six months of acquisition for participations amounting to a substantial participation in the Company are subject to progressive rates of Luxembourg personal income tax.

Luxembourg resident individual holders of Shares

A corporate resident holder of Shares must include any benefits derived or deemed to be derived from or in connection with the Shares, including any gain realized on the sale or disposal, in any form whatsoever, of the Shares, in its taxable income for Luxembourg income tax purposes. A domestic exemption is available on much the same basis as that for withholding tax, with the exception that the alternative threshold of EUR 1,200,000 is increased to EUR 6,000,000.

11.1.5 Net Wealth Tax

Corporate holders of Shares resident in Luxembourg and non-resident corporate holders of Shares that maintain a permanent establishment in Luxembourg to which or to whom such Shares are attributable are subject to annual net wealth tax on their unitary value (i.e., non-exempt assets minus liabilities and certain provisions as valued according to the Luxembourg valuation rules), levied at a rate of 0.5% if the unitary value does not exceed €500,000,000. A domestic exemption is available on the same basis as that for withholding tax, except it is not required to hold, or commit to hold, the participation for twelve consecutive months at such time that the net wealth tax is levied.

Individuals are not subject to Luxembourg net wealth tax.

11.1.6 Inheritance and Gift Tax

Where Shares are transferred for non-consideration:

(i) no Luxembourg inheritance tax is levied on the transfer of the Shares upon the death of a holder of Shares in cases where the deceased was not a resident or a deemed resident of Luxembourg for inheritance tax purposes;

(ii) by way of gift, Luxembourg gift tax will be levied in the event that the gift is made pursuant to a notarial deed signed before a Luxembourg notary or produced for registration, directly or indirectly, before the Registration and Estates Department (*Administration de l'enregistrement, des domaines et de la TVA*).

11.1.7 Other Taxes and Duties

It is not compulsory that the Shares be filed, recorded or enrolled with any court or other authority in Luxembourg. No registration tax, stamp duty or any other similar documentary tax or duty is due in respect of or in connection with the issue of Shares, the performance by the Company of its obligations under the Shares, or the transfer of the Shares.

A fixed or *ad valorem* registration duty in Luxembourg may however apply (i) upon registration of the Shares, before the Registration and Estates Department (*Administration de l'enregistrement, des domaines et de la TVA*) in Luxembourg where this registration is not required by law (*présentation à l'enregistrement*), or (ii) if the Shares are (a) enclosed to a compulsory registrable deed under Luxembourg law, (*acte obligatoirement enregistrable*) or (b) deposited with the official records of a notary (*déposé au rang des minutes d'un notaire*).

11.1.8 FATCA

The Foreign Account Tax Compliance Act ("**FATCA**") was enacted into U.S. law in March 2010 as part of the Hiring Incentives to Restore Employment Act. FATCA aims at reducing tax evasion by U.S. citizens and requires, among other things, foreign financial institutions outside the U.S. ("**FFIs**") to spontaneously provide information about financial accounts held, directly or indirectly, by specified U.S. persons or face a thirty percent U.S. federal withholding tax imposed on certain U.S.-source payment ("**FATCA Withholding**").

To implement FATCA in Luxembourg, Luxembourg entered into a so-called Model 1 Intergovernmental Agreement (the "**IGA**") with the U.S., and a memorandum of understanding in respect thereof, on 28 March 2014. The IGA was implemented under Luxembourg domestic law by Law of 24 July 2015 (the "**Luxembourg FATCA Law**"). Luxembourg FFIs that comply with the requirements of the IGA and the Luxembourg FATCA Law will not be subject to FATCA Withholding.

Under the IGA and the Luxembourg FATCA Law, Luxembourg FFIs are required to perform certain necessary due diligence and monitoring of investors, and to report to the Luxembourg tax authorities on an annual basis information about financial accounts held by (a) specified U.S. investors, (b) certain U.S.-controlled entity investors and (c) non-U.S. financial institution investors that do not comply with FATCA. Such information will subsequently be remitted by the Luxembourg tax authorities to the U.S. Internal Revenue Service.

Holders of Shares may be required to provide information to the Company to ensure the Company's compliance with the IGA and the Luxembourg FATCA Law. In the event that a holder of Shares does not provide the required information, the Company may need to report financial account information of such holder of Shares to Luxembourg tax authorities.

Holders of Shares should consult with their own tax advisers regarding the effects of the IGA and the Luxembourg FATCA Law on their investment in the Shares.

11.1.9 Common Reporting Standard

The Organisation for Economic Co-operation and Development has developed a new global standard for the automatic exchange of financial information between tax authorities (the "**CRS**"). Luxembourg is a signatory jurisdiction to the CRS and has conducted its first exchange of information with tax authorities of other signatory jurisdictions in September 2017, as regards reportable financial information gathered in relation to fiscal year 2016. The CRS has been implemented in Luxembourg via the law dated 18 December 2015 concerning the automatic exchange of information on financial accounts and tax matters and implementing the EU Directive 2014/107/EU.

The regulations may impose obligations on the Issuer and the holders of Shares, if the Company is considered as a Reporting Financial Institution (e.g. an Investment Entity) under the CRS, so that the latter could be required to conduct due diligence and obtain (among other things) confirmation of the tax residency, tax identification number and CRS classification of holders of Shares in order to fulfil its own legal obligations.

11.2 Norwegian taxation

*This Section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes ("**Norwegian Shareholders**"). The statements only apply to shareholders who are beneficial owners of Shares. Please note that for the purpose of the summary below, references to Norwegian Shareholders refer to the tax residency rather than the nationality of the shareholder.*

11.2.1 Taxation of dividends

Norwegian Personal Shareholders

Dividends distributed by the Company to shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable in Norway for such shareholders at an effective rate of currently 37.84% to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax free allowance, shall be multiplied by 1.72 which are then included as ordinary income taxable at a flat rate of 22%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 37.84%

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate of interest on treasury bills (*Nw: "statskasseveksler*") with three months' maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share. Any excess allowance on a share may also be added to the cost price of such share for the purposes of calculating the tax-free allowance the following years, as described above.

The shares will not qualify for Norwegian share saving accounts (*Nw: "aksjesparekonto"*) held by Norwegian Personal Shareholders as the Company is resident outside the European Economic Area for tax purposes.

Norwegian Corporate Shareholders

Dividends distributed by companies resident in Luxembourg for tax purposes, including dividends from the Company, received by shareholders that are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are taxable as ordinary income in Norway for such shareholders at a flat rate of currently 22%. For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax (banks, insurance companies, investment/holding companies with employees, etc.), the flat rate of taxation for dividends is currently 25%.

To the extent that the Norwegian participation exemption (*Nw: "fritaksmetoden"*) applies, dividends distributed by the Company to Norwegian Corporate Shareholders are effectively taxed at a rate of currently 0.66% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of currently 22%). For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax, the effective rate of taxation for dividends is 0.75%.

Non-Norwegian Shareholders

As a general rule, dividends received by shareholders (both corporate and personal) that are not resident in Norway for tax purposes ("**Non-Norwegian Shareholders**"), from shares in Non-Norwegian companies, including the Company, are not subject to Norwegian taxation unless the Non-Norwegian shareholder holds the shares in connection with business activities carried out or managed from Norway.

11.2.2 Taxation of capital gains on realization of shares

Norwegian Personal Shareholders

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realized by Norwegian Personal Shareholders is currently 37.84%; i.e., capital gains (less the tax-free allowance) and losses shall be multiplied by 1.72 which are then included in or deducted from the Norwegian Personal Shareholder’s ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 22%, increasing the effective tax rate on gains/losses realized by Norwegian Personal Shareholders to 37.84%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder’s cost price of the share, including costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 11.2.1 "Taxation of dividends"- Norwegian Personal Shareholders" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e., any unused allowance exceeding the capital gain upon the realization of a share will be annulled. Unused allowance may not be set off against gains from realization of other shares.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis. Special rules apply for Norwegian Personal Shareholders that cease to be tax-resident in Norway.

The shares will not qualify for Norwegian share saving accounts (*Nw: "aksjesparekonto"*) held by Norwegian Personal Shareholders as the Company is resident outside the European Economic Area for tax purposes.

Norwegian Corporate Shareholders

A capital gain or loss derived by a Norwegian Corporate Shareholder from a disposal of shares in the Company is taxable or tax deductible in Norway. The taxable gain/deductible loss per share is calculated as the difference between the consideration for the share and the Norwegian Corporate Shareholder’s cost price of the Share, including costs incurred in relation to the acquisition or disposal of the share. Such capital gain or loss is included in or deducted from the basis for computation of ordinary income in the year of disposal. Ordinary income is taxable at flat a rate of 22%. For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax (banks, insurance companies, investment/holding companies with employees, etc.), the flat rate of taxation of capital gains is currently 25%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

If the Norwegian Corporate Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realization of shares qualifying for the participation exemption, possibly including shares in the Company. Losses upon the realization and costs incurred in connection with the purchase and realization of such shares are not deductible for tax purposes.

Special rules apply for Norwegian Corporate Shareholders that cease to be tax-resident in Norway.

Non-Norwegian Shareholders

Generally, gains from the sale or other disposal of shares by a Non-Norwegian Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Shareholder holds the shares in connection with business activities carried out or managed from Norway.

11.2.3 Net wealth tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 1% for net wealth exceeding NOK 1,760,000 up to NOK 20,700,000 and 1.1% of the net wealth exceeding NOK 20,700,000. The value for assessment purposes for listed shares is equal to 80% of the listed value as of 1 January in the year of assessment (i.e., the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly (i.e., to 80%).

Norwegian Corporate Shareholders are not subject to net wealth tax.

Non-Norwegian (Personal and Corporate) Shareholders are generally not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

11.2.4 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

11.2.5 Inheritance tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

12 SELLING AND TRANSFER RESTRICTIONS

12.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares admitted to trading on Euronext Growth.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Information Document does not constitute an offer and this Information Document is for information only and should not be copied or redistributed. If an investor receives a copy of this Information Document, the investor may not treat this Information Document as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Information Document, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

12.2 Selling restrictions

12.2.1 United States

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Euronext Growth Advisor has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Shares as part of its allocation at any time other than (i) within the United States to QIBs in accordance with Rule 144A or (ii) outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Shares will be restricted and each purchaser of the Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 12.3.1 ("United States").

12.2.2 United Kingdom

No Shares have been offered or will be offered pursuant to an offering to the public in the United Kingdom, except that the Shares may be offered to the public in the United Kingdom at any time in reliance on the following exemptions under the UK Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Euronext Growth Advisor for any such offer; or
- in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 ("**FSMA**").
- provided that no such offer of the Shares shall result in a requirement for the Company or Euronext Growth Advisor to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Euronext Growth Advisor has represented, warranted and agreed that:

a) they only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

12.2.3 European Economic Area

In no member state (each a "**Relevant Member State**") of the EEA have Shares been offered and in no Relevant Member State will Shares be offered to the public pursuant to an offering, except that Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

- to persons who are "qualified investors" within the meaning of Article 2(e) in the EU Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State; or
- in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation;
- provided that no such offer of Shares shall result in a requirement for the Company or Euronext Growth Advisor to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

This EEA selling restriction is in addition to any other selling restrictions set out in this Information Document.

12.2.3.1 Other jurisdictions

The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Switzerland, Japan, Canada, Australia or any other jurisdiction in which it would not be permissible to offer the Shares.

In jurisdictions outside the United States and the EEA where an offering would be permissible, the Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

12.3 Transfer restrictions

12.3.1 United States

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities, regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Information Document.
- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.
- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.
- The purchaser acknowledges that the Company, the Euronext Growth Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.
- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant

to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser will not deposit or cause to be deposited such Shares into any depositary receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.

- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.

- The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Euronext Growth Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

12.3.2 European Economic Area

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Information Document will be deemed to have represented, warranted and agreed to and with the Euronext Growth Advisor and the Company that:

a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and

b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

13 ADDITIONAL INFORMATION

13.1 Admission to Euronext Growth

On 27 February 2025, the Company applied for Admission to Euronext Growth. The first day of trading on Euronext Growth is expected to be on or about 6 March 2025.

The Company does not have securities listed on any stock exchange or other regulated marketplace.

13.2 Information sourced from third parties and expert opinions

In this Information Document, certain information has been sourced from third parties. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

The Company confirms that no statement or report attributed to a person as an expert is included in this Information Document.

13.3 Independent auditor

The Company's independent auditor is Grant Thornton Auditores Independentes Ltda., with registered office at Avenida Engenheiro Luiz Carlos Berrini, 105, CONJ 121, Torre 4cidade Monções, Säo Paulo. Grant Thornton Auditores Independentes Ltda. is registered with the Public Company Accounting Oversight Board (PCAOB).

The standalone accounts of the Company are audited by Auren Audit S.a.r.l.

13.4 Advisors

The Company's Euronext Growth Advisor in connection with the Admission is Clarksons Securities AS. The beneficial owners of, and persons with managerial roles within, Clarksons Securities AS do not hold any ownership interests in the Company.

Advokatfirmaet Thommessen AS is acting as Norwegian legal counsel to the Company in connection with the Admission. Loyens & Loeff Luxembourg S.à r.l is acting as Luxembourg legal counsel to the Company in connection with the Admission.

Advokatfirmaet BAHR AS is acting as Norwegian legal counsel to the Euronext Growth Advisor in connection with the Admission.

14 DEFINITIONS AND GLOSSARY OF TERMS

When used in this Information Document, the following defined terms shall have the following meaning:

Admission	The admission to trading of the Company's shares on Euronext Growth.
Annual Financial Statements	Audited consolidated financial statements as of and for the year ended 31 December 2023, and audited consolidated financial statements as of and for the year ended 31 December 2022.
Appropriate Channels for Distribution	All distribution channels as are permitted by MiFID II.
Articles of Association	The Company's Articles of Association.
Board of Directors (or Directors)	The board of directors of the Company.
CFC	Controlled Foreign Corporate.
Clarksons Securities	Clarksons Securities AS, with registered address at Munkedamsveien 62C, 0270 Oslo, Norway.
CNPE	The National Energy Policy Council (Conselho Nacional de Política Energética).
Common Shares	The underlying shares of the Company. The Company's issued share capital is USD 15,199,183.08, consisting of 1,519,918,308 ordinary shares each with a par value of USD 0.01.
Companies Law	Luxembourg law dated 10 August 1915 on commercial companies.
Company	Constellation Oil Services Holding S.A.
COPOM	The Monetary Policy Committee (Comitê de Política Monetária).
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance.
CRS	Common Reporting Standard developed by The Organisation for Economic Co-operation and Development.
CSD	The Norwegian Central Securities Depository.
CSD Registrar	Equro Issuer Services AS, with registered address at Billingstadsletta 13, 1396 Billingstad, Norway.
Equro	Equro Issuer Services AS, with registered address at Billingstadsletta 13, 1396 Billingstad, Norway.
Escrow Issuer	Has the meaning ascribed to such term in Section 6 "The implemented Recapitalization".
Euronext Growth	Euronext Growth Oslo.
Euronext Growth Admission Rules	Admission to Trading Rules for Euronext Growth.
Euronext Growth Advisor	Clarksons Securities.
Euronext Growth Content Requirements	Content requirements for Information Documents for Euronext Growth.
Exercise Price	The exercise price for the Warrants; USD 0.56 per ordinary share.
FATCA	The Foreign Account Tax Compliance Act.
Financial Statements	The Annual Financial Statements and the Interim Financial Statements together.
FSMA	The Financial Services and Markets Act 2000.
Grant Thornton	Grant Thornton Auditores Independentes Ltda.
Group	The Company together with its subsidiaries.

HoldCo	Constellation Holdco S.A.
HY Bonds	Has the meaning ascribed to such term in Section 6 "The implemented Recapitalization".
IFRS..	International Financial Reporting Standards.
Information document	This Information Document, dated 5 March.
Interim Financial Statements.............	Unaudited consolidated interim financial statements as of and for the nine months period ended 30 September 2024 with comparable figures for the corresponding period in 2023.
Law No. 9,481	Law amended in 2017 by Law No. 13,586.
LEI	The Company's Legal Entity Identifier.
Management	The members of the management of the Group.
Managers	The members of the Group's senior management.
Mandatory Takeover Event	Following any transfer or subscription of Securities, with a result of which a transferee or subscriber would come to own more than 50% of the Securities.
Mandatory Takeover Offer.................	An offer to all other holders of Securities to purchase all the Securities held by them.
Merger...	The merger between the Escrow Issuer and the Company with the Company as the surviving entity.
MiFID II	EU Directive 2014/65/EU on markets in financial instruments.
MiFID II Product Governance Requirements.....................................	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.
MTF..	A multilateral trading facility
Negative Target Market......................	Has the meaning ascribed to such term under "Information to Distributors".
Non-Norwegian Shareholders...........	Shareholders (both corporate and personal) that are not resident in Norway for tax purposes.
Norwegian Corporate Shareholders..	Shareholders that are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian Personal Shareholders	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Shareholders	Shareholders who are resident in Norway for tax purposes.
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended) (Nw.: verdipapirhandelloven).
Norwegian Securities Trading Regulation...	The Norwegian Securities Trading Regulation of 29 June 2007 no 876 (as amended) (Nw.: verdipapirforskriften).
Norwegian Shareholders	Shareholders who are resident in Norway for tax purposes.
Notes	USD 650,000,000 senior secured notes due 2029 that the Company is the issuer of.
Petrobras	Petróleo Brasileiro S.A.
Positive Target Market........................	Has the meaning ascribed to such term under "Information to Distributors".
Private Placement	Has the meaning ascribed to such term in Section 6 "The implemented Recapitalization".
Recapitalization	On December 12th 2024, Constellation concluded a comprehensive recapitalization involving all of its current shareholders and debt holders.
Registrar Agreement...........................	The registrar agreement with Equro Issuer Services AS, to facilitate the registration of the Shares with the CSD.

Relevant Member State	A member state of the EEA.
Reserved Matters	The matters listed in Section 10.10.3 "Reserved matters".
REPETRO	Brazilian special customs regime for the exportation and importation of goods related to the exploration and production of oil and gas (Regime Aduaneiro Especial de Exportação e Importação de bens destinados à exploração e à produção de petróleo e gás natural).
Securities...	The Common Shares and/or the Warrants.
Shares	The securities related to the Common Shares to be traded on Euronext Growth, i.e. the sponsored Norwegian depository receipts.
SPC...	Serviços de Petróleo Constellation S.A.
Specified Qualifying Liquidity Event ...	Has the meaning ascribed to such term in Section 10.8.1 "Warrants"
Squeeze-Out Event	When a holder of Securities together with its affiliates following any transfer or subscription of Securities which, would come to own more than 80 % of the Securities.
Target Market Assessment	The Negative Target Market together with the Positive Target Marked.
Warrants	Warrants exercisable into Common Shares, as further described in Section 10.8 "Financial instruments".

* * *

APPENDIX A

ARTICLES OF ASSOCIATION OF CONSTELLATION OIL SERVICES HOLDING S.A.

Constellation Oil Services Holding S.A.

Société anonyme

Siège social : 8-10, Avenue de la Gare
L-1610 Luxembourg
Grand-Duché de Luxembourg

R.C.S. Luxembourg: B163424

I. FORM, NAME, OBJECT, DURATION, REGISTERED OFFICE

Art. 1. Form and Name.

*The name of the company is **Constellation Oil Services Holding S.A.** (the "**Company**"). The Company is a public limited liability company (société anonyme), governed by the laws of the Grand Duchy of Luxembourg pertaining to such an entity, and in particular by the law of August 10th, 1915 on commercial companies, as amended (hereafter the "**Law**") and the present articles of association (hereafter the **"Articles**").*

Art. 2. Object.

2.1 The purpose of the Company is the acquisition and holding of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management and operation of such ownership interests. The Company may in particular acquire by subscription, purchase, and exchange or in any other manner any stock, shares and other equity securities, bonds, debentures, certificates of deposit and other debt instruments and more generally any securities and financial instruments issued by any public or private entity whatsoever, including partnerships. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin whatsoever.

2.2 The Company may borrow in any form. It may issue notes, bonds and debentures and any kind of debt which may be convertible and/or equity securities. The Company may lend funds including the proceeds of any borrowings and/or issues of debt securities to its subsidiaries, affiliated companies or to any other company. It may also grant financial assistance and give guarantees and grant security interests in favor of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company under its direct, indirect or joint control, whether sole control or shared. The Company may further mortgage, pledge, transfer, encumber or otherwise hypothecate all or any of its assets.

2.3 The Company may generally employ any techniques and utilise any instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against creditors, currency fluctuations, interest rate fluctuations and other risks.

2.4 The Company may grant any form of assistance to any affiliated entities, including the payment of costs or expenses incurred by such affiliated entities, and shareholders in the Company being *affiliated entities for the purposes of these Articles. The Company may grant any form of assistance to any other company under its direct, indirect or joint control, whether sole control or shared, and the Company may take any measure of control and supervision of such companies. The Company may also provide support services to entities within the same group of companies to which the Company belongs – including but not limited to – services in connection with cash management and relations with banks.*

2.5 The Company may carry out any commercial, financial or industrial operations and any leasing or other transactions with respect to real estate or movable property, leasing or other.

Art. 3. Duration.

3.1 The Company is formed for an unlimited period of time.

3.2 The Company may be dissolved at any time and with or without cause by a resolution of the general meeting of shareholders at which a quorum of more than half of the Company's share capital is present or represented, adopted by at least a two thirds vote of the holders of the outstanding Shares.

Art. 4. Registered Office.

*4.1 The registered office of the Company is established in Luxembourg City in the Grand Duchy of Luxembourg. It may be transferred to any other location in the Grand Duchy of Luxembourg by a resolution of the board of directors of the Company (the "**Board**") which may amend the Articles accordingly.*

4.2 The Company may establish offices, subsidiaries and branches, both in Luxembourg and abroad, by decision of the Board.

4.3 If the Board determines that extraordinary political, social, economic or military developments or events have occurred or are imminent and that these developments or events may interfere with the normal activities of the Company at its registered office, or with the ease of communication with such office or between such office and persons abroad, the Board may temporarily transfer the registered office to a location abroad until the complete cessation of the extraordinary developments or events. Such temporary measures shall have no effect on the nationality of the Company which, notwithstanding the temporary transfer of its registered office, will remain a Luxembourg company.

II. CAPITAL, SHARES.

Art. 5. Share capital.

*5.1 The issued share capital is set at fifteen million one hundred ninety-nine thousand one hundred eighty-three United States dollars and eight cents (USD 15,199,183.08) represented by one billion five hundred nineteen million nine hundred eighteen thousand three hundred eight (1,519,918,308) ordinary shares with a nominal value of USD 0.01 per share, fully paid and having the rights given to such shares in these Articles (the "**Shares**").*

5.2 The Board shall have the right to raise the share capital of the Company up to an amount of seventeen million twenty-three thousand eighty-five United States dollars and five cents (USD

*17,023,085.05) (such amount including the already issued share capital of the Company), by issuing a maximum of one hundred eighty-two million three hundred ninety thousand one hundred ninety-seven (182,390,197) Shares (such aforementioned Shares, including the initial issued share capital of the Company, the "**Authorised Share Capital**").*

5.3 For a period of five (5) years starting from the date of the deed of amendment of these Articles amending the Authorised Share Capital, and within the limits of the Authorised Share Capital, in each case solely in accordance with the terms of the applicable Warrants in effect as of 12 December 2024, the Board is authorised (i) to issue from time to time Shares to the holders of the Warrants and (ii) to limit or cancel the preferential subscription rights of existing shareholders otherwise applicable to such issuance.

5.4 After each increase of the Company's share capital according to the above, these Articles shall be amended to reflect such an increase. The Board is expressly authorised to delegate to any natural or legal person to authorise to receive payment for Shares, to have registered increases of capital pursuant to a total or partial increase of the Authorised Share Capital as well as the corresponding amendments of Articles 5.1 and 5.2 hereof to reflect such increase, and to take all actions necessary or desirable for the execution, filing and/or publication of such amendments in accordance with the Law.

5.5 The subscribed share capital and the Authorised Share Capital of the Company may be increased or reduced by a resolution of the general meeting of shareholders of the Company, adopted in compliance with the requirements for an amendment of the Articles as set forth in Article 22.13.

5.6 The Warrants shall be exercisable in exchange for Shares in the context of a Specified Qualifying Liquidity Event, subject to and in accordance with the terms of the Restated Warrant Agreement, whereby, for the avoidance of doubt, the Shares issued on exercise of the Warrants shall be registered in the Register of the Company and records of the Company immediately prior to the consummation of a Liquidity Event, provided such Liquidity Event is considered a Specified Qualifying Liquidity Event and any issuance of Shares from the Authorised Share Capital in relation thereto is conditioned upon the subsequent consummation of such Specified Qualifying Liqudity Event.

5.7 The Board is authorised, subject to establishing performance criteria, to allocate cash payments to employees and corporate officers (including directors) and directors of the Company as incentive compensation.

5.8 The Shareholders shall have preemptive subscription rights upon the issuance of Shares in accordance with the laws of the Grand Duchy of Luxembourg.

Art. 6. Shares

*6.1 The Shares of the Company may be divided into fractions, where each fraction is equal to a portion of a Share (a "**Fractional Share**"). Any holder of a Fractional Share who holds an amount of Fractional Shares equal to one (1) full Share can request the conversion of such Fractional Shares into one (1) full Share. A holder of a Fractional Share is entitled to the same fraction of one (1) full*

Share equal to such Fractional Share of any distribution per Share by the Company, or upon its liquidation.

6.2 *Subject to the provisions of Article 6.1 above, the Shares or Fractional Shares are indivisible vis-à-vis the Company, which shall authorise only one legal owner per Share or Fractional Share. Owners per indivisum must be represented vis-à-vis the Company by one single person in order to be able to exercise their voting rights, if applicable.*

6.3 *Each Share entitles its shareholder to one vote at the general meeting of shareholders. For the avoidance of doubt, Fractional Shares carry no voting rights at the general meetings of shareholders of the Company, unless a number of Fractional Shares equals one (1) full Share. Each Share shall, subject to the other provisions of these Articles, carry equal economic rights. The Shares will be uncertificated.*

6.4 *Where Shares are recorded in the register of shareholders on behalf of one or more persons in the name of a securities settlement system or the operator of such system, or in the name of a professional depository of securities, or any other depository (such system, professional or other depository, being referred to as* ***Depository****) or of a sub-depository designated by one or more Depositories, the Company, subject to it having received from the Depository with which those Shares are kept in account satisfactory evidence of the underlying ownership of Shares by those persons and their authority to vote the Shares, will permit those persons to exercise the rights attaching to those Shares, including admission to and voting at general meetings. A notice may be given by the Company to the holders of Shares held through a Depository by giving such notice to the Depository whose name is listed in the Register (as defined below) in respect of the Shares, and any such notice shall be regarded as proper notice to all underlying holders of Shares. Notwithstanding the foregoing, the Company shall make payments, by way of dividends or otherwise, in cash, shares or other assets as permitted pursuant to these Articles, only to the Depository or sub-depository recorded in the Register or in accordance with its instructions, and such payment by the Company shall release the Company from any and all obligations in respect of such payment.*

6.5 *A register of the shareholders of the Company (the "****Register****") shall be maintained at the registered office of the Company. The Company shall consider the person in whose name the Shares or Fractional Shares are recorded in the Register to be the owner of the Shares or those Fractional Shares.*

6.6 *In addition to the share capital, there may be set up a premium account into which any premium paid on any Share in addition to its par value is transferred. Any share premium paid in respect of any Shares upon their issuance shall be allocated to such general share premium account of the Company. The amount of the said general share premium account will constitute freely distributable reserves of the Company. The amount of the premium account may, for example, be used to provide for the payment of any Shares which the Company may repurchase from its shareholders, to offset any net authorised losses or to make distributions to the shareholders, such list being a* *non- exhaustive list of the purposes for which the amount of the premium account may be used; provided, that any such use of the premium account shall be provided or allocated on a pro rata basis among the shareholders in a manner consistent with the required payment of dividends pursuant to Section VI.*

6.7 *The Company may maintain a general special equity reserve account (account 115 « apport en capitaux propres non rémunéré par des titres » of the Luxembourg Chart of Accounts provided for by the Grand Ducal regulation of 12 September 2019). The amount of said general special equity reserve account will constitute freely distributable reserves of the Company. Any amounts allocated to the special equity reserve account shall be allocated to the general special equity reserve account.*

6.8 *Within the limits and conditions set forth in the Law, the Company may repurchase the Shares or cause them to be repurchased by its subsidiaries.*

6.9 *The Board is authorised to demand from shareholders, and each of the shareholders shall undertake commercially reasonable efforts to cooperate and provide, any and all documents and information which the Company may require to enable the Company to comply with the following legal requirements, in each case to the extent applicable to the Company: (i) applicable know your client laws or regulations, (ii) anti-money laundering procedures and regulations, (iii) beneficial ownership declaration and filing obligations in accordance with the Luxembourg law of 13 January 2019 creating the register of beneficial owners, as amended from time to time, (iv) any other obligations provided by applicable law relating to identification and verification of the beneficial owners of the Company or as may be required by the Company to identify the nature and source of funding made available to the Company. The Board is further authorised to use and store such information for its internal processes and procedures and may use, process and disclose any such information to (i) any applicable governmental or regulatory authority as required by applicable law, and (ii) any professional service provider or financial service provider requiring such information from the Company for the same purposes as stated in this Art. 6; provided that such professional service provider or financial service provider shall exercise commercially reasonable efforts in accordance with industry practice to maintain the confidentiality of such information.*

Art. 7. Transfer of Shares

7.1 *A Transfer shall be carried out by the entry of a declaration of transfer in the Register, duly signed and dated by either:*

- *(i)* *both the transferor and the transferee or their authorised representatives; or*
- *(ii)* *any authorised representative of the Company,*
- *(iii)* *following a notification to, or acceptance by, the Company, in accordance with article 1690 of the Luxembourg Civil Code.*

7.2 *Any document recording the agreement between the transferor and the transferee, which is validly signed by both parties, may be accepted by the Company as evidence of a Transfer.*

7.3 *Confirmations that an entry has been made in the Register shall be provided to the shareholder(s)* *directly recorded as such in the Register upon request of such shareholder(s).*

7.4 *All Transfers must be made in accordance with the terms and conditions set forth in these Articles.*

7.5 *The Board shall decline to register any Transfer that does not comply with the terms of these Articles, including but not limited to situations where the transferee is unwilling to provide the Company with information requested in accordance with Article 6.9 of these Articles, or where such registration would result in the Company being in breach of any applicable know your client laws, anti-money laundering laws, and sactioned persons laws and decisions. Any notification of a transfer to the Company and the relevant Transfer, which does not comply with the provisions of these Articles, shall be void ab initio and the Company may disregard in its entirety such notification and such Transfer.*

Art. 8. Mandatory Takeover Offer

8.1 *Upon occurrence of a Mandatory Takeover Offer Event, the Majority Shareholder shall be obliged to make an offer to all other holders of Securities (the **Minority Shareholders**) to purchase all (and not less than all) the Securities held by them in accordance with the following provisions (the **Mandatory Takeover Offer**).*

8.2 *No later than ninety (90) days following the occurrence of a Mandatory Takeover Offer Event, the Majority Shareholder shall offer to purchase from each of the Minority Shareholders all the Securities that they hold (the **Mandatory Takeover Offer Notice**).*

8.3 *The Mandatory Takeover Offer Notice must include the following information:*

(i) *the number of Securities (indicating separately the number of Shares and Warrants as applicable);*

(ii) *the price per Security, which shall be equal to the higher of:*

a. *the price per Security paid with respect to Secuities acquired pursuant to the Mandatory Takeover Offer Event; and*

b. *the average price per Security paid by the Majority Shareholder and/or its Affiliates for the Transfers or Subscriptions completed by the Majority Shareholder and its Affiliates in the twelve (12)- month period preceding the Mandatory Takeover Offer Event.*

(iii) *the date and time by when the Minority Shareholder is requested to either accept or refuse the Mandatory Takeover Offer, which shall be no earlier than sixty (60) days following the Mandatory Takeover Offer but no later than ninety (90) days following the Mandatory Takeover Offer;*

(iv) *the date, time and location of the completion of the potential purchase, which shall occur no later than thirty (30) days following the date and time as provided under 8.3 (iii) subject to the acceptance of the purchase by the Minority Shareholder (the **Mandatory Takeover Closing Date**).*

8.4 *The Mandatory Takeover Offer shall be deemed an irrevocable offer by the Majority Shareholder to purchase all the Securities held by the Minority Shareholders under the terms and conditions as set out in the Mandatory Takeover Offer Notice.*

8.5 Following the receipt of the Mandatory Takeover Offer Notice, the Minority Shareholder shall either accept or refuse in writing the Mandatory Takeover Offer, prior to the date as indicated in the Mandatory Takeover Offer Notice. For the avoidance of doubt, if the Minority Shareholder does not reply, it shall be considered as a refusal of the Mandatory Takeover Offer.

8.6 The Minority Shareholders, who have accepted the Mandatory Takeover Offer, shall Transfer all their Securities to the Majority Shareholders at the price and on the terms and conditions specified in the Mandatory Takover Offer and undertake to:

(i) *with respect to themselves only grant to the Majority Shareholder, representations and warranties in respect of (but only in respect of):*

a. *such Minority Shareholder's due authority to undertake the proposed Transfer ;and*

b. *free and clear title to the Securities being Transferred by such Minority Shareholder.*

it being understood that any Minority Shareholder shall only be liable for a breach of its own representations and warranties.

(ii) *to execute any reasonable agreement or document (consistent with the terms of this Article 8) which effectuates the Transfer of the Securities to the Majority Shareholder on the Mandatory Takeover Closing Date; and*

(iii) *to deliver to Majority Shareholder, on or before the Mandatory Takover Closing Date, any and all documents as may be reasonably required and consistent with the terms of this Article 8 to complete the actual Transfer of its Securities pursuant to the Mandatory Takeover Offer, duly completed and executed.*

8.7 The purchase price shall be paid in cash exclusively, and the Majority Shareholder shall pay for the Securities subject to the Mandatory Takeover Offer by wire transfer of immediately available funds on the Mandatory Takeover Closing Date, the effectiveness of the transfer of Securities pursuant to the Mandatory Takeover Offer being subject to the completion of such wire transfer.

Art. 9. Squeeze out

*9.1 Upon occurrence of a Squeeze-Out Event, the Squeeze-Out Beneficiary shall be entitled to purchase and force all other holders of Securities (the **Squeeze-Out Sellers**) to sell to it all (and not less than all) the Securities held by them in accordance with the following provisions (the **Squeeze-Out**).*

*9.2 No later than ninety (90) days following the occurrence of a Squeeze-Out Event, the Squeeze-Out Beneficiary shall have the right to notify the Squeeze-Out Sellers of its intention to purchase all the Securities that they hold (the **Squeeze-Out Notice**), in which case the Squeeze-Out Sellers shall sell to the Squeeze-Out Beneficiary all (and not less than all) the Securities they hold. Upon receipt of the Squeeze-Out Notice, the Squeeze-Out Sellers may continue to Transfer their Securities provided that such Securities are transferred subject to the Squeeze-Out.*

9.3 The Squeeze-Out Notice must include the following information:

(i) the number of Securities (indicating separately the number of Shares and Warrants as applicable);

(ii) the price per Security, which shall be at least equal to the highest price paid for a Security by the Squeeze-out Beneficiary and/or its Affiliates during the six month period prior to the Squeeze-Out Event, and, absent any such price, shall be equal to the fair market value as determined by the Squeeze-Out Beneficiary. If a Squeeze-Out Seller reasonably considers that the price per Security does not reflect the fair market value of the Security as at the date of the Squeeze-Out Event, such Squeeze-Out Seller may by written request within ten (10) days of the date of issuance of the Squeeze Out Notice, require that a valuation report be prepared at the expense of the Squeeze Out Beneficiary by an expert of the the Squeeze Out Beneficiary's choice that is independent of any concerned parties and free of conflicts and which expert does not need to be an approved statutory auditor ("réviseur d'entreprises agréé") (the ***Expert****). The price as determined by such Expert shall be final and binding; and*

(iii) the date, time and location of the completion of the purchase, which shall occur no later than thirty (30) days following the date of delivery of the Squeeze-Out Notice (the ***Squeeze-Out Closing Date****).*

9.4 The Squeeze-Out Notice shall be deemed to constitute an irrevocable offer by the Squeeze Out Beneficiary to purchase all the Securities held by the Squeeze-Out Sellers under the terms and conditions of the Squeeze-Out Notice.

9.5 The Squeeze-Out Sellers shall Transfer all their Securities to the Squeeze-Out Beneficiary at the price and on the terms and conditions specified in the Squeeze-Out Notice and undertake to:

(i) grant to the Squeeze-Out Beneficiary, representations and warranties in respect of (but only in respect of):

a. such Squeeze-Out Seller's due authorisation to undertake the proposed Transfer; and

b. free and clear title of its Securities being Transferred by such Squeeze-Out Seller.

It being understood that any Squeeze-Out Seller shall only be liable for a breach of its own representations and warranties;

(ii) execute any reasonable agreement or document (consistent with the terms of this Article 9) to effectuate the Transfer of the Company Securities to the Squeeze-Out Beneficiary; and

(iii) deliver to the Squeeze-Out Beneficiary, at the Squeeze-Out Closing Date, all transfer documents and other necessary documents duly completed and executed, in each case, that are reasonably required and are consistent with the terms of this Article 9 to complete the actual Transfer of its Securities pursuant to the Squeeze-Out.

9.6 The purchase price shall be paid in cash exclusively, and the Squeeze-Out Beneficiary shall pay for the Securities subject to the Squeeze-Out by wire transfer of immediately available funds on the Squeeze-Out Closing Date, the effectiveness of the transfer of Securities pursuant to the Squeeze Out being subject to the completion of such wire transfer. If a Squeeze-Out Seller has failed to take the necessary actions to Transfer the Securities, the Securities held by such Squeeze-Out Seller *shall automatically be considered Transferred to the Squeeze-Out Beneficiary on the Squeeze-Out Closing Date if the Squeeze-Out Buyer has deposited the payment to a bank account with separation rights for the such Squeeze-Out Seller(s), the Squeeze Out Notice constituting the operative transfer instrument.*

9.7 *In case of any disagreement on the price to be paid for the Securities, transfer of ownership shall be completed pursuant to art 9.6, with any adjustment in such price to be paid from/to the Squeeze-Out Seller following a final determination of the price by the relevant Expert.*

III. MANAGEMENT

Art. 10. Board.

10.1 *The Board shall be composed of a maximum of seven (7) members out of which at least two (2) members shall be professionally residing in the Grand Duchy of Luxembourg (**Luxembourg Directors**) and at least five (5) members, including the two (2) Luxembourg Directors, shall be independent directors (the **Independent Directors** and each an **Independent Director**). The size of the Board may be increased only in compliance with the requirements for an amendment of the Articles as set forth in Article 22.13.*

*An **Independent Director** shall be a director who, during his/her mandate as member of the Board, does not have (i) any material or significant business relationship with the Company, (ii) any family relationship with any member of the Executive Management, or (iii) any other relationship with the Company or any shareholder holding five percent (5%) or more of the share capital of the Company or members of the Executive Management which could reasonably be expected to impair the independence of such director's judgment.*

10.2 *The shareholders shall appoint the Luxembourg Directors from a list of candidates proposed by a corporate services firm designated by a majority of the holders of the Shares, it being understood that two Luxembourg Directors shall be considered as Independent Directors.*

10.3 *The shareholders shall appoint the remaining Directors (other than the two Luxembourg Directors who are appointed in accordance with article 10.2 of the Articles) from a list of candidates proposed by the Board, and which indicates which candidates are proposed as Independent Directors.*

10.4 *The directors are appointed for a renewable period not exceeding two (2) years by the general meeting of shareholders. A director may be removed prior to the expiration of such director's term with or without cause by the general meeting of shareholders deciding (i) until the Listing in compliance with the requirements for an amendment of the Articles as set forth in Article 22.13 and (ii) as from the Listing in compliance with article 22.12.*

10.5 *The Board shall elect from among its members a chairman by a vote of the majority of its members.*

10.6 *No person shall be appointed as a director of the Company unless he or she has consented in writing (including e-mail) to act as a director.*

10.7 *A director does not need to be a shareholder and must be an individual. A legal entity may not be* *appointed as director.*

10.8 If the office of a director becomes vacant for any reason, the other directors, acting by a simple majority, may fill the vacancy on a provisional basis until a new director is appointed at the next general meeting of shareholders in accordance with this Art. 10; provided that such provisional appointment due to a vacancy of director is made, in satisfaction of the requirements under article 10.1. of the Articles.

10.9 The remuneration of the directors shall be fixed by the general meeting of the shareholders.

Art. 11. Meetings of the Board.

11.1 The chairman of the Board shall be the chairman of the Board meetings. If the chairman of the Board is not present at the meeting, his or her functions shall be performed temporarily by another director appointed by him or her or if no director has been appointed by the chairman his or her functions shall be performed temporarily by another director appointed by the directors present at the meeting.

11.2 The frequency of the meetings shall be determined so as to ensure effectiveness of the Board's activities.

11.3 Notwithstanding the foregoing, a decision of the Board may also be taken by written resolution of the directors. Such resolution must be signed by each and every director and taken unanimously. The date of such decision shall be the date of the last signature.

11.4 The Board may be convened upon a call by the chairman or by two-thirds of its members.

11.5 Written notice of any meeting of the Board shall be given to all directors at least five (5) days in advance of the date set for such meeting, except in the case of an emergency, in which case the nature and circumstances of such shall be set out in the notice. No such written notice is required if all the members of the Board are present or represented during the meeting. Separate written notice shall not be required for meetings that are held at times and places prescribed in a schedule previously adopted by decision of the Board.

11.6 Any member of the Board may act at any meeting of the Board by appointing, in writing whether in original, by telefax, or e-mail, another director as his or her proxy.

11.7 Any director may participate in a meeting of the Board by conference call, video conference or similar means of communications equipment whereby all persons participating in the meeting can hear and speak to each other and properly deliberate, and participating in a meeting by such means shall constitute presence in person at such meeting.

Art. 12. Decisions of the Board.

12.1 The Board may validly deliberate if a quorum of directors is present or represented at such board meeting. A quorum shall be deemed to be reached if the majority of the Company's directors (at least three of whom are Independent Directors) is present or represented. Subject to Articles 12.2 and 12.3 below, decisions taken by the Board shall require the vote of the majority of the directors present or represented.

12.2 In the event that at any meeting the number of votes for and against a decision is tied, the chairman *of the Board shall have a casting vote.*

12.3 *The Board may resolve that a Liquidity Event is a Qualifying Liquidity Event following which such Qualifying Liquidity Event shall be submitted to the general meeting of shareholders before such Qualifying Liquidity Event may be implemented, with the relevant quorum and majority for any such decision being that applicable to an amendment of these Articles pursuant to Section 22.13 hereof.*

12.4 *In case of a conflict of interest as defined in Article 18 hereof, the conflicted director(s) shall be excluded for the purposes of calculating the quorum requirement.*

Art. 13. Powers of the Board.

The Board, shall have the most extensive and broadest powers to administer, manage and act on behalf of the Company and all powers not specifically reserved to the general meeting by the Law or by these Articles (it being understood that the Reserved Matters are so reserved to the general meeting by Article 23 hereof), provided that the Board is authorized to delegate the day-to-day management, and the power to represent the Company in this respect, to one or more directors, officers, managers or other agents.

Art. 14. Binding signatures.

14.1 *The Company will be bound towards third parties by the joint signatures of no less than two directors.*

14.2 *The Company shall also be bound towards third parties by the joint or single signature of any person(s) to whom special signatory powers have been delegated by the Board, within the limits of such power.*

Art. 15. Day-to-day management.

15.1 *The Board may delegate special or limited powers to one or more persons for specific matters.*

15.2 *The Board is authorized to delegate the day-to-day management, and the power to represent the Company in this respect, to one or more directors, officers, managers or other agents, whether shareholders or not, acting either individually or jointly. If the day-to-day management is delegated to one or more directors, the Board must report to the annual General Meeting any salary, fee and/or any other advantage granted to those director(s) during the relevant financial year.*

Art. 16. Committees

16.1 *The Board, acting by a majority, may create one or more committees required by law or otherwise, and select its members either from among the directors or outside thereof, or both, and determine their composition, purpose and functioning.*

16.2 *All committees created by the Board may act by a majority of the committee members present at a meeting of such committee where a majority of such committee's members are present.*

16.3 *The Board must establish a a Nomination and Remuneration Committee (the "**Nomination and Remuneration Committee**") and an Audit and Risks Committee (the "**Audit and Risks Committee**").*

16.4 *In addition to any responsibilities conferred on it by applicable law, if any, the primary function of the Nomination and Remuneration Committee is to assist the Board in verifying compliance with the* *criteria and procedures for candidate directors in accordance with these Articles, and to opine on, recommend and oversee implementation of remuneration policies for the Company's executives and directors.*

16.5 In addition to any responsibilities conferred on it by applicable law, if any, the primary function of the Audit and Risks Committee is to assist the Board in overseeing the integrity of the Company's financial statements, the selection and appointment process of the Company's auditors and the performance of the Company's internal audit function and independent auditors (insofar as such are appointed). The Audit and Risks Committee is also responsible for overseeing the Company's risk management policies and procedures.

16.6 The members of the Nomination and Remuneration Committee and the Audit and Risks Committee shall be appointed by the Board and shall consist of at least three members, the majority of whom shall be Independent (Independence to be construed mutatis mutandis according to the meaning of 'Independent Director'). The Board shall designate one member of each committee as its chairperson. The chairperson shall be Independent.

16.7 Each committee shall meet as often as it determines necessary to carry out its duties, but not less frequently than quarterly. Meetings of each committee may be called by the chairperson of the committee or by a majority of the committee members.

16.8 Each committee shall have the authority to retain and terminate any advisors, including legal counsel and other experts, as it deems necessary to fulfill its duties and responsibilities, and shall have sole authority to approve the fees and other retention terms of such advisors.

16.9 Additional provisions on the composition and the powers of such committees, the terms of the appointment, removal, remuneration and duration of the mandate of its/their members, as well as its/their rules of procedure are determined by the Board.

Art. 17. Liability – Indemnification.

17.1 The directors assume, by reason of their position, no personal liability in relation to any commitment validly made by them in the name of the Company; provided those commitments comply with the the Articles and the Law.

17.2 The Company shall, to the extent permitted by law, indemnify any director or officer and his/her heirs, executors and administrators, against any damages or compensations to be paid by him/her or expenses or costs reasonably incurred by him/her, as a consequence or in connection with any action, suit or proceeding to which he/she may be made a party by reason of his/her being or having been a director or officer of the Company, or, at the request of the Company, of any other Entity of which the Company is a shareholder or creditor and by which he/she is not entitled to be indemnified, except in relation to matters as to which he/she shall be finally adjudged by a court of competent jurisdiction in such action, suit or proceeding to be liable for gross negligence, fraud or willful misconduct. The foregoing right of indemnification shall not exclude other rights to which such director or officer may be entitled, including pursuant to any separate indemnification agreement entered into between the Company and such director or officer.

17.3 The Company may, to the extent permitted by law, indemnify any employee or agent of the Company and his/her heirs, executors and administrators, against any damages or compensations to be paid by him/her or expenses or costs reasonably incurred by him/her, as a consequence or in connection with any action, suit or proceeding to which he/she may be made a party by reason of his/her being or having been an agent or employee of the Company, or, at the request of the Company, of any other Company of which the Company is a shareholder or creditor.

Art. 18. Conflict of Interest.

18.1 Save as otherwise provided by the Law, any director who has, directly or indirectly, a financial interest potentially conflicting with the interest of the Company in connection with a transaction falling within the competence of the Board, must inform the Board of such potential conflict of interest and must have his declaration recorded in the minutes of the board meeting. The relevant director may not take part in the discussions relating to such transaction or vote on such transaction. Any such conflict of interest must be reported to the next general meeting of shareholders prior to such meeting taking any resolution on any other item.

18.2 Where, by reason of a conflicting interest, the number of directors required in order to validly deliberate is not met, the board of directors may decide to submit the decision on this specific item to the general meeting of shareholders.

18.3 The conflict of interest rules shall not apply where the decision of the board of directors relates to day-to-day transactions entered into under normal conditions.

18.4 The daily manager(s) of the Company, if any, are mutatis mutandis subject to articles 18.1 to 18.3 of these Articles, provided that if only one (1) daily manager has been appointed and is in a situation of conflicting interests, the relevant decision shall be adopted by the board of directors.

IV. SHAREHOLDER(S).

Art. 19. Powers of the General Meeting of the Shareholders.

Any regularly constituted meeting of the shareholders of the Company shall represent the entire body of shareholders of the Company.

Art. 20. Annual general meeting of the Shareholders.

20.1 The annual general meeting of the shareholders of the Company shall be held, in accordance with Luxembourg law, in Luxembourg at the address of the registered office of the Company or at such other place in the municipality of the registered office as may be specified in the convening notice of the meeting.

20.2 The annual general meeting of the shareholders of the Company may be held abroad if, in the absolute and final judgment of the Board, exceptional circumstances so require.

Art. 21. Other meetings of the Shareholders.

Other meetings of the shareholders of the Company may be held at such place and time as may be specified in the respective convening notices of the meeting.

Art. 22. Procedure, Vote.

22.1 The Company shall give written notice of any general meeting to all shareholders by means of a *registered letter or any other means of communication individually accepted by their addressees at least eight (8) days prior to, and no more than sixty (60) days prior to, the date of the meeting, except if waived by the unanimity of the shareholders. For the avoidance of doubt, notifications given through the Kroll Inc. operated notification system shall be considered as such other means of communication, provided the respective shareholder has accepted to be notified by Kroll Inc. through such system. In case the Shares are listed in a foreign regulated market or MTF, the notices shall follow the market practices in such country regarding publicity of the convening of a general meeting of shareholders.*

22.2 *Any holders of bonds issued by the Company may not attend any general meeting of shareholders; provided, that this Article 22.2 shall not apply to any holders of bonds issued by the Company who also hold Shares.*

22.3 *If all the shareholders of the Company are present or represented at a meeting of the shareholders of the Company, and consider themselves as being duly convened and informed of the agenda of the meeting, the meeting may be held without prior notice.*

22.4 *Such convening notice shall include the agenda and indicate the date and the results of the previous meeting.*

22.5 *Irrespective of the agenda, the Board may adjourn any ordinary general meeting or extraordinary general meeting in accordance with the formalities and time limits stipulated for by Law.*

22.6 *General meetings are presided over by the chairman of the Board or by a person designated by said chairman, or in the absence thereof, by a chairman elected by the general meeting who shall be a member of the Board. The chairman of the meeting will appoint a scrutineer to keep the attendance list. The bureau of the general meeting so constituted shall designate the secretary.*

22.7 *A shareholder may act at any meeting of the shareholders of the Company by appointing another person as its proxy in writing, whether in original, by telefax, or email.*

22.8 *The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote. The convening notice shall contain other details with regard to the requirements of the instrument appointing a proxy.*

22.9 *At the discretion of the Board and if provided for in the relevant convening notice, a shareholder may participate in a meeting of the shareholders of the Company by conference call, by videoconference, or similar means of communications equipment whereby all persons participating in the meeting can hear and speak to each other and properly deliberate, and participating in a meeting by such means shall constitute presence in person at such meeting, including for purposes of determining quorum.*

22.10 *Shareholders may vote by correspondence, by means of a form to be provided by the Company which shall at least include the following information: location, date, and time of the meeting; the name, address and any other pertinent information concerning the shareholder; the number of Shares held by such shareholder; the agenda for the meeting; the texts of the proposed resolutions;*

the option to cast a positive or negative vote or to abstain; the option to vote by proxy for any new resolution or any modification of the resolutions that may be proposed during the meeting or announced by the Company after the shareholder's submission of the form provided by the Company. The forms for voting by correspondence should be received at the Company no later than the day preceding the fifth (5th) business day before the date of the general meeting of shareholders unless the Company fixes a shorter or longer period. Duly completed forms received by the Company in accordance with the aforementioned conditions shall be counted when determining a quorum at such general meeting of shareholders. The Board shall adopt all other regulations and rules concerning the participation in the meeting and forms to be used to vote by correspondence.

22.11 The Company shall recognize any voting arrangements or undertakings agreed in these Articles or any shareholders agreement, to the extent that such voting arrangements are not in conflict with the provisions of article 450-2 of the Law.

22.12 Resolutions to be adopted at ordinary general meetings of shareholders (except as otherwise provided herein) shall be passed by a simple majority vote, regardless of the proportion of share capital represented.

22.13 These Articles may only be amended (except as otherwise provided for herein) and a Qualifying Liquidity Event and/or a Reserved Matter may only be approved by votes validly cast at a general meeting, which represent at least two thirds of the Company's issued share capita l. The agenda for such a meeting shall indicate the proposed amendments to the Articles, including the text of any proposed amendment to the Company's object or form, or a description of the Qualifying Liquidity Event or the Reserved Matter, as applicable. Each shareholder shall vote in favour of any and all amendments to the Articles as may be required, in order to renew from time to time, before it expires, the authorization granted to the Board under Articles 5.3 and 5.4, to, in accordance with the terms of the applicable Warrants in effect as of 12 December 2024, issue Shares from time to time to the holders of the Warrants and (ii) to limit or cancel the preferential subscription rights of existing shareholders otherwise applicable to such issuance for such purpose. If no quorum is reached in a meeting, a second meeting may be convened in accordance with the provisions of this Article 22 which may deliberate regardless of the quorum and at which resolutions are adopted at a majority of at least two thirds of the votes validly cast. Abstentions and nil votes shall not be taken into account.

22.14 The commitments of the shareholders may only be increased with the unanimous consent of the shareholders.

22.15 Minutes of the general meetings shall be signed by the members of the bureau of the meeting. Copies or excerpts of the minutes to be produced in court or elsewhere shall be signed in conformity with Art. 14 hereof.

22.16 A shareholder may individually decide not to exercise, temporarily or permanently, all or part of his voting rights by means of formal waiver of its rights. The waiving shareholder is bound by such waiver and the waiver must be recognised by the Company upon notification. If voting rights are *suspended or the exercise of the voting rights has been waived by one or several shareholders in accordance with this article, such shareholders may attend any General Meeting but the shares they hold shall not be taken into account for the determination of the conditions of quorum and majority to be complied with at the General Meeting.*

Art. 23. Reserved Matters

*23.1 The Company shall not take any action with respect to any matter referred to under article 23.2 (the **Reserved Matters**) without the prior approval of the shareholders of the Company, acting in accordance with article 22.13 of the Articles.*

23.2 The following decisions are Reserved Matters:

(i) any acquisition or series of related acquisitions by the Company, or by any of its direct or indirect subsidiaries, of assets (including by way of merger, consolidation or otherwise) having an aggregate value greater than one hundred million United States Dollars (USD 100,000,000);

*(ii) any sale, transfer, lease, exchange, encumbrance or other disposition of assets (any of the foregoing a "**disposition**") held by the Company, or any of its direct or indirect subsidiaries, in one or more related transactions (including by way of merger, consolidation or otherwise), having an aggregate value greater than one hundred million United States Dollars (USD 100,000,000); and*

(iii) consolidation or combination of the Company with or into another entity, whether by means of a merger, consolidation, share exchange, or any other similar transaction or series of transactions, whether or not the Company is the surviving entity,

provided that, for the avoidance of doubt, (i) any acquisition or disposition under clause (i) or (ii) above between the Company and any of its direct or indirect subsidiaries or between such subsidiaries, in each case, in the ordinary course of business and (ii) any investment in an operational asset of the Group owned by the Company or its subsidiaries on 12 December 2024 (or any expenses related to such assets), shall in no circumstance be a Reserved Matter.

V. EXTERNAL AUDITORS

Art. 24. External auditors.

24.1 The operations of the Company shall be supervised by one or several statutory auditors (commissaire(s)). The general meeting of shareholders shall appoint the statutory auditor(s) and shall determine their term of office, which may not exceed six (6) years.

24.2 When so required by law, the Company's operations shall be supervised by one or more supervisory auditors (reviseurs d'entreprises).

24.3 A statutory auditor may be removed at any time, without notice and with or without cause, by the general meeting of shareholders.

24.4 If the general meeting of shareholders of the Company appoints one or more supervisory auditors (reviseur(s) d'entreprises agréé(s)) in accordance with article 69 of the law of 19 December 2002 *regarding the trade and companies' register and the accounting and annual accounts of undertakings, as amended, the institution of statutory auditors is no longer required.*

VI. ACCOUNTING YEAR, ALLOCATION OF PROFITS

Art. 25. Financial Year.

The accounting year of the Company shall begin on the first of January and shall terminate on the thirty-first of December of each year.

Art. 26. Appropriation of profits.

26.1 After deduction of any and all of the expenses of the Company and the authorised the credit balance represents the net profit of the Company.

26.2 Of the net profit, five percent (5.00%) shall be appropriated for the legal reserve; this deduction ceases to be compulsory when the reserve amounts to ten percent (10.00%) of the capital of the Company. However if the reserve subsequently falls below ten percent (10.00%) of the capital of the Company, five percent (5.00%) of the net profit must again be appropriated for the legal reserve.

26.3 The balance of the net profit is at the disposal of the general meeting of shareholders, which may decide on the payment of a dividend, to transfer the balance to a reserve account, or to carry it forward in accordance with the applicable legal provisions.

26.4 Interim dividends or other reserves (including share premiums but excluding the legal reserve) may be distributed at any time in compliance with the Law, under the following conditions:

- *(iv) the Board draws up interim accounts;*
- *(v) the interim accounts show that sufficient profits and other reserves (including share premiums) are available for distribution; it being understood that the amount to be distributed may not exceed the profits made since the end of the prior financial year for which the annual accounts have been approved, if any, increased by any undistributed profits carried forward and distributable reserves, and reduced by any losses carried forward and sums to be allocated to any legal or a statutory reserve;*
- *(vi) the decision to distribute interim dividends or other reserves (including share premiums except for the legal reserve), shall be made by the Board within two (2) months from the date of the interim accounts; and*
- *(vii) in their report to the Board, the statutory auditors (commissaires) or the supervisory auditors (reviseurs d'entreprises agrees), as applicable must verify whether the above conditions (i) to (iii) have been satisfied.*

VII. DISSOLUTION, LIQUIDATION AND NOTICES

Art. 27. Dissolution, Liquidation.

27.1 The Company may be dissolved by a decision of the general meeting of shareholders in accordance with Article 3.2 hereof. The liquidation will be carried out by one or more liquidators, natural or legal persons, appointed by the general meeting of shareholders, which will specify their powers and fix their remuneration.

27.2 Subject to the other provisions of these Articles, the surplus resulting from the realization of the *assets and the payment of the liabilities shall be distributed among the shareholders in proportion to the number of Shares of the Company held by them.*

Art. 28. Notices.

28.1 Any notice, information or written statement to be given by the Company to the shareholders may be provided in any way by which it can reasonably be expected to reach each shareholder, including by electronic means, or by mail addressed to each shareholder at the address shown in the Register.

28.2 Any summons, notice, order document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by registered mail addressed to the Company at its registered office, or by leaving it with, or by sending it by registered mail to, the registered agent of the Company.

28.3 Service of any summons notice, order, document, process, information or written statement to be served on the Company may be proved by showing that the summons, notice, order, document, process, information or written statement was delivered to the registered office or the registered agent of the Company or that it was mailed in such time as to admit to its being delivered to the registered agent of the Company in the normal course of delivery within the period prescribed for service and was correctly addressed and the postage was prepaid.

VIII.APPLICABLE LAW.

Art. 29. Applicable Law.

All matters not governed by the Articles are to be construed in accordance with the Law and all other applicable laws.

IX. MISCELLANEOUS.

Art. 30. Definitions.

When used in these Articles, and unless otherwise defined herein, the following terms shall have the following meaning:

*“**Affiliate**” means, with respect to any Entity, any other Entity that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Entity provided that the portfolio companies of an investment fund shall not be considered as "Affiliates" of such investment fund’s management company or general partner;*

*“**Business Day**” means any day, other than a Saturday, a Sunday or other day on which commercial banks are, where relevant, authorized to close under the applicable Law of, or are in fact closed, in Luxembourg, Norway, New York, British Virgin Islands, Cayman Islands, São Paulo, London, or Rio de Janeiro.“*

*“**Control**” (including, with correlative meanings, the term “controlling,” “controlled by” and “under common control with”), as used with respect to any Entity, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Entity, whether through the ownership of voting securities, by agreement or otherwise. For the avoidance of doubt, a general partner/management company (société de gestion) is deemed to Control a*

limited partnership/fonds professionnel de capital investissement or fonds commun de placement à risques it manages or advises.

*"**Entity**" means any legal entity, as well as any société en participation, fonds commun de placement à risques or fonds professionnel de capital investissement, limited partnership and any similar or equivalent organizations, having or not the legal personality.*

*"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.*

*"**Executive Management**" means the group of individuals at the highest level of organizational management of the Company or its Affiliates who by virtue of their position as Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Information Officer (CIO), or other other C-Level executive, have the responsibility of managing the Company or a notable part of its affairs.*

*"**Issue Date**" means 10 June 2022.*

*"**Liquidity Event**" means, with respect to the Company, any of the following, directly or indirectly, in one transaction or a series of related transactions:*

(viii) any merger or consolidation (whether or not the Company is the surviving entity), other than a merger or consolidation of the Company with one or more of its 100% owned direct or indirect subsidiaries;

(ix) any stock purchase, business combination, tender or exchange offer, or any other transaction, pursuant to which any "person" or "group" (as defined under Section 13(d) of the Exchange Act) would acquire or otherwise hold beneficial ownership of more than 50% of the Shares (other than a result of a merger or consolidation of the Company with one more of its 100% owned direct or indirect subsidiaries); or

(x) any sale, transfer, lease, exchange, encumbrance or other disposition of assets representing all or substantially all of the assets of the Company (including its subsidiaries, taken as a whole),

it being specified that a Liquidity Event shall not be triggered by ordinary course market purchases or sales by any shareholders, <u>provided</u>, that, a transaction or series of transactions that would trigger any of the foregoing events shall be deemed not to be ordinary course transactions.

*"**Listing**" means the admission of the Company to trading of its Shares on Euronext Growth Oslo, a multilateral trading facility operated by the Oslo Stock Exchange or another marketplace.*

*"**Majority Shareholder**" means the transferee or subscriber of a Transfer or Subscription triggering the Mandatory Takeover Offer Event.*

*"**Mandatory Takeover Closing Date**" has the meaning as set forth in article 8.4 (iv).*

*"**Mandatory Takeover Offer Event**" means any Transfer or Subscription as a result of which a transferee or subscriber would come to own, together with its Affiliates, more than fifty (50)% of the share capital and voting rights of the Company (including any shares or other securities which may be convertible or exchangeable into the share capital of the Company).*

*“**Mandatory Takeover Offer”** has the meaning as set forth in article 8.1.*

*“**Mandatory Takeover Offer Notice**” has the meaning as set forth in article 8.2.*

*“**Minority Shareholders**” has the meaning as set forth in article 8.1.*

*“**Qualifying Liquidity Event**” means a Liquidity Event that has been approved by the Board.*

*“**Reserved Matter**” has the meaning as set forth in article 23.1.*

*“**Restated Warrant Agreement**” shall mean, collectively, the warrant agreements, dated as of the Issue Date, relating to the Warrants (without giving effect to any amendment thereto).*

*“**Securities**” means, with respect to the Company, the Shares and/or the Warrants.*

***Specified Qualifying Liquidity Event"** has the meaning given in the Restated Warrant Agreement.*

*“**SEC**" means at any time, the Securities and Exchange Commission or any other federal agency at such time administering the Securities Act.*

*"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.*

*“**Subscription**” means any subscription to new Shares in the Company.*

*“**Squeeze-Out”** has the meaning as set forth in article 9.1.*

*“**Squeeze-Out Beneficiary**” means the transferee or subscriber of a Transfer or Subscription triggering the Squeeze-Out Event.*

*“**Squeeze-Out Closing Date**” has the meaning as set forth in article 9.3(iii).*

*“**Squeeze-Out Event**” means any Transfer or Subscription as a result of which a transferee or subscriber would come to own, together with its Affiliates, more than eighty (80)% of the share capital and voting rights of the Company (including any shares or other securities which may be convertible or exchangeable into the share capital of the Company).*

*“**Squeeze-Out Notice**” has the meaning as set forth in article 9.2.*

*“**Squeeze-Out Sellers**” has the meaning as set forth in article 9.1.*

*"**Transfer**" means, whether voluntarily or involuntarily or by operation of law, directly or indirectly, a transfer sale, assignment, donation, gift, pledge, hypothecation, grant of any right or option to purchase, disposal of, encumbrance (or the taking of any similar action) or granting of a security interest in, or in any other manner.*

*“**Warrants**” shall mean warrants exercisable into Shares, as initially issued on the Issue Date and as amended and restated pursuant to the Restated Warrant Agreement.*

APPENDIX B

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2023, AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2022

Constellation Oil Services Holding S.A.

Consolidated financial statements and independent auditor’s report No 243F2-001-EN

December 31, 2023

Contents

Independent auditor's report on the consolidated financial statements

Grant Thornton Auditores Independentes Ltda.

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To the
Shareholders, Directors and Management of
Constellation Oil Services Holding S.A.

Opinion

We have audited the consolidated financial statements of Constellation Oil Services Holding S.A. (the Group), which comprise the statement of financial position as of December 31, 2023 and the respective statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended, and the corresponding explanatory notes, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

Responsibility of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- identify and assess the risks of material misstatement of 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 override of internal control.
- obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group 's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, consequently, for the 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 may have identified during our audit.

Rio de Janeiro, March 15, 2024

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

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2023 AND 2022
(Amounts expressed in thousands of U.S. dollars - US$'000)

ASSETS	Note	December 31, 2023	December 31, 2022
CURRENT ASSETS			
Cash and cash equivalents	6	87,943	59,479
Short-term investments		45	52
Trade and other receivables	8	125,016	76,314
Recoverable taxes	18.a	21,541	22,946
Deferred mobilization costs		8,072	12,765
Assets held for sale	10.a	3,200	-
Other current assets		11,388	16,041
Total current assets		257,205	187,597
NON-CURRENT ASSETS			
Restricted cash	7	1,733	1,733
Deferred tax assets	18.c	20,312	17,823
Deferred mobilization costs		4,380	7,760
Other non-current assets		4,423	1,977
Property, plant and equipment, net	10	2,416,098	2,470,296
Total non-current assets		2,446,946	2,499,589
TOTAL ASSETS		2,704,151	2,687,186

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2023 AND 2022
(Amounts expressed in thousands of U.S. dollars - US$'000)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	December 31, 2023	December 31, 2022
CURRENT LIABILITIES			
Loans and financings	11	33,696	4,992
Payroll and related charges		28,655	13,190
Trade and other payables		57,178	65,265
Taxes payables	18.b	4,784	4,434
Deferred revenues		17,184	18,129
Provisions	12	21,405	7,507
Other current liabilities		6,532	7,351
Total current liabilities		169,434	120,868
NON-CURRENT LIABILITIES			
Loans and financings	11	930,520	937,200
Derivatives	20	26,352	44,044
Deferred revenues		17,824	11,453
Provisions	12	15,710	3,611
Total non-current liabilities		990,406	996,308
TOTAL LIABILITIES		1,159,840	1,117,176
SHAREHOLDERS' EQUITY			
Share capital	13.a	4,933	4,933
Warrants	13.a	1,733	1,733
Share premium	13.d	1,567,897	1,567,897
Reserves	13.b/c	(137,000)	(142,208)
Accumulated profit		106,748	137,655
TOTAL SHAREHOLDERS' EQUITY		1,544,311	1,570,010
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,704,151	2,687,186

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022
(Amounts expressed in thousands of U.S. dollars - US$'000, except per share amounts)

		Year-ended December 31,	
	Note	2023	2022
NET OPERATING REVENUE	14	551,824	406,145
COST OF SERVICES	15	(525,711)	(429,672)
GROSS PROFIT / (LOSS)		26,113	(23,527)
General and administrative expenses	15	(30,607)	(52,705)
Other income	16	55,633	1,077,130
Other expenses	16	(30,617)	(7,007)
OPERATING PROFIT		20,522	993,891
Financial income	17	3,193	2,224
Financial expenses	17	(49,410)	(134,614)
Foreign exchange variation income/(expense), net	17	(353)	(83)
FINANCIAL EXPENSES, NET		(46,570)	(132,473)
PROFIT/(LOSS) BEFORE TAXES		(26,048)	861,418
Taxes	18.d	(4,859)	(2,133)
PROFIT/(LOSS) FOR THE YEAR		(30,907)	859,285

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022
(Amounts expressed in thousands of U.S. dollars - US$'000)

	Note	Year-ended December 31, 2023	2022
PROFIT/(LOSS) FOR THE YEAR		(30,907)	859,285
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments	13.c	5,208	2,879
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		(25,699)	862,164
Comprehensive income attributable to:			
Controlling interests		(25,699)	862,164

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022
(Amounts expressed in thousands of U.S. dollars - US$'000)

					Reserves						
	Note	Share capital	Warrant	Share Premium	Legal	Share of investments' other comprehensive income / (loss)	Acquisition of non-controlling interest in subsidiaries	Foreign currency translation adjustments	Total reserves	Accumulated profit	Total shareholders' equity
BALANCE AS OF DECEMBER 31, 2021		981,200	-	(9,721)	5,683	(2,436)	(85,555)	(62,779)	(145,087)	(721,630)	104,762
Profit for the year		-	-	-	-	-	-	-	-	859,285	859,285
Other comprehensive expense for the year	13.c	-	-	-	-	-	-	2,879	2,879	-	2,879
Total comprehensive profit for the year		-	-	-	-	-	-	2,879	2,879	859,285	862,164
Reestructuring events:											
Capital decrease		(981,200)	-	981,200	-	-	-	-	-	-	-
Capital increase		4,933	-	(4,933)	-	-	-	-	-	-	-
Advance for future capital increase		-	1,733	(1,733)	-	-	-	-	-	-	-
Share premium arising from debt restructuring	1.1	-	-	603,084	-	-	-	-	-	-	603,084
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 profit for the year		-	-	-	-	-	-	5,208	5,208	(30,907)	(25,699)
BALANCE AS OF DECEMEBER 31, 2023		4,933	1,733	1,567,897	5,683	(2,436)	(85,555)	(54,692)	(137,000)	106,748	1,544,311

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts expressed in thousands of U.S. dollars - US$'000)

	Note	Year-ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year		(30,907)	859,285
Adjustments to reconcile profit/(loss) for the year to net cash provided by operating activities:			
Depreciation of property, plant and equipment	10/15	185,724	148,942
Loss (gain) on disposal of property, plant and equipment, net	10	572	335
Reversal of impairment recognised on property, plant and equipment, net	10	(54,674)	(560,756)
Recognition of deferred mobilization costs		12,658	10,883
Recognition of deferred revenues, net of taxes levied		(20,561)	(14,522)
Financial expenses on loans and financings	11.a/17	64,596	85,465
Debt restructuring	16	-	(513,226)
Provision/ (reversal) of onerous contract, net	16	29,630	(1,671)
Other financial expenses (income), net	17	(335)	2,964
Recognition (reversal) of provisions		60	50
Recognition (reversal) of provisions for lawsuits, net	12	(538)	1,162
Provision / (reversal) of derivatives	17/20	(17,692)	44,044
Provision for loss of receivables		-	442
Taxes	18.d	4,859	2,133
Decrease/(increase) in assets:			
Trade and other receivables		(48,702)	(30,648)
Recoverable taxes		1,405	(8,430)
Deferred taxes		(2,489)	(1,408)
Deferred mobilization costs		(4,585)	(25,686)
Other assets		717	(2,808)
Increase/(decrease) in liabilities:			
Payroll and related charges		15,465	(2,985)
Trade and other payables		(8,087)	10,621
Payables to related parties		-	(193)
Taxes payables		(2,337)	811
Deferred revenues		25,987	32,837
Other liabilities		(593)	4,544
Cash used in operating activities		150,113	42,184
Income tax and social contribution paid		(2,172)	(296)
Adjusted cash (used in) / provided by operating activities		147,941	41,888
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investments		7	4,663
Restricted cash		-	15,732
Acquisition of property, plant and equipment	10	(78,936)	(123,559)
Proceeds from disposal of property, plant and equipment	16	675	744
Net cash (used in) / provided by investing activities		(78,254)	(102,420)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid on loans and financings	11.a	(36,747)	(5,689)
Proceeds from loans and financings	11.a	-	62,400
Advance for future capital increase	14.a	-	1,733
Repayment of loans and financings	11.a	(5,825)	(17,618)
Net cash (used in)/provided by financing activities		(42,572)	40,826
Increase/(Decrease) in cash and cash equivalents		27,114	(19,706)
Cash and cash equivalents at the beginning of the year	6	59,479	76,306
Effects of exchange rate changes on the balance of cash held in foreign currencies		1,350	2,879
Cash and cash equivalents at the end of the year	6	87,943	59,479

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

CONSTELLATION OIL SERVICES HOLDING S.A.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION AS OF DECEMBER 31, 2023 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"), Oil and National Gas Corporation ("ONGC"), an Indian oil and gas exploration and 3R Petroleum ("3R").

a) Fleet of offshore drilling rigs

Offshore drilling units

Drilling units	Type	Start of operations	Contract expected expiration date (current or future)	Customer (current or future)
Atlantic Star	Semi-submersible	1997	January 2025 (Note 1.h)	Petrobras
Olinda Star	Semi-submersible	2009	January 2024 (Note 1.i)	ONGC
Gold Star	Semi-submersible	2010	August 2025 (Note 1.f)	Petrobras
Lone Star	Semi-submersible	2011	September 2025 (Note 1.g)	Petrobras
Alpha Star	Semi-submersible	2011	End 2027 (Note 1.e)	Petrobras
Amaralina Star	Drillship	2012	October 2025 (Notes 1.b)	Petrobras
Laguna Star	Drillship	2012	March 2025 (Note 1.d)	Petrobras
Brava Star	Drillship	2015	End 2026 (Note 1.c)	Petrobras

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

On January 2, 2020, the Group announced that the Amaralina Star drillship had been awarded a contract with the consortiums of BM-S-11, BM-S-11A and Unitization Agreement (*Acordo de Individualização de Produção* - AIP) of Lula field, operated by Petrobras. The contract had an estimated duration of 730 days. Operations started on April 15, 2020 and have been performed offshore the Brazilian coast, in the Santos Basin.

On February 22, 2022, the contract had its first amendment to add additional 19 days to its duration. It was amended again on April 20, 2022, with additional 91 days of backlog, being the new total duration of the contract 840 days. The contract ended on July 28, 2022.

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, 2023, the Group has a provision for onerous contract in the total amount of US$2,722 (US$0 as of December 31, 2022), related to the aforementioned contract.

c) Brava Star drillship charter and service-rendering agreements

On January 6, 2021, the Group announced that the Brava Star drillship had been awarded a contract with Petrobras. The contract was signed on December 9, 2020, and has an estimated duration of 810 days (including a clause of termination for convenience after 180 days subject to a demobilization fee, which has not been exercised). The work scope is in water depths of up to 3,048m, and includes 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 8, 2022, and the operations started on December 19, 2023, with an execution period of 1.095 days. The work scope is in water depths of up to 2,400m and includes several integrated services.

On February 20, 2024, Petrobras and the Group signed an addendum to the contract to provide an innovative operation in shallow water depths of 285 meters for at least 100 meters, using technology that has never been seen before in Brazil. The operation is expected to take place in the fourth quarter of 2024.

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, 2023, the Group has a provision for onerous contract in the total amount of US$9,378 (US$0 as of December 31, 2022), related to the aforementioned contract.

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

On July 22, 2019, the Group announced that the Alpha Star offshore drilling rig had been awarded a new contract with Petrobras for a 2-year period. The drilling activities were performed offshore the Brazilian coast, in the Campos Basin and operations started on August 16, 2020. The contract ended on September 14, 2022.

As of December 31, 2023, the Group has a provision for onerous contract in the total amount of US$0. As of December 31, 2022, the Group reversed the provision for onerous contract in the total amount of US$1,671 due to the end of the aforementioned contract.

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

On June 13, 2023 the Group announced that Alpha Star offshore drilling rig has been awarded a new contract with 3R Petroleum (“3R”). The work will be performed 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 has 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. The scope included drilling, completion and workover activities will be performed in water depths up to 2,400 meters, and operations are expected to commence after the rig is released by 3R Petroleum in its current contract.

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

On July 22, 2019, the Group announced that the Gold Star offshore drilling rig had been awarded a new contract with Petrobras for a 2-year period. Operations started on February 11, 2020, and the drilling activities were performed offshore the Brazilian coast. The contract ended on March 4, 2022.

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

As of December 31, 2023, the Group has a provision for onerous contract in the total amount of US$11,082 (US$0 as of December 31, 2022), related to the aforementioned contract.

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

On July 22, 2019, the Group announced that the Lone Star offshore drilling rig had been awarded a new contract with Petrobras for a 2-year period. The drilling activities were performed offshore the Brazilian coast and having started on April 24, 2020. The contract ended on April 23, 2022.

On January 5, 2022 the company announced the achievement of a new contract for the operation of the semi-submersible rig to Petrobras. The contract has a total duration of 3-years (firm) and can be extended for additional 2-years (optional, 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, 2023, the Group has a provision for onerous contract in the total amount of US$6,448 (US$0 as of December 31, 2022), related to the aforementioned contract.

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 duration of 3-years (firm) and can be extended for additional 2-years (optional, subject to mutual agreement). Operations are being performed in the Campos Basin, located offshore the Brazilian coast, and started on January 06, 2021.

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

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

On February 27, 2021, the contract with ONGC was amended for an additional period of 191 days. In July, 2021 it was amended for an additional period of 38 days. Once again, on November 22, 2021 it was amended for an additional period of 39 days until December 31, 2021, due to zero rate and Force Majeure days occurred during the original contract term. This final extension is due to rig waiting for improvement of weather conditions to be demobilized to Kakinada, when rig will then be de-hired. All other terms and conditions remain unchanged.

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

j) 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.

k) Going concern considerations

Market fundamentals point to a multi-year recovery in our segment. During last years’ downturn, Exploration & Productions companies limited their investments in production, prioritizing deleveraging balance sheets and shareholder return, which resulted in reduced oil inventories. This scenario, jointly with increasing demand post pandemic and geopolitical issues, led to a substantial increase in oil prices, which have been traded above $ 100 per barrel. Besides, over the past few years, low demand for offshore projects boosted rigs’ scrapping and brought consolidation to a market with structural problems of oversupply. Going forward, Management believes that rig utilization and day rates will continue their upward progression.

On the Commercial side, we continued to develop our contract backlog, which was at US$1.5 billion as of December 31, 2023, from US$1.3 billion as of December 31, 2022. Note 1 discloses several events related to charter contracts and operating services for offshore drilling rigs that corroborate the above information.

l) 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.

As per the restructuring, the debt was converted into the Company's equity interests as follows:

Type of share	Number of shares	Nomination rights
Class A shares	180,000,000	Have no rights to appoint Board members until the shares are sold to an Acceptable Buyer. Right to appoint a Board Observer
Class B shares	313,333,333	Majority of B Shares (B-1 + B-2) have right to appoint members of the Board
Class B-2 Warrants (Note 13.a)	173,333,333	Majority of B Shares (B-1 + B-2) have right to appoint members of the Board

The Restructuring Documents also provide 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.

The debt restructuring, completed on June 10, 2022, resulted in a gain of $513,226 for the Group, recognized in the second quarter of 2022. This gain was calculated based on a valuation of the equity interests transferred, grossing $603,084, and the extinguished debt totaling $1,116,311.
The breakdown of the share premium amounting to US$ 603,084 is as follows:
(a) B1-shares: US$ 388,287;
(b) B2-shares: US$ 214,797.

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.

m) Commitments

As of December 31, 2023, 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.
- 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, 2023 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), which are mandatorily effective for an accounting period that begins on or after January 1, 2023. 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
Amendments to IAS 12 *Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Group has not been significantly impacted by these amendments during the year.	January 1, 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.	January 1, 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements	The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.	January 1, 2023

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 at December 31, 2023:

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

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

2.3. Brazilian Tax Reform

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

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

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

2.4. Luxembourg Tax Reform

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

3. 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 IFRS, as issued by the IASB.

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 1k.

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 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 (Note 17).

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 recognised in the profit and loss.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

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

<u>The Group as lessor</u>

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 onshore and 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 3.15).

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 4.4).

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 Current and non-current assets and liabilities

Current and non-current assets and liabilities are stated at their net realizable value and settlement amounts, respectively, and include monetary and/or foreign exchange rate variations incurred, when applicable, plus income earned and expenses incurred, recognized on a pro-rata basis through the balance sheet date.

3.14 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).

3.15 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 15).

3.16 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 17).

3.17 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 1.k).

3.18 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.

<u>Financial assets</u>

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 or fair value, depending on their classification.

<u>Impairment of financial assets</u>

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.

<u>Financial liabilities and equity</u>

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.

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.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information regarding the grouping is provided internally on that basis.

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.

3.19 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 have been 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 19.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.

4.1.1 Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated and are considered as “closely related”. The entire hybrid contract is classified and subsequently measured as either amortized cost or fair value as appropriate.

The classification of “closely related” requires judgement when interpreting the applicable clauses of the agreements. Management believes that reached the appropriate interpretation in the applicable agreements, accounting for the options identified as embedded derivatives that are closely related to debt 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 3.9, 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 19.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, 2023 and 2022, the Group recognized impairment reversals 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 22.c, 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 are 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. Consequently, there are significant uncertainties on whether (i) the liquidity event will occur, (ii) the amount of the TEV at the date of as liquidity event, if any and (iii) the related amount of the payments related to the MIP and such assumptions and its impacts are reviewed quarterly. Based on the current information, we estimated a probable outflow and recognized the liabilities amounting to US$ 1,949 thousands.

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, 2023 Direct	2023 Indirect	2022 Direct	2022 Indirect
Alaskan & Atlantic Cooperatief U.A.	Netherlands	-	100.00	-	100.00
Alaskan & Atlantic Rigs B.V.	Netherlands	-	100.00	-	100.00
Alpha Star Equities Ltd. (“Alpha”)	British Virgin Islands	-	100.00	-	100.00
Amaralina Star Ltd. (“Amaralina”)	British Virgin Islands	-	100.00	-	100.00
Angra Participações B.V. (“Angra”)	Netherlands	100.00	-	100.00	-
Brava Drilling B.V. (“Brava Drilling”)	Netherlands	-	100.00	-	100.00
Brava Star Ltd. (“Brava”)	British Virgin Islands	-	100.00	-	100.00
Constellation Netherlands B.V.	Netherlands	100.00	-	100.00	-
Constellation Overseas Ltd. (“Constellation Overseas”)	British Virgin Islands	-	100.00	-	100.00
Constellation Panamá Corp.	Panamá	-	100.00	-	100.00
Constellation Services Ltd. (“Constellation Services”)	British Virgin Islands	-	100.00	-	100.00
Domenica S.A. (“Domenica”) (1)	Paraguay	-	100.00	-	100.00
Domenica Argentina S.A. (2)	Argentina	-	100.00	-	100.00
Gold Star Equities Ltd. (“Gold”)	British Virgin Islands	-	100.00	-	100.00
Laguna Star Ltd. (“Laguna”)	British Virgin Islands	-	100.00	-	100.00
London Tower Management B.V.	Netherlands	-	100.00	-	100.00
Lone Star Offshore Ltd. (“Lone”)	British Virgin Islands	-	100.00	-	100.00
Olinda Star Ltd. (“Olinda”)	British Virgin Islands	-	100.00	-	100.00
Palase Management B.V.	Netherlands	-	100.00	-	100.00
Positive Investments Management B.V.	Netherlands	100.00	-	100.00	-
QGOG Constellation US LLC.	United States of America	-	100.00	-	100.00
Serviços de Petróleo Constellation Participações S.A.	Brazil	-	100.00	-	100.00
QGOG Star GmbH	Switzerland	100.00	-	100.00	-
Serviços de Petróleo Constellation S.A.	Brazil	-	100.00	-	100.00
Serviços de Petróleo Onshore Constellation Ltda. (3)	Brazil		100.00		100.00
Serviços de Petróleo Constellation S.A. (“SPC India”)	India	-	100.00	-	100.00
Star International Drilling Ltd. (“Star”)	Cayman Island	-	100.00	-	100.00

(1) On January 06, 2023, a share purchase agreement was signed between Serviços de Petróleo Constellation Participações S.A., Serviços de Petróleo Constellation S.A. and Serviços de Petróleo Onshore Constellation Ltda. and President Energy Investments (Paraguay) where 100% of the shares from Domenica S.A. were sold, including the onshore rig QG-I.

(2) On March 10, 2023, the liquidation of the company Domenica Argentina S.A. was concluded and the company has ceased to exist.

(3) On May 10, 2023, the incorporation of the company Serviços de Petróleo Onshore Constellation Ltda. was concluded.

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash and bank deposits	64,376	20,515
Time deposits (*)	23,567	38,964
Total	87,943	59,479

(*) Time deposits are comprised as follows:

Financial institution	Currency	Average interest rate (per annum)	December 31, 2023	December 31, 2022
Itaú BBA Nassau	U.S. dollar	0.15%	-	24,668
		SOFR - 0.15% bps	-	
Citibank	U.S. dollar			124
Banco Bradesco S.A.	Brazilian real	20%	7,074	6,771
Banco do Brasil S.A.	Brazilian real	90,46% of CDI(i)	16,493	7,401
Total			23,567	38,964

(i) Brazilian Interbank Deposit Certificate (Certificado de Depósito Interbancário - CDI), average remuneration during the year ended December 31, 2023 and December 31, 2022 was 13.26 %p.a. and 12.45% 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 as of December 31, 2023 and 2022 is held in an account of the Company for the benefit of the warrant holders. Such amount may only be released by the warrant holder for payment of the exercise price of the warrants.

As part of the restructuring, the balances in the debt service reserve accounts were used to repay ALB loans. The Company made payments of principal for Amaralina Star and Brava Star financing in amount of US$ 17,618 as of December 31, 2022 (Note 11.a).

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

Financial institution	Type	Average interest rate (per annum)	December 31 2023	December 31, 2022
Signature Bank(i)	Bank deposits	-	1,733	1,733
Total			1,733	1,733

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

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 of approximately 82 days (68 days on December 31, 2022). Details of financial risk management related to credit risk are disclosed in Note 19.b.

As of the year ended on December 31, 2022, the Group decided to recognize a provision for loss of receivables in the amount of US$ 442 related to deductions imposed to Olinda Star due to activities that occurred during 2020. No provision for loss recognized for the year ended December 31, 2023.

9. RELATED PARTY TRANSACTIONS

As of the years ended as of December 31, 2023 and December 31, 2022, 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, 2023 and December 31 2022, is as follows:

	December 31,	
	2023	2022
Short-term benefits (ii)	7,270	5,578

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

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

Management Incentive Plan (MIP)

The company implemented a Management Incentive Plan (MIP) in May 2023 to reward and retain key personnel while supporting long-term performance goals as it is disclosed on note 22.c.

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	Onshore drilling rigs, equipment and bases [(b)]	Corporate	Total
Cost											
Balance as of December 31, 2021	728,687	724,725	719,555	376,780	772,885	605,239	740,160	585,632	120,803	19,912	5,394,378
Additions	2,214	31,677	33,204	1,405	2,057	23,363	25,379	2,762	905	3	122,969
Disposals / write off	-	-	(380)	(39)	-	(176)	(112)	-	(1,805)	-	(2,512)
Currency translation adjustments	-	-	-	-	-	-	-	-	3,150	485	3,635
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
Accumulated depreciation and Impairment											
Balance as of December 31, 2021	(327,181)	(437,048)	(415,790)	(229,902)	(474,142)	(378,003)	(515,239)	(566,790)	(98,219)	(18,503)	(3,460,817)
Depreciation	(23,198)	(25,653)	(26,063)	(19,486)	(18,089)	(15,540)	(15,723)	(1,595)	(3,479)	(116)	(148,942)
Impairment	77,499	121,169	130,427	(5,223)	68,491	67,316	102,006	(929)	-	-	560,756
Disposals / write off	-	-	184	17	-	93	78	-	994	-	1,366
Currency translation adjustments	-	-	-	-	-	-	-	-	(140)	(397)	(537)
Balance as of December 31, 2022	(272,880)	(341,532)	(311,242)	(254,594)	(423,740)	(326,134)	(428,878)	(569,314)	(100,844)	(19,016)	(3,048,174)
Depreciation	(27.051)	(30,888)	(40,366)	(12,862)	(20,164)	(24,005)	(25,418)	(1,624)	(2,274)	(1,072)	(185,724)
Impairment	41,961	13,550	-	15,665	16,879	4,276	(5,993)	(17,628)	(14,036)	-	54,674
Reclass to Assets held for sale	-	-	-	-	-	-	-	-	28,988	-	28,988
Disposals / write off	14	115	17	-	45	-	-	-	19	14	224
Currency translation adjustments	-	-	-	-	-	-	-	-	(4,030)	(2,755)	(6,785)
Balance as of December 31, 2023	(257,956)	(358,755)	(351,591)	(251,791)	(426,980)	(345,863)	(460,289)	(588,566)	(92,177)	(22,829)	(3,156,797)
Property, plant and equipment, net [(a)]											
December 31, 2022	458,021	414,870	441,137	123,552	351,202	302,292	336,549	19,080	22,209	1,384	2,470,296
December 31, 2023	498,116	407,604	407,261	128,882	362,202	294,247	313,218	-	3,289	1,279	2,416,098
Useful life range (years)	1 – 35	1 - 35	1 – 35	1 - 35	1 - 35	1 - 35	1 - 35	1 - 35	1 – 25	1 – 25	

(a) The Group's assets that are pledged as security for financing agreements are disclosed in Note 11.
(b) As of December 31, 2023 the amounts of US$0 (US$18,593 as of December 31, 2022) refers to the onshore drilling rigs.

Impairment

During the years ended December 31, 2023 and 2022, the Group identified indicators that part of the impairment loss recognized in prior periods of its offshore asset groups may have decreased. Such indicators included recovery in commodity prices and projected day rates.

(a) Onshore drilling rigs

As of December 31, 2022 the Group estimated the recoverable amount of its onshore drilling rigs based on the revaluated historical cost. In calculating the recoverable amount of these drilling units no impairment was recognized.

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 was completed on January 19, 2024. Accordingly, Onshore drilling rigs were reclassified to assets held for sale as of December 31, 2023 in the amount of US$ 3,200. The assets held for sale are measured at fair value less costs to sell, therefore an impairment loss of US$ 14,036 was also recognized (resulting in the amount of assets held for sale of US$ 3,200 as of December 31, 2023).

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

(1) As of December 31, 2023, these onshore drilling rigs were not hired under charter and service-rendering agreements. The Group made the strategic choice to sell its remaining onshore drilling rigs as part of the divestment process to become even more competitive on the global stage.

(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 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 is to be paid on February 02, 2024.

(3) 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.

(b) Offshore drilling rigs and drillships

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

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 2023	December 31, 2022
Bondholders	Senior Secured Notes ("Priority Lien Notes")	Corporate Bond	Debt Restructuring	Jun/2022	Jun/2025	13.50%	13.50%	U.S. dollar	57,408	62,400
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	284,518
Bondholders	Senior Secured Notes ("Second Lien Notes") (2)	Corporate Bond	Debt Restructuring	Jun/2022	Dec/2050	0.25%	0.25%	U.S. dollar	1,895	1,892
Bondholders	Senior Unsecured Notes ("2050 Notes") (3)	Corporate Bond	Debt Restructuring	Jun/2022	Dec/2050	0.25%	0.25%	U.S. dollar	3,124	3,116
							Subtotal – fixed interest rate loans		351,936	351,926
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	44,017
							Subtotal – variable interest rate loans		45,642	44,017
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	516,049
Certain Lenders	Financing ("ALB L/C Debt") (6)	ALB L/C Debt	Debt restructuring	Jun/2022	Dec/2026	SOFR + 3.00%	SOFR + 3.00%	U.S. dollar	30,200	30,200
							Subtotal – variable interest rate financings		566,638	546,249
								Total	964,216	942,192
								Current	33,696	4,992
								Non-current	930,520	937,200

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

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

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

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

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

(6) Prepayment option without penalty.

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

a) Changes in loans and financing

	December 31, 2023	December 31, 2022
Balance as of January 1	942,192	1,933,943
Additions	-	62,400
Principal repayment	(833)	(17,618)
Interest payment	(41,739)	(5,687)
Total payments	(42,572)	(23,305)
Interest charged through profit and loss	64,596	85,465
Financial expenses on loans and financing (Note 17)	64,596	85,465
Debt restructuring	-	(1,116,311)
Balance as of December 31	964,216	942,192

Working capital

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.

Notes

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

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

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

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

b) Loans and financing long term amortization schedule

For year ended December 31, 2023	Net amount	PIK (*)	Gross amount
2024	-	36,259	36,259
2025	23,712	3,757	27,469
2026	901,789	205,720	1,107,509
After 2027	5,019	351	5,370
Total	930,520	246,087	1,176,607

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

c) Covenants

<u>*Financial covenants*</u>

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

d) Guarantees and Collateral

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

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

12. PROVISIONS

	December 31,			
	2023		2022	
	Current	Non-current	Current	Non-current
Provision for Onerous Contract[a]	19,857	9,773	-	-
Contractual Penalties [b]	1,548	-	7,507	
Contingencies and provisions for lawsuits [c]	-	3,570	-	2,797
MIP Retention (Note 22.c)	-	1,949	-	-
Others	-	418	-	814
Total	21,405	15,710	7,507	3,611

(a) Provision for Onerous Contract

During 2023, 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$ 9,378), Lone (US$ 6,448), Gold (US$ 11,082) and Amaralina (US$ 2,722). No provision for onerous contract has been recorded for 2022.

(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, 2023	December 31, 2022
Balance as of January 1	795	745
Contractual Penalties accrual/(reversal)	693	6,712
Foreign exchange rate variations	60	50
Balance as of December 31	1,548	7,507

(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, 2023, 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 2023	December 31, 2022
Balance as of January 1	2,797	1,540
Additions	3,202	1,992
Reversals	(2,664)	(830)
Foreign exchange rate variations	235	95
Total	3,570	2,797

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$21,001 as of December 31, 2023 (US$18,979 as of December 31, 2022), tax lawsuits in the amount of US$46,790 as of December 31, 2023 (US$35,225 as of December 31, 2022) and civil lawsuits in the amount of US$694 as of December 31, 2023 (US$644 as of December 31, 2022).

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

i. On September 15, 2010, Serviços de Petróleo received a Notice of Violation issued by the tax authorities due to the nonpayment of Services Tax ("*Imposto sobre Serviços de Qualquer Natureza* - ISS") in the city of Rio de Janeiro. Serviços de Petróleo argues, on appeal, that the operations were carried out in other municipalities and the taxes were collected under their tax jurisdictions (ISS due to the site of the service provider). As of December 31, 2023, the estimated amount involved is US$9,394 (US$7,233 as of December 31, 2022).

On January 22, 2015, Serviços de Petróleo received a Notice of Violation issued by the Brazilian Internal Revenue Service (*Receita Federal do Brasil* - RFB) related to Social Integration Program ("*Programa de Integração Social* - PIS") and Social Investment Program ("*Contribuição para o Financiamento da Seguridade Social* - COFINS") collected in the years 2010 and 2011. The RFB initiated a Tax Administrative Process, whereby it requires Serviços de Petróleo to make tax payments, due to the fact that the RFB considered that Serviços de Petróleo made use of improper tax credits aiming to reduce its PIS and COFINS obligations. On February 23, 2015, Serviços de Petróleo argued, on appeal, in order to contest RFB's tax assessment. As of December 31, 2023, the estimated amount involved is US$22,052 (US$19,157 as of December 31, 2022).

On December 18, 2020, Serviços de Petróleo received a Notice of Violation issued by the Brazilian Internal Revenue Service (Receita Federal do Brasil - RFB) related to Social Integration Program ("Programa de Integração Social - PIS") and Social Investment Program ("Contribuição para o Financiamento da Seguridade Social - COFINS") collected in the year 2016. The RFB initiated a Tax Administrative Process, whereby it requires Serviços de Petróleo to make tax payments, due to the fact that the RFB considered that Serviços de Petróleo made use of improper tax credits aiming to reduce its PIS and COFINS obligations. On January 19, 2021, Serviços de Petróleo argued, on appeal, in order to contest RFB's tax assessment. As of December 31, 2023 the estimated amount involved is US$4,150 (US$3,850 as of December 31, 2022).

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

   On June 4, 2020, Constellation filed a motion requesting the suspension of the process until a judgment is reached in the nullity action proposed by Constellation against Transocean's patent. The Judge has granted such suspension on September 11, 2020. Transocean tried to revert such decision, but suspension was maintained again by the Appellate Court in October 2023 until a judgment is reached in the nullity action proposed by Constellation against Transocean's patent. On December 13, 2023, the Appellate Court rejected Transocean's request. Therefore, on February 7, 2024, Transocean filed a special appeal. Constellation shall file its response by the end of March 2024 – it will only be possible to indicate the exact deadline after Constellation being summoned about the special appeal.

3. Tax, labor and social security matters

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

4. Other matters

Petrobras withholding taxes

In July 2014, the Group received letters from Petrobras informing that the RFB issued Notices of Violation against Petrobras regarding the absence of withholding income taxes collection from charter agreements remittances in 2008 and 2009, related to the Atlantic Star and Alaskan Star offshore drilling rigs. Petrobras indicated that is currently contesting such Notices of Violation, but if the losses on ongoing appeals are confirmed, Petrobras will seek recoverability of such losses from its contractors, including the Group, plus any penalties, interest and fees that would be required to settle the debt with the RFB. Petrobras has informed that the amount involved related to the work performed by the Group amounts to R$152 million (US$68 million translated at historical rates as of June 30, 2014), excluding penalties, interest and fees. The Group has contested Petrobras' allegations in a response letter stating that Petrobras "has no legal or commercial grounds to seek recoverability of such losses from the Group" and that "will not accept any withholding or deduction of the amounts to be received under the charter agreements". Should Petrobras fail on its appeals and, consequently, the Group receives any future charges aiming at the reimbursement of Petrobras' losses, the Group will contest such charges.

13. SHAREHOLDERS' EQUITY

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

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

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

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

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

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

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

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

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

[1] Includes backstop fee of $2.4M

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

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

a) Share capital

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

As of December 31, 2023, and December 31, 2022, the Company’s share capital amounts to US$4,933, comprised by 493,333,333 ordinary shares, of one cent per share and with no par value.

Advance for future capital increase/Warrant

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

b) Legal reserve

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

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

c) Other Comprehensive Items (OCI)

Foreign currency translation adjustments reserve

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

d) Share Premium

Share premium represents the difference between the nominal value of the Company's share versus the total amount that was received for the issued share. As of December 31, 2023 and 2022 the Share Premium is 1,567,897.

14. NET OPERATING REVENUE

The Group's operating revenue is mainly derived from charter and service-rendering agreements. As of December 31, 2023 and 2022, Petrobras has accounted for 73% and 74%, respectively, of total revenues.

Net operating revenue is presented after the following items:

	December 31,	
	2023	2022
Gross operating revenue	583,548	428,756
Taxes levied on revenue:		
Social Integration Program (PIS) (i)	(3,240)	(2,418)
Social Investment Program (COFINS)(i)	(14,924)	(11,136)
Services Tax (ISS) (i)	(5,022)	(3,681)
Good and Service Tax (GST) (ii)	(8,538)	(5,410)
Other	-	34
Net operating revenue	551,824	406,145

(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. COST OF SERVICES AND OPERATING EXPENSES

	December 31,					
	2023			2022		
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	(141,619)	(19,554)	(161,173)	(103,787)	(16,030)	(119,817)
Depreciation	(185,603)	(121)	(185,724)	(148,808)	(133)	(148,941)
Materials	(62,459)	-	(62,459)	(38,554)	-	(38,554)
Maintenance	(99,911)	-	(99,911)	(106,247)	(17)	(106,264)
Insurance	(4,760)	(799)	(5,559)	(5,416)	(1,390)	(6,806)
Other (1)/(2)	(31,359)	(10,133)	(41,492)	(26,860)	(35,135)	(61,995)
Total	(525,711)	(30,607)	(556,318)	(429,672)	(52,705)	(482,377)

(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.

16. OTHER OPERATING INCOME (EXPENSES)

	December 31, 2023	December 31, 2022
Revenue from sales of PP&E	675	744
Reversal for onerous contract	-	1,671
Reversal of impairment provision, net (Note 10)	54,674	560,756
Gain in restructuring (Note 1.l)		513,226
Other	284	733
Other income	55,633	1,077,130
Contractual Penalties	(699)	(6,727)
Provisions for onerous contract	(29,630)	-
Other	(288)	(280)
Other expenses	(30,617)	(7,007)
Total other income, net	25,016	1,070,123

17. FINANCIAL EXPENSES, NET

	December 31, 2023	December 31, 2022
Interest on short-term investments	2,552	1,085
Other financial income	641	1,139
Financial income	3,193	2,224
Financial expenses on loans and financing (Note 11.a)	(64,596)	(85,465)
(Accrual)/ reversal of derivatives (Note 20)	17,692	(44,044)
Other financial expenses	(2,506)	(5,105)
Financial expenses	(49,410)	(134,614)
Foreign exchange variation gain, net	(353)	(83)
Financial expenses, net	(46,570)	(132,473)

18. TAXES

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

The related taxes and contributions are as follows:

a) Recoverable taxes

	December 31 2023	December 31, 2022
Taxes on revenue (PIS/COFINS)	16,262	16,061
Recoverable Taxes in India - GST(i) and WHT	3,533	4,702
Income tax (IRPJ) and social contribution on net income (CSLL) (ii)	1,526	1,914
Other	221	269
Total	21,541	22,946
Current	21,541	22,946
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 2023	December 31, 2022
Goods and Services Tax - GST(i)	811	137
Income tax (IRPJ) and social contribution (CSLL)	2,722	2,787
Service Tax (ISS)	1,062	1,396
State VAT (ICMS)	189	114
Total	4,784	4,434

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

c) Deferred tax assets

i) Brazil

	December 31 2023	December 31, 2022
Income tax (IRPJ) and social contribution (CSLL) (*)	20,312	17,823

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

ii) Luxembourg

Based on the 2023 CIT return, the Company avails of approximately US$ 3,443,758 (3,445,748 as of December 31, 2022) of carry-forward losses for Luxembourg CIT purposes. Such carry-forward losses represent tax credits of US$ 858,873 (US$ 859,369 as of December 31, 2022) that has not been recognized in the balance sheet as they are not expected to be used in the future.

d) Effect of income tax results

The tax rate used for the nine-month period ended December 31, 2023 and 2022 reconciliations below refers to the combined corporate nominal tax rate of 34% in accordance with Brazilian tax legislation, jurisdiction in which Serviços de Petróleo (Brazilian subsidiary) operates, the corporate nominal tax rate of 20% in accordance with British tax legislation, jurisdiction in which QGOG Constellation UK Ltd. Operates and the withholding income tax on Serviços de Petróleo India revenues of 4.326%, in accordance with Indian tax legislation, jurisdiction in which Serviços de Petróleo India operates.

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

	December 31,	
	2023	2022
Profit / (Loss) before taxes	(26,048)	861,418
Income tax and social contribution at nominal rate (*)	(4,140)	(1,607)
Adjustments to derive effective tax rate:		
Non-deductible expenses	7,564	(1,106)
Other	(8,283)	580
Income tax expense recognized in profit or loss	(4,859)	(2,133)
Current taxes	(5,793)	(2,498)
Deferred taxes	934	365

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

19. 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, 2023		December 31, 2022	
	Category	Carrying amount	Fair value	Carrying amount	Fair value (*)
Financial assets					
Cash and cash equivalents	FVTPL	87,943	87,943	59,479	59,479
Short-term investments	FVTPL	45	45	52	52
Restricted cash	FVTPL	1,733	1,733	1,733	1,733
Trade and other receivables	Amortized cost	125,016	125,016	76,314	76,314
Financial liabilities					
Loans and financing	Amortized cost	964,216	885,122	942,192	942,192
Trade and other payables	Amortized cost	57,178	57,178	65,265	65,265
Embedded derivatives	FVTPL	26,352	26,352	44,044	44,044

(*) The Company estimates that the fair value of the outstanding loans and financing, as of December 31, 2022, is similar to its carrying amount as (i) the loans and financing has been recently restructured, (ii) the interest rates of significant portion are variable and (iii) the remaining portion that is fixed includes a closely related derivative that approximates the outstanding amount to the fair value.

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

Fair value hierarchy

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

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

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

Level 1 - The “inputs” are determined based on prices in an active market for identical assets or liabilities at the measurement date. Additionally, the entity must be able to trade in an active market and the price cannot be adjusted by the entity.

Level 2 - The “inputs” are other than prices as determined by Level 1 that are observable for the asset or liability, directly or indirectly. The “inputs” level includes two prices in an active market for similar assets or liabilities, prices in an inactive market for identical assets or liabilities, or “inputs” that are observable or can corroborate the observation of market data by correlation or other means for substantially every part of the asset or liability.

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

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

b) Financial risk management

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

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built a liquidity risk management framework for managing the Group’s short and long-term funding and liquidity m
anagement 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 restructuring in June 2022. The Group kept its improved liquidity position during 2023, as shown on note 19 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, 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

December 31, 2022

Period	Trade and other payables	Loans and financing	Total
2023	65,265	21,425	86,690
2024	-	42,531	42,531
2025	-	27,233	27,233
2026	-	1,125,721	1,125,721
After 2027	-	5,370	5,370
Total	65,265	1,222,280	1,287,545

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.

Market Risk (interest rate risk)

The Group is exposed to interest rate risk due to the fact that its entities borrow funds at both fixed and variable interest rates. The Group manages such risk by maintaining an appropriate mix between fixed and variable rate borrowings and by using interest rate swap instruments, when due necessary. The Group is exposed to fluctuations in US$ LIBOR/SOFR interest rates charged on its loans and financing (Note 11).

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

Currency exchange rate risk

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

Interest rate sensitivity analysis

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

Risk: interest rate variation	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.

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 2023	December 31, 2022
Loans and financing (a)	964,216	942,192
Cash transactions (b)	(89,721)	(61,264)
Net debt (c)	874,495	880,928
Shareholders' equity (d)	1,544,311	1,570,010
Net debt on shareholders' equity plus net debt [(c)] ÷ [(c) + (d)]	36%	36%

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

20. DERIVATIVES

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

As of December 31, 2023 the Group performed a revaluation of the fair value and identified indicators that required an expense reversal of US$ 17,7 million for the year, amounting to US$ 26,4 million.

21. INSURANCE (Unaudited)

As of December 31, 2023 and December 31, 2022, major assets or interests covered by insurance policies and their respective coverage amounts are summarized below:

	December 31, 2023	December 31, 2022
Civil liability	1,952,000	1,760,500
Operating risks	1,559,730	1,524,796
Loss of hire	300,000	-
Operational headquarter and others	14,452	13,722
Total	3,826,182	3,299,018

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

22. PENSION AND RETENTION PLANS AND MANAGEMENT INCENTIVE PLAN

The total amount paid by Constellation Oil Services Holding S.A to the Board of Directors as of December 31, 2023 was US$ 498 (US$ 518 as of December 31, 2022) 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, 2023, contributions payable by Serviços de Petróleo at the rates specified by the plan rules amounts to US$ 1,081 (US$ 672 as of December 31, 2022).

b) Retention Plan

The Group has offered a retention agreement as of December 17, 2020 (the “Agreement”) for the benefit of eligible employees of the Group in connection with the start of a new phase of renegotiation of its indebtedness. The purpose of the Agreement is to provide a retention bonus for those employees that stay 12 months after the completion of the new debt restructuring of the Group. The new debt restructuring was considered concluded with the judicial homologation (“homologação judicial”) of the approval of the Amendment to the Judicial Recovery Plan. The amount of US$1,536 has been paid in January 2021, US$480 was paid in May 2021 and after the completion of the restructuring, the remaining amount of US$ 2,769 was paid in June 2022.

c) Management Incentive Plan (MIP)

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

The first component involves a Retention Pool of USD 2.0 million allocated to offshore employees. This amount will be payable on the second anniversary of the restructuring closing. The restructuring closing was concluded in June, 2022 (note 1.l). Additionally, USD 2.5 million has been allocated for key positions, with payment scheduled for the third anniversary of the restructuring closing.

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

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

For the year ended December 31, 2023, the Group made accruals as specified by the MIP Retention plan rules amounting to US$ 1,949 (compared to US$ 0 as of December 31, 2022) related to the Retention Pool. No accruals have been recorded for the Performance Unit Pool and Board Pool.

23. 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 2023	December 31, 2022
2023	-	547,327
2024	653,133	411,909
2025	435,435	234,350
2026	253,985	100,667
After 2027	142,761	-
Total	1,485,314	1,294,253

24. SUBSEQUENT EVENTS

Offshore drilling rigs charter and service rendering agreements

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

Divestment of onshore operations

Note 10 - 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 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.

Contingencies and provisions for lawsuits

Note 12.II.ii – Updates related to Transocean's claim.

25. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements were approved by the Company´s Board of Directors and authorized for issuance on March 15, 2024.

Constellation Oil Services Holding S.A.

Consolidated financial statements and independent auditor’s report

As of December 31, 2022

Contents

Independent auditor's report on the consolidated financial statements

Grant Thornton Auditores Independentes Ltda.

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To the Shareholders, Directors and Management of
Constellation Oil Services Holding S.A.
Rio de Janeiro – RJ

Opinion

We have audited the consolidated financial statements of Constellation Oil Services Holding S.A. (the Group), which comprise the statement of financial position as of December 31, 2022 and the respective statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended, and the corresponding explanatory notes, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Group as of December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

Emphasis of matter

Financial restructuring aspects

We draw attention to Notes No 1.l and 12 to the consolidated financial statements, which informs that a Plan Support Agreement, a Restructuring Term-Sheet and other relevant documents were signed by the Group and its creditors on March 24, 2022 and June 10, 2022 (mainly related to amended and restated credit agreements and new arrangements that involved the conversion of part of the Group's debt held by some creditors into share capital of the mother Company), resulting in the dilution of equity interest of the original shareholders (the "Restructuring Documents"). Our opinion is not modified with respect to this matter.

Restatement of the corresponding consolidated financial statements

In accordance with Note No 2.1 to the consolidated financial statements, during 2022 fiscal year the Group reviewed its accounting policy for rig inventory components considering new accounting policies. As a result, the consolidated financial statements as of and for the year ended December 31, 2021 are being restated in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*). Our opinion is not modified with respect to this matter. The consolidated financial statements for the year ended December 31, 2021, before the restatement adjustments, were previously audited by us, which unqualified report, dated July 21, 2022, included an emphasis of matter paragraph related to subsequent liquidity and financial restructuring aspects (equivalent emphasis mentioned in the section "Financial restructuring aspects" of this report). The consolidated statement of financial position as of January 1, 2021 was derived from the consolidated financial statements as of and for the year ended December 31, 2020, previously audited by us, which report, dated May 5, 2021, included a disclaimer of opinion regarding material uncertainty related to the Group's ability to continue as a going concern.

Responsibility of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

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

Rio de Janeiro, March 31, 2023

Grant Thornton Auditores Independentes Ltda.
CRC 2SP-025.583/O-1

Octavio Zampirollo Neto
Assurance Partner CRC 1SP-289.095/O-3

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022 AND 2021 AND JANUARY 01, 2021
(Amounts expressed in thousands of U.S. dollars - US$'000)

ASSETS	Note	December 31, 2022	December 31, 2021	January 01, 2021
			(as restated)	(as restated)
CURRENT ASSETS				
Cash and cash equivalents	6	59,479	76,306	34,927
Short-term investments	7	52	4,715	18,028
Restricted cash	8	-	19,198	22,697
Trade and other receivables	9	76,314	45,666	32,471
Receivables from related parties	10	-	-	60
Recoverable taxes	20.a	22,946	14,516	11,487
Deferred mobilization costs		12,765	4,175	5,818
Other current assets		16,041	12,230	7,478
Total current assets		187,597	176,806	132,966
NON-CURRENT ASSETS				
Restricted cash	8	1,733	-	-
Recoverable taxes	20.a	-	-	102
Deferred tax assets	20.c	17,823	16,415	19,929
Deferred mobilization costs		7,760	1,547	2,841
Other non-current assets		1,977	6,689	4,134
Property, plant and equipment, net	11	2,470,296	1,933,561	1,868,406
Total non-current assets		2,499,589	1,958,212	1,895,412
TOTAL ASSETS		2,687,186	2,135,018	2,028,378

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022 AND 2021 AND JANUARY 01, 2021
(Amounts expressed in thousands of U.S. dollars - US$'000)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	December 31, 2022	December 31, 2021	January 01, 2021
CURRENT LIABILITIES				
Loans and financings	12	4,992	117,113	75,000
Payroll and related charges		13,190	16,175	15,469
Trade and other payables		65,265	54,644	54,092
Payables to related parties	10	-	193	178
Taxes payables	20.b	4,434	1,786	3,388
Provisions	13	795	745	2,729
Deferred revenues		18,129	6,963	13,526
Provision for onerous contract		-	1,671	2,704
Contractual Penalties		6,712	-	-
Other current liabilities		7,351	7,007	7,409
Total current liabilities		120,868	206,297	174,495
NON-CURRENT LIABILITIES				
Loans and financings	12	937,200	1,816,830	1,734,143
Derivatives	22	44,044	-	-
Deferred revenues		11,453	4,304	4,220
Provision for onerous contract		-	-	1,070
Other non-current liabilities		3,611	2,825	3,301
Total non-current liabilities		996,308	1,823,959	1,742,734
TOTAL LIABILITIES		1,117,176	2,030,256	1,917,229
SHAREHOLDERS' EQUITY				
Share capital	15.a	4,933	981,200	981,200
Advance for future capital increase	15.a	1,733	-	-
Share premium		1,567,897	(9,721)	(9,721)
Reserves	15.b/c	(142,208)	(145,087)	(139,127)
Accumulated profit / (losses)		137,655	(721,630)	(721,203)
TOTAL SHAREHOLDERS' EQUITY		1,570,010	104,762	111,149
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,687,186	2,135,018	2,028,378

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts expressed in thousands of U.S. dollars - US$'000, except per share amounts)

	Note	Year-ended December 31, 2022	2021 (as restated)
NET OPERATING REVENUE	16	406,145	387,037
COST OF SERVICES	17	(429,672)	(400,468)
GROSS PROFIT / (LOSS)		(23,527)	(13,431)
General and administrative expenses	17	(52,705)	(42,866)
Other income	18	1,077,130	185,193
Other expenses	18	(7,007)	(159)
OPERATING PROFIT / (LOSS)		993,891	128,737
Financial income	19	2,224	1,376
Financial expenses	19	(134,614)	(125,273)
Foreign exchange variation income, net	19	(83)	(182)
FINANCIAL EXPENSES, NET		(132,473)	(124,079)
PROFIT / (LOSS) BEFORE TAXES		861,418	4,658
Taxes	20.d	(2,133)	(5,085)
PROFIT / (LOSS) FOR THE YEAR		859,285	(427)

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (LOSS) FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts expressed in thousands of U.S. dollars - US$'000)

		Year-ended December 31,	
	Note	2022	2021
			(as restated)
PROFIT / (LOSS) FOR THE YEAR		859,285	(427)
OTHER COMPREHENSIVE INCOME / (LOSS)			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments	15.c	2,879	(5,960)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		862,164	(6,387)
Comprehensive income attributable to:			
Controlling interests		862,164	(6,387)

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 AND JANUARY 01, 2021
(Amounts expressed in thousands of U.S. dollars - US$'000)

					Reserves						
	Note	Share capital	Advance for future capital increase	Share Premium	Legal	Share of investments' other comprehensive income / (loss)	Acquisition of non-controlling interest in subsidiaries	Foreign currency translation adjustments	Total reserves	Accumulated losses	Total shareholders' equity
BALANCE AS OF DECEMBER 31, 2020		981,200	-	(9,721)	5,683	(2,436)	(85,555)	(56,819)	(139,127)	(553,731)	278,621
Effects of change in accounting policy for inventories		-	-	-	-	-	-	-	-	(167,472)	(167,472)
BALANCE AS OF JANUARY 01, 2021 - as restated		981,200	-	(9,721)	5,683	(2,436)	(85,555)	(56,819)	(139,127)	(721,203)	111,149
Loss for the year		-	-	-	-	-	-	-	-	(427)	(427)
Other comprehensive loss for the year	15.c	-	-	-	-	-	-	(5,960)	(5,960)	-	(5,960)
Total comprehensive loss for the year		-	-	-	-	-	-	(5,960)	(5,960)	(427)	(6,387)
BALANCE AS OF DECEMBER 31, 2021 - as restated		981,200	-	(9,721)	5,683	(2,436)	(85,555)	(62,779)	(145,087)	(721,630)	104,762
Profit for the year		-	-	-	-	-	-	-	-	859,285	859,285
Other comprehensive income for the year	15.c	-	-	-	-	-	-	2,879	2,879	-	2,879
Total comprehensive income for the year		-	-	-	-	-	-	2,879	2,879	859,285	862,164
Reestructuring events:											
Capital decrease	15.a	(981,200)	-	981,200	-	-	-	-	-	-	-
Capital increase	15.a	4,933	-	(4,933)	-	-	-	-	-	-	-
Advance for future capital increase	15.a	-	1,733	-	-	-	-	-	-	-	1,733
Share premium arising from debt restructuring	1.1/25	-	-	601,351	-	-	-	-	-	-	601,351
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

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

CONSTELLATION OIL SERVICES HOLDING S.A.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts expressed in thousands of U.S. dollars - US$'000)

	Note	Year-ended December 31, 2022	2021 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) for the year		859,285	(427)
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Depreciation of property, plant and equipment	11/17	148,941	150,291
Loss (gain) on disposal of property, plant and equipment, net	11	335	472
Reversal of impairment recognised on property, plant and equipment, net	11	(560,756)	(180,120)
Recognition of deferred mobilization costs		10,883	8,715
Recognition of deferred revenues, net of taxes levied		(14,522)	(11,870)
Financial expenses on loans and financings	12.a/19	85,465	124,800
Debt restructuring	18	(513,226)	-
Provision/ (Reversal) of onerous contract, net	18	(1,671)	(2,103)
Other financial expenses (income), net	19	2,964	(721)
Recognition (reversal) of provisions		50	(1,984)
Recognition (reversal) of provisions for lawsuits, net	14	1,162	-
Derivatives	22	44,044	-
Provision for loss of receivables		442	-
Taxes	20.d	2,133	5,085
Decrease/(increase) in assets:			
Trade and other receivables		(30,648)	(12,637)
Receivables from related parties		-	60
Recoverable taxes		(8,430)	(2,927)
Deferred taxes		(1,408)	3,514
Deferred mobilization costs		(25,686)	(5,778)
Other assets		(2,807)	(7,307)
Increase/(decrease) in liabilities:			
Payroll and related charges		(2,985)	706
Trade and other payables		10,621	552
Payables to related parties		(193)	15
Taxes payables		811	(2,857)
Deferred revenues		32,837	5,391
Other liabilities		4,543	1,133
Cash used in operating activities		42,183	72,003
Income tax and social contribution paid		(296)	(3,830)
Adjusted cash (used in) / provided by operating activities		41,887	68,173
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investments		4,663	13,313
Restricted cash		15,732	3,499
Acquisition of property, plant and equipment	11	(123,559)	(37,820)
Proceeds from disposal of property, plant and equipment	11	744	163
Net cash (used in) / provided by investing activities		(102,420)	(20,845)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid on loans and financings	12.a	(5,688)	-
Proceeds from loans and financings	12.a	62,400	-
Advance for future capital increase	15.a	1,733	-
Repayment of loans and financings	12.a	(17,618)	-
Net cash used in financing activities		40,827	-
Increase/(Decrease) in cash and cash equivalents		(19,706)	47,329
Cash and cash equivalents at the beginning of the year	6	76,306	34,927
Effects of exchange rate changes on the balance of cash held in foreign currencies		2,879	(5,950)
Cash and cash equivalents at the end of the year	6	59,479	76,306

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, 2022, 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 onshore and 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"), Oil and National Gas Corporation ("ONGC"), an Indian oil and gas exploration and Enauta Energia SA ("Enauta").

a) Fleet of offshore and onshore drilling rigs

Offshore drilling units

Drilling units	Type	Start of operations	Contract expected expiration date (current or future)	Customer (current or future)
Atlantic Star	Semi-submersible	1997	January 2024 (Note 1.h)	Petrobras
Olinda Star	Semi-submersible	2009	September 2023 (Note 1.i)	ONGC
Gold Star	Semi-submersible	2010	August 2025 (Note 1.f)	Petrobras
Lone Star	Semi-submersible	2011	September 2025 (Note 1.g)	Petrobras
Alpha Star	Semi-submersible	2011	May 2023 (Note 1.e)	Enauta
Amaralina Star	Drillship	2012	October 2025 (Notes 1.b)	Petrobras
Laguna Star	Drillship	2012	March 2025 (Note 1.d)	Petrobras
Brava Star	Drillship	2015	End 2026 (Note 1.c)	Petrobras

Onshore drilling units

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

(1) As of December 31, 2022, these onshore drilling rigs were not hired under charter and service-rendering agreements. The Group is continuously seeking for new customers.
(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 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 is to be paid on February 02, 2024.

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

On January 2, 2020, the Group announced that the Amaralina Star drillship had been awarded a contract with the consortiums of BM-S-11, BM-S-11A and Unitization Agreement (*Acordo de Individualização de Produção* - AIP) of Lula field, operated by Petrobras. The contract had an estimated duration of 730 days. Operations started on April 15, 2020, and have been performed offshore the Brazilian coast, in the Santos Basin.

On February 22, 2022, the contract had its first amendment to add additional 19 days to its duration. It was amended again on April 20, 2022, with additional 91 days of backlog, being the new total duration of the contract 840 days. The contract ended on July 28, 2022.

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.

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 has an estimated duration of 810 days (including a clause of termination for convenience after 180 days subject to a demobilization fee, which has not been exercised). The work scope is in water depths of up to 3,048m, and includes a full integrated package of services plus Managed Pressure Drilling ("MPD"). The work is being performed offshore Brazil and operations have started on March 30, 2021.

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 8, 2022, and the operations are expected to begin until November 2023, with an execution period of 1.095 days. The work scope is in water depths of up to 2,400m and includes several integrated services.

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

On July 4, 2019, the Group announced that the Laguna Star drillship had been awarded a contract with the consortiums of BM-S-11, BM-S-11A and Production Individualization Agreement (*Acordo de Individualização de Produção* - AIP) of Lula field, operated by Petrobras. The contract had a 2-year estimated duration. Operations started on October 30, 2019, and were performed offshore the Brazilian coast, at the Santos Basin. The contract ended on November 7, 2021.

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.

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

On July 22, 2019, the Group announced that the Alpha Star offshore drilling rig had been awarded a new contract with Petrobras for a 2-year period. The drilling activities were performed offshore the Brazilian coast, in the Campos Basin and operations started on August 16, 2020. The contract ended on September 14, 2022.

As of December 31, 2022, the Group reversed a provision for onerous contract in the total amount of US$1,671 (US$1,671 as of December 31, 2021), due to the end of the aforementioned contract.

On February 9, 2022, the Group announced that the Alpha Star offshore drilling rig had been awarded a contract with Enauta initially for drilling 1 well, which had a firm term of 60 days, plus an option for 2 additional wells and 1 subsea intervention which added150 firm days for additional scope. On February 22nd, 2022, options were exercised by Enauta and the total firm period became 210 days. The campaign is taking place at the Atlanta field and the operations have started on October 27, 2022. The rig is expected to be under contract until August 31, 2023.

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

On July 22, 2019, the Group announced that the Gold Star offshore drilling rig had been awarded a new contract with Petrobras for a 2-year period. Operations started on February 11, 2020, and the drilling activities were performed offshore the Brazilian coast. The contract ended on March 4, 2022.

On January 5, 2022, the Group announced the achievement of a new contract for the operation of the semi-submersible rig to Petrobras. The contract has a total duration of a 3-year and provides for operation in ultra-deep waters, in up to 2,400 meters. The campaigns will be carried out in the Brazilian offshore basins and the operations have started on August 9, 2022.

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

On July 22, 2019, the Group announced that the Lone Star offshore drilling rig had been awarded a new contract with Petrobras for a 2-year period. The drilling activities were performed offshore the Brazilian coast and having started on April 24, 2020. The contract ended on April 23, 2022.

On January 5, 2022, the company announced the achievement of a new contract for the operation of the semi-submersible rig to Petrobras. The contract has a 3-year duration and provides for operation 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.

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 3-year estimated duration. Operations are being performed in the Campos Basin, located offshore the Brazilian coast, and started on January 06, 2021.

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

On February 27, 2021, the contract with ONGC was amended for an additional period of 191 days. In July, 2021 it was amended for an additional period of 38 days. Once again, on November 22, 2021 it was amended for an additional period of 39 days until December 31, 2021, due to zero rate and Force Majeure days occurred during the original contract term. This final extension is due to rig waiting for improvement of weather conditions to be demobilized to Kakinada, when rig will then be de-hired. All other terms and conditions remain unchanged.

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

j) QG-VIII onshore drilling rig charter and service-rendering agreements

On July 26, 2021, the Group announced that the onshore drilling rig QG-VIII had been awarded a contract with Azulão Geração de Energia S.A. (Eneva). On September 15, 2021, the onshore drilling rig QG-VIII started its operations for Eneva S.A for an exploratory campaign in the field of Azulão in Amazonas. The contract ended on July 15, 2022.

k) COVID-19 impacts in the Group's operations forecast and further going concern considerations.

Although 2020 started with recovery signs for the offshore drilling segment, the global economy has faced an unprecedented crisis with the fast-spreading new coronavirus (COVID-19), which is negatively impacting supply chains, travels, and in particular, the financial and oil and gas markets. The Group is not immune to the effects of this global crisis and is taking all necessary precautions and measures, both in operational and administrative areas.

Actions taken by governmental authorities, non-governmental organizations, businesses and individuals around the world aiming at slowing the COVID-19 pandemic curve and associated consumer behavior have negatively influenced forecasted global economic activity, thereby resulting in lower demand for crude oil. This scenario has created a current and forecasted oversupply, precipitating the recent steep decline in oil prices and an increase in oil price volatility. As a result, the current main customer of the Group (Petrobras) has adopted during 2020 resilience measures comprising reduction of oil production, postponement of cash disbursement and cost restraint measures. These measures directly affected the Group, and after a short negotiations period, the original terms of certain contracts signed during 2019 and 2020 have been subject to changes. The main changes were: (i) delay in the start-up of Alpha Star commencement of operations to August 2020; (ii) deferral of Alpha Star and Atlantic Star first months' charter fee payment to January and February 2021; (iii) deferral of Atlantic Star mobilization payment to January 2021; and (iv) deferral of contractual penalties payments for delay in mobilizing Lone Star and Alpha Star offshore drilling units, if due, for early 2021.

In India, regarding Olinda Star contract, ONGC invoked the Force Majeure clause based on COVID-19 crisis. Force Majeure period was from May 10, 2020 to June 25, 2020. On June 24, 2020, the Group received a notice from ONGC confirming the conditions for resuming the operational activities of the Olinda Star drilling unit. The Group sent a formal acknowledgement to ONGC on June 25, 2020 and the contract was formally amended.

As a result of the items described above and its impacts in the Company's cash flow assessment for the years ended December 31, 2020 and 2021, the Company approached its financial creditors to negotiate certain terms and conditions of the Second Amended and Restated Plan Support Agreement ("PSA"), RJ Plan ("Plan Amendment") and credit agreements. The main new conditions agreed with creditors with respect to the implementation of certain obligations provided in that agreements were the following: (i) payments of cash interest due from April to December 2020 to be made out of restricted cash in connection with Amaralina, Laguna and Brava project finance agreements and (ii) the requirement to maintain certain Unrestricted Cash levels was reduced to US$25 million in 2020, US$60 million in 2021 and US$75 million from 2022 onwards.

Market fundamentals point to a multi-year recovery in our segment. During last years' downturn, E&P companies limited their investments in production, prioritizing deleveraging balance sheets and shareholder return, which resulted in reduced oil inventories. This scenario, jointly with increasing demand post pandemic and geopolitical issues, led to a substantial increase in oil prices, which have been traded above $ 100 per barrel. Besides, over the past few years, low demand for offshore projects boosted rigs' scrapping and brought consolidation to a market with structural problems of oversupply. Going forward, Management believes that rig utilization and day rates will continue their upward progression.

On the Commercial side, we continued to grow our contract backlog, which was at US$1.3 billion as of December 31, 2022, from US$1.1 billion as of December 31, 2021. Note 1 discloses several events related to charter contracts and operating services for the onshore and offshore drilling rigs that corroborate the above information.

l) 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”).

The Group has resumed discussions with its creditors on ways to achieve a sustainable capital structure in line with its operating business in the industry’s current economic environment.

In the context of such negotiations with its creditors, on July 6, 2021, the Group filed a first version of the Amendment to the RJ Plan (“Plan Amendment”).

A Plan Support Agreement, a Restructuring Term-Sheet and other relevant documents was signed on March 24, 2022. On the same day, the General Creditors Meeting approved the Plan Amendment, which was confirmed by the RJ Court on March 28, 2022 and, subsequently, on May 3, 2022 the New York Court granted the full force and relief to the RJ Plan.

On June 10, 2022, the Group has entered into Amended and Restated Credit Agreements and also into new arrangements with its creditors that propose to convert part of the debt held by some creditors into the share capital of the Company, with the dilution of original shareholders (the “Restructuring Documents”).

Under the Restructuring Documents, the creditors have given a haircut over the $1,990,128 outstanding debt, which was reinstated 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. Additionally, a portion of the debt, owing to a group of key financial creditors, were converted, as follows:

	Pre-restructuring	Restructured Debt	
Amounts in USD millions	Outstanding Debt	Convertible Debt	Non-convertible Debt
Total	1,990.1	826.0	92.6

As per the Closing, the debt was converted into the Company’s equity interests as follows:

Type of share	Number of shares	Nomination rights
Class A shares	180,000,000	Have no rights to appoint Board members until the shares are sold to an Acceptable Buyer. Right to appoint a Board Observer
Class B shares	313,333,333	Majority of B Shares (B-1 + B-2) have right to appoint members of the Board
Class B-2 Warrants	173,333,333	Majority of B Shares (B-1 + B-2) have right to appoint members of the Board

The Restructuring Documents also provide that upon 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), the convertible debt will be converted into shares of the Company, and the received from this liquidity event will be distributed according to the new equity distribution.

The debt in exchange for the Company's own equity instruments on June 10, 2022 has resulted in an estimated gain of US$ 513,226 for the group recognized in the 2nd quarter of 2022. This gain was calculated in accordance with IFRIC 19, based on an estimated valuation of the equity interests transferred of US$ 603,084 (gross of US$ 1,733 originated by the advance of future capital increase), and an extinguished debt of US$ 1,116,311.

The breakdown of the share premium amounting to US$ 603,084 is as follows:

(a) B1-shares: US$ 388,287;
(b) B2-shares: US$ 214,797.

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.

The Rio de Janeiro Court of Appeals has ruled that Olinda Star Ltd. (Olinda) should be removed from the Judicial Reorganization and therefore on July 18, 2022 Olinda filed with the BVI Courts to restructure its debts pursuant to a scheme of arrangement. The scheme of arrangement was approved at a creditor's meeting on September 13, 2022 and sanctioned by the BVI Court on October 19, 2022. The scheme of arrangement has since been filed at the BVI Registry of Corporate Affairs and is now effective, resulting in Olinda's adherence to the new indenture.

m) Commitments

As of December 31, 2022, 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.
- 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.

Until the date of the issuance of these Consolidated Financial Statement the Group complies with its covenants.

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

2.1. Change in accounting policy

During 2022, the Company has assessed its accounting policy for rig inventory components, considering the current strategic plans from the new management and carried out comparisons with its peers in the industry. As a consequence of those activities, the previous policy has been changed to no longer recognized such items as inventories. In accordance with the new policy, items that are considered as (i) “spare parts” were classified as Property, Plant and Equipment and (ii) “consumables” will be expensed when purchased, unless if it is acquired to fulfill a specific agreement and is considered significant in an aggregate basis (which will be classified as Property Plant and Equipment as well and are depreciated over the duration of the agreement).

The impact of this accounting policy change affected prior years and can be summarized as follows:

a) Consolidated statements of financial position

	December 31, 2021		
	As issued	Adjustment	As restated
Current assets - inventories	36,840	(36,840)	-
Other current assets	176,806	-	176,806
Total current assets	213,646	(36,840)	176,806
Non-current assets – inventories	133,801	(133,801)	-
Non-current assets – property, plant and equipment	1,933,561	-	1,933,561
Other non-current assets	24,651	-	24,651
Total – non-current assets	2,092,013	(133,801)	1,958,212
Total Assets	2,305,659	(170,641)	2,135,018
Total - current Liabilities	206,297	-	206,297
Total - non-current Liabilities	1,823,959	-	1,823,959
Shareholder’s Equity – Accumulated Profit / (Loss)	275,403	(170,641)	104,762
Total Liabilities and Shareholder’s Equity	2,305,659	(170,641)	2,135,018

	January 01, 2021		
	As issued	Adjustment	As Restated
Current assets – inventories	48,424	(48,424)	-
Other current assets	132,966	-	132,966
Total current assets	181,390	(48,424)	132,966
Non-current assets – inventories	119,048	(119,048)	-
Non-current assets – property, plant and equipment	1,868,406	-	1,868,406
Other non-current assets	27,006	-	27,006
Total – non-current assets	2,014,460	(119,048)	1,895,412
Total Assets	2,195,850	(167,472)	2,028,378
Current Liabilities	174,495	-	174,495
Non-current Liabilities	1,742,734	-	1,742,734
Shareholder's Equity – Accumulated Profit / (Loss)	278,621	(167,472)	111,149
Total Liabilities and Shareholder's Equity	2,195,850	(167,472)	2,028,378

b) Consolidated statement of operations

	December 31, 2021		
	As issued	Adjustment	As restated
Net Operating Revenue	387,037	-	387,037
Cost of Services	(402,848)	2,380	(400,468)
General and administrative expenses	(42,866)	-	(42,866)
Other income/expenses	190,573	(5,539)	185,034
Financial expenses, net	(124,079)	-	(124,079)
Taxes	(5,085)	-	(5,085)
Profit / (Loss) for the year	2,732	(3,159)	(427)

c) Consolidated statements of changes in shareholder's equity

	December 31, 2021		
	As issued	Adjustment	As restated
Share capital	981,200	-	981,200
Share premium	(9,721)	-	(9,721)
Reserves	(145,087)	-	(145,087)
Accumulated profit / (loss)	(550,999)	(170,641)	(721,640)
Total shareholder's equity	275,403	(170,641)	104,762

	January 01, 2021		
	As issued	Adjustment	As restated
Share capital	981,200	-	981,200
Share premium	(9,721)	-	(9,721)
Reserves	(139,127)	-	(139,127)
Accumulated profit / (loss)	(553,731)	(167,472)	(721,203)
Total shareholder's equity	278,621	(167,472)	111,149

d) Consolidated statement of cash flows

	December 31, 2021		
	As issued	Adjustment	As restated
Profit / (Loss) for the year	2,732	(3,159)	(427)
Net cash (used in) / provided by operating activities	60,694	7,906	68,600
Net cash (used in) / provided by investing activities	(16,097)	(4,747)	(20,845)
Net cash (used in) / provided by financing activities	-	-	-
Increase/(Decrease) in cash and cash equivalents	47,330	-	47,330
Cash and cash equivalents and the end of the year	76,306	-	76,306

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

During the year, the Group has applied a number of new and amended IFRS Standards issued by the International Accounting Standards Board (IASB), which are mandatorily effective for an accounting period that begins on or after January 1, 2022. 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, 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	January 1, 2022
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1, 2022
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract)	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	Makes amendments to the following standards: IFRS 1, IFRS 9, IFRS 16, IAS 41	January 1, 2022

2.3.New and revised IFRS in issue but not yet effective

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

New or revised standards and interpretations

Standard or interpretation	Description	Effective date
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's. profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	The effective date of the amendments has yet to be set by the IASB
Amendments to IAS 12 *Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.	January 1, 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements	Disclosure of Accounting Policies	January 1, 2023
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, 2023

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

3. SIGNIFICANT ACCOUNTING POLICIES

The significant 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 IFRS, as issued by the IASB.

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 1k.

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 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”), Serviços de Petróleo Constellation Participações S.A. (“Serviços de Petróleo Participações”) and Serviços de Petróleo Onshore Constellation Ltda. (“Serviços de Petróleo Onshore”), 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 (Note 15.c).

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 the profit and loss.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

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 Short-term investments

Short-term investments are held to meet the Group’s short-term commitments and are often settled for this purpose, thus not having a business model for receiving contractual cash flows. Consists primarily of financial investments measured at fair value through profit or loss (“FVTPL”). These financial investments have maturities of more than three months or with no fixed time for redemption.

3.6 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.

3.7 Inventories

During 2021, inventories consist of spare parts, materials and supplies to be applied in the drilling units operations and are stated at the lower of cost incurred and net realizable value. All inventory that will not be consumed within twelve months is reclassified to non-current assets. Inventories' costs are determined by using the average cost method of accounting.

During 2022, the Company has assessed its accounting policy for rig inventory components, considering the current strategic plans from the new management and carried out comparisons with its peers in the industry. As a consequence of those activities, the previous policy has been changed to no longer treat such items as inventories. In accordance with the new policy, items that are considered as (i) "spare parts" are classified as Property, Plant and Equipment and (ii) "consumables" are expensed when purchased, unless if it is acquired to fulfill a specific agreement and is considered significant in an aggregate basis (which will be classified as Property Plant and Equipment as well and are depreciated over the estimate useful life of the agreement - Note 2.1).

3.8 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.

3.9 Legal deposits

There are situations in which Management argues the legitimacy of certain liabilities or lawsuits filed against the Group. Therefore, by a court order or by Management's own strategy, the amounts in dispute are deposited in escrow without characterizing the settlement of liabilities, but allowing the Group to continue challenging the lawsuits. In these situations, although the deposits are still assets of the Group, the amounts are only released upon receipt of a final court decision favorable to the Group. When applicable, legal deposits are recorded in non-current assets and are considered as operating activities for the purpose of the consolidated statement of cash flows.

3.10 Investments in associates

For investments in associates, the Group applies the equity method of accounting. Under such a method, the investment is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income or loss of the investees. When the Group's share of losses of an investee exceeds its interest in that investee (which includes any long-term interests that, in essence, form part of the Group's net investment), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

The requirements of IAS 36 - *Impairment of Assets* are applied to determine whether it is necessary to recognize any impairment losses with respect to the Group's investees. When deemed necessary, the entire carrying amount of the investee is tested for impairment a single asset by comparing its recoverable amount with its carrying amount, as disclosed in Note 1.l. Any impairment losses recognized forms part of the carrying amount of the investee. The reversal of an impairment loss is recognized to the extent that the recoverable amount of the investee subsequently increases, except when the impairment loss relates to goodwill, in which case reversal is not allowed under IFRS.

When a Group entity transacts with an investee, profit or loss resulting from such transactions are recognized in the Group's consolidated financial statements only to the extent of interests in the investees that are non-related to the Group.

3.11 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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.

3.12 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 onshore and 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 3.16).

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.

3.13 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 4.4).

3.14 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.

3.15 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.

3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for its intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.17 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.

3.18 Current and non-current assets and liabilities

Current and non-current assets and liabilities are stated at their net realizable value and settlement amounts, respectively, and include monetary and/or foreign exchange rate variations incurred, when applicable, plus income earned and expenses incurred, recognized on a pro-rata basis through the balance sheet date.

3.19 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 16).

3.20 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 17).

3.21 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 19).

3.22 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 1.l).

3.23 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 or fair value, depending on their classification.

Classification of financial assets (Note 21.a)

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- ✓ the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- ✓ the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (“FVTOCI”):

- ✓ the financial asset is held within a business model whose objective is achieved by both, collecting contractual cash flows and selling the financial assets; and

- ✓ the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and ownership benefits of the financial asset to another entity. If the Group neither transfers nor retains substantially all the risks and ownership benefits and continues to control the transferred financial asset, the Group recognizes its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and ownership benefits of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, 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. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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.

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.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information regarding the grouping is provided internally on that basis.

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.

3.24 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 have been 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 21.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.

4.1.1 Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated and are considered as "closely related". The entire hybrid contract is classified and subsequently measured as either amortized cost or fair value as appropriate.

The classification of "closely related" requires judgement when interpreting the applicable clauses of the agreements. Management believes that reached the appropriate interpretation in the applicable agreements.

4.2. Impairment of trade and other receivables

The Group recognizes a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is remeasured at each balance sheet date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both current and forecasted direction of conditions at the balance sheet date, including time value of money where appropriate. As of December 31, 2022 and 2021, no provision for impairment on trade and other receivables was considered required (Note 9).

4.3. 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 3.12, at the end of each fiscal year, the Group reviews the estimated useful lives of PP&E.

4.4. 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 it 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 22.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"). 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, 2022 and 2021, the Group recognized impairment reversals on its drilling units (Notes 11 and 18).

4.5. 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.

4.6. 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

		Ownership interest (%)					
		December 31,				January 01,	
		2022		2021		2021	
Consolidated entities	Country of incorporation	Direct	Indirect	Direct	Indirect	Direct	Indirect
Alaskan & Atlantic Cooperatief U.A.	Netherlands	-	100.00	-	100.00	-	100.00
Alaskan & Atlantic Rigs B.V.	Netherlands	-	100.00	-	100.00	-	100.00
Alaskan Star Ltd. (“Alaskan”) (1)	British Virgin Islands	-	-	-	100.00	-	100.00
Alpha Star Equities Ltd. (“Alpha”)	British Virgin Islands	-	100.00	-	100.00	-	100.00
Amaralina Cooperatief U.A. (2)	Netherlands	-	-	-	100.00	-	100.00
Amaralina Star Holdco 1 Ltd. (1)	British Virgin Islands	-	-	-	100.00	-	100.00
Amaralina Star Holdco 2 Ltd. (1)	British Virgin Islands	-	-	-	100.00	-	100.00
Amaralina Star Ltd. (“Amaralina”)	British Virgin Islands	-	100.00	-	100.00	-	100.00
Angra Participações B.V. (“Angra”)	Netherlands	100.00	-	100.00	-	100.00	-
Arazi S.à.r.l. (“Arazi”) (2)	Luxembourg	-	-	100.00	-	100.00	-
Becrux B.V. (2)	Netherlands	-	-	-	100.00	-	100.00
Bonvie Investments Inc.	British Virgin Islands	-	-	-	-	-	-
Brava Drilling B.V. (“Brava Drilling”)	Netherlands	-	100.00	-	100.00	-	100.00
Brava Star Holdco 1 Ltd. (1)	British Virgin Islands	-	-	-	100.00	-	100.00
Brava Star Holdco 2 Ltd. (1)	British Virgin Islands	-	-	-	100.00	-	100.00
Brava Star Ltd. (“Brava”)	British Virgin Islands	-	100.00	-	100.00	-	100.00
Centaurus S.à.r.l. (“Centaurus”) (2)	Luxembourg	-	-	100.00	-	100.00	-
Constellation Africa Inc.	British Virgin Islands	-	-	-	-	-	-
Constellation Netherlands B.V.	Netherlands	100.00	-	100.00	-	100.00	-
Constellation Overseas Ltd. (“Constellation Overseas”)	British Virgin Islands	-	100.00	-	100.00	-	100.00
Constellation Panamá Corp.	Panamá	-	100.00	-	100.00	-	100.00
Constellation Services Ltd. (“Constellation Services”)	British Virgin Islands	-	100.00	-	100.00	-	100.00
Domenica S.A. (“Domenica”) (3)	Paraguay	-	100.00	-	100.00	-	100.00
Domenica Argentina S.A. (4)	Argentina	-	100.00	-	100.00	-	100.00
Eiffel Ridge Group C.V. (2)	Netherlands	-	-	-	100.00	-	100.00
Gold Star Equities Ltd. (“Gold”)	British Virgin Islands	-	100.00	-	100.00	-	100.00
Hopelake Services Ltd. (1)	British Virgin Islands	-	-	-	100.00	-	100.00
Keam Holdings C.V.	Netherlands	-	-	-	-	-	-
Laguna Cooperatief U.A. (2)	Netherlands	-	-	-	100.00	-	100.00
Laguna Star Holdco 1 Ltd. (1)	British Virgin Islands	-	-	-	100.00	-	100.00
Laguna Star Holdco 2 Ltd. (1)	British Virgin Islands	-	-	-	100.00	-	100.00
Laguna Star Ltd. (“Laguna”)	British Virgin Islands	-	100.00	-	100.00	-	100.00
Lancaster Holdco 1 Ltd. (1)	British Virgin Islands	-	-	-	100.00	-	100.00
Lancaster Projects Corp. (“Lancaster”) (2)	British Virgin Islands	-	-	-	100.00	-	100.00

		Ownership interest (%)					
		December 31,				January 01,	
		2022		2021		2021	
Consolidated entities	Country of incorporation	Direct	Indirect	Direct	Indirect	Direct	Indirect
London Tower International Drilling C.V. (2)	Netherlands	-	-	-	100.00	-	100.00
London Tower Management B.V.	Netherlands	-	100.00	-	100.00	-	100.00
Lone Star Offshore Ltd. (“Lone”)	British Virgin Islands	-	100.00	-	100.00	-	100.00
Manisa Serviços de Petróleo Ltda. (2)	Brazil	-	-	-	100.00	-	100.00
Olinda Star Ltd. (“Olinda”)	British Virgin Islands	-	100.00	-	100.00	-	100.00
Palase C.V. (2)	Netherlands	-	-	-	100.00	-	100.00
Palase Management B.V.	Netherlands	-	100.00	-	100.00	-	100.00
Podocarpus C.V. (2)	Netherlands	-	-	-	100.00	-	100.00
Podocarpus Management B.V. (2)	Netherlands	-	-	-	100.00	-	100.00
Positive Investments Management B.V.	Netherlands	100.00	-	100.00	-	100.00	-
Positives Investments C.V. (2)	Netherlands	-	-	-	100.00	-	100.00
QGOG Atlantic / Alaskan Rigs Ltd.	British Virgin Islands	-	-	-	-	-	-
QGOG Constellation US LLC.	United States of America	-	100.00	-	100.00	-	100.00
QGOG Constellation UK Ltd. (2)	United Kingdom	-	-	100.00	-	100.00	-
Servicios Petroleros Constellation S.A. de CV	Mexico	-	-	-	-	-	-
Serviços de Petróleo Constellation Participações S.A.	Brazil	-	100.00	-	100.00	-	100.00
QGOG Perforaciones S.A.C	Peru	-	-	-	-	-	-
QGOG Star GmbH	Switzerland	100.00	-	100.00	-	100.00	-
Serviços de Petróleo Constellation S.A.	Brazil	-	100.00	-	100.00	-	100.00
Serviços de Petróleo Onshore Constellation Ltda.	Brazil		100.00		100.00		100.00
Serviços de Petróleo Constellation S.A. (“SPC India”)	India	-	100.00	-	100.00	-	100.00
Snover International Inc. (1)	British Virgin Islands	-	-	-	100.00	-	100.00
Star International Drilling Ltd. (“Star”)	Cayman Island	-	100.00	-	100.00	-	100.00
Tarsus Serviços de Petróleo Ltda. (2)	Brazil	-	-	-	100.00	-	100.00

(1) During 2022, the merger of companies Snover International Inc., Alaskan Star Ltd., Hopelake Services Ltd., Amaralina Star Holdco 1 Ltd., Amaralina Star Holdco 2 Ltd., Laguna Star Holdco 1 Ltd., Laguna Star Holdco 2 Ltd., Brava Star Holdco 1 Ltd., Brava Star Holdco 2 Ltd. and Lancaster Projects Holdco 1 Ltd. into Constellation Overseas was completed.

(2) During 2022 the liquidation of the companies Amaralina Cooperatief U.A., Arazi S.à.r.l. (“Arazi”), Becrux B.V., Centaurus S.à.r.l. (“Centaurus”), Eiffel Ridge Group C.V., Laguna Cooperatief U.A., Lancaster Projects Corp. (“Lancaster”), London Tower International Drilling C.V., Manisa Serviços de Petróleo Ltda., Palase C.V., Podocarpus C.V., Podocarpus Management B.V., Positives Investments C.V., QGOG Constellation UK Ltd. and Tarsus Serviços de Petróleo Ltda. was completed.

(3) 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.

(4) On March 10, 2023, the liquidation of the company Domenica Argentina S.A. was concluded, and the company has ceased to exist.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021	January 01, 2021
Cash and bank deposits	20,515	11,046	7,003
Time deposits (*)	38,964	65,260	27,924
Total	59,479	76,306	34,927

(*) Time deposits are comprised as follows:

Financial institution	Currency	Average interest rate (per annum)	December 31, 2022	December 31, 2021	January 01, 2021
Itaú BBA Nassau	U.S. dollar	0.15%	24,668	49,124	25,745
Citibank	U.S. dollar	SOFR - 0.15% bps	124	218	1,696
Banco Bradesco S.A.	Brazilian real	20% of CDI(i)	6,771	2,046	80
Banco do Brasil S.A.	Brazilian real	91.55% of CDI(i)	7,401	13,872	403
Total			38,964	65,260	27,924

(i) Brazilian Interbank Deposit Certificate (*Certificado de Depósito Interbancário - CDI*), average remuneration during the year ended December 31, 2022, and December 31, 2021 was 12.45% p.a. and 4.65% p.a. respectively.

7. SHORT-TERM INVESTMENTS

Financial institution	Type	Currency	Average interest rate (per annum)	December 31, 2022	December 31, 2021	January 01, 2021
Banco Lafise Panamá	Time deposits (i)	U.S. dollar	2.75%	52	52	50
Banco do Brasil S.A.	Repurchase agreements (iii)	Brazilian real	98.00% of CDI (ii)	-	4,663	17,978
Total				52	4,715	18,028

(i) These investments have original maturities of more than three months, or with no fixed time for redemption.

(ii) Brazilian Interbank Deposit Certificate (*Certificado de Depósito Interbancário - CDI*), average remuneration during the year ended December 31, 2022, and December 31, 2021, was 12.45% p.a. and 4.65% p.a. respectively.

(iii) Refers to agreements in which the financial institution commits to repurchase the asset back from the Group in the short-term (i.e., more than ninety days).

8. RESTRICTED CASH

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

As part of the restructuring, the balances in the debt service reserve accounts were used to repay ALB loans. The Company made payments of principal for Amaralina Star and Brava Star financing in amount of US$17,618 as of June 30, 2022 (Note 12.a).

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

Financial institution	Type	Average interest rate (per annum)	December 31, 2022	December 31, 2021	January 01, 2021
Citibank N.A.	Time deposits	1.00%	-	2,535	2,535
HSBC	Time deposits	1.00%	-	15,063	15,063
HSBC	Bank deposits	-	-	1,600	5,099
Signature Bank[(i)]	Bank deposits	-	1,733	-	-
Total			1,733	19,198	22,697
Current			-	19,198	22,697
Non-current			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.

9. TRADE AND OTHER RECEIVABLES

Trade receivables are related to receivables for charter and service-rendering agreements relating to the drilling units used in the oil and gas exploration in Brazil and India. Historically, there have been no defaults on receivables or delays in collections. The average collection period is of approximately 68 days (42 days on December 31, 2021). This increase in the average collection is mainly due to the longer terms of receipt established in new contracts. Details of financial risk management related to credit risk are disclosed in Note 21.b.

As of the year ended on December 31, 2022, the Group decided to recognize a provision for loss of receivables in the amount of US$ 442 related to deductions imposed to Olinda Star due to activities occurred during 2020.

10. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, that are part of the Group, have been eliminated for consolidation purposes and are not disclosed in the table below.

The consolidated intercompany balances as of December 31, 2022, and December 31, 2021, and transactions for the year ended December 31, 2022 and 2021 are as follows:

	December 31,				January 01,		December 31,	
	2022		2021		2021	2021	2022	2021
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Income/ (expenses)	Income/ (expenses)
Queiroz Galvão International S.A. [(a)] [(b)]	-	-	-	168	-	168	-	-
Enauta S.A. [(b)]	-	-	-	25	-	-	-	37
Others	-	-	-	-	60	10	-	-
Total	-	-	-	193	60	178	-	37
Current	-	-	-	193	60	178		

(a) On March 30, 2020, Constellation Overseas and Queiroz Galvão S.A. entered into a Termination and Release Agreement ("Agreement") which releases the warrants and corporate guarantees provided by Queiroz Galvão S.A. Additionally the remaining financial rights were transferred from Queiroz Galvão S.A. to Queiroz Galvão International Ltd.

(b) Since June 10, 2022, Queiroz Galvão International S.A and Enauta S.A are no longer considered related parties of the Group.

Key management personnel (i) remuneration for the twelve-month period ended December 31, 2022 and December 31, 2021, is as follows:

	December 31,	
	2022	2021
Short-term benefits [(ii)]	5,578	5,906

(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 and profit sharing (payable within twelve months from the year-end date).

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 after 12 months from the change of control of the Group. In this case, the member will be entitled to an exit fee corresponding to a monthly base salary, multiplied for each year of employment by the Group.

11. PROPERTY, PLANT AND EQUIPMENT

	Drillships			Offshore drilling rigs					Onshore drilling rigs, equipment and bases (b)		
	Brava Star	Amaralina Star	Laguna Star	Atlantic Star	Alpha Star	Gold Star	Lone Star	Olinda Star		Corporate	Total
Cost											
Balance as of January 1, 2021 – as issued	707,051	717,917	707,634	373,247	767,673	599,818	732,415	580,353	124,862	19,831	5,330,801
Accounting policy change impact	6,074	4,856	3,210	2,246	2,955	3,564	3,563	4,059	590	-	31,117
Balance as of January 1, 2021 – as restated (c)	713,125	722,773	710,844	375,493	770,628	603,382	735,978	584,412	125,452	19,831	5,361,918
Additions	15,689	2,025	8,712	1,466	2,257	2,054	4,202	1,220	57	138	37,820
Disposals / write off	(127)	(73)	(1)	(179)	-	(197)	(20)	-	-	(25)	(622)
Currency translation adjustments	-	-	-	-	-	-	-	-	(4,706)	(32)	(4,738)
Balance as of December 31, 2021 – as restated (c)	728,687	724,725	719,555	376,780	772,885	605,239	740,160	585,632	120,803	19,912	5,394,378
Additions	2,214	31,677	33,204	1,405	2,057	23,363	25,379	2,762	905	2	122,969
Disposals / write off	-	-	(380)	(39)	-	(176)	(112)	-	(1,805)	-	(2,512)
Transfers	-	-	-	-	-	-	-	-	-	-	-
Currency translation adjustments	-	-	-	-	-	-	-	-	3,150	486	3,635
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
Accumulated depreciation and Impairment	(356,098)	(421,095)	(409,741)	(199,876)	(507,193)	(362,755)	(510,031)	(580,353)	(96,897)	(18,357)	(3,462,396)

Balance as of January 1, 2021 – as issued											
Accounting policy change impact	(6,074)	(4,856)	(3,210)	(2,246)	(2,955)	(3,564)	(3,563)	(4,059)	(590)	-	(31,117)
Balance as of January 1, 2021 – as restated (c)	(362,172)	(425,951)	(412,951)	(202,122)	(510,148)	(366,319)	(513,594)	(584,412)	(97,487)	(18,357)	(3,493,513)
Depreciation	(19,530)	(27,705)	(26,287)	(18,932)	(18,811)	(16,127)	(19,151)	(128)	(3,431)	(189)	(150,291)
Impairment (provision)/reversal	54,476	16,598	23,448	(8,917)	54,817	4,443	17,505	17,750	-	-	180,120
Disposals / write off	45	10	-	69	-	-	1	-	-	25	150
Currency translation adjustments	-	-	-	-	-	-	-	-	2,699	18	2,717
Balance as of December 31, 2021	(327,181)	(437,048)	(415,790)	(229,902)	(474,142)	(378,003)	(515,239)	(566,790)	(98,219)	(18,503)	(3,460,817)
Depreciation	(23,198)	(25,653)	(26,063)	(19,486)	(18,089)	(15,540)	(15,723)	(1,595)	(3,479)	(116)	(148,942)
Impairment	77,499	121,169	130,427	(5,223)	68,491	67,316	102,006	(929)	-	-	560,756
Disposals / write off	-	-	184	17	-	93	78	-	994	-	1,366
Currency translation adjustments	-	-	-	-	-	-	-	-	(140)	(397)	(537)
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)
Property, plant and equipment, net [(a)]											
January 01, 2021 – as restated	350,953	296,822	297,893	173,371	260,480	237,063	222,384	-	27,965	1,474	1,868,406
December 31, 2021 – as restated	401,506	287,677	303,765	146,878	298,743	227,236	224,921	18,842	22,584	1,409	1,933,561
December 31, 2022	458,021	414,870	441,137	123,552	351,202	302,292	336,549	19,080	22,209	1,384	2,470,296
Useful life range (years)	1 – 35	1 - 35	1 – 35	1 - 35	1 - 35	1 - 35	1 - 35	1 - 35	1 – 25	1 – 25	

(a) The Group's assets that are pledged as security for financing agreements are disclosed in Note 12.
(b) As of December 31, 2022, the amounts of US$18,593 (US$20,906 as of December 31, 2021) refers to the onshore drilling rigs.
(c) Balance after the adjustments related to the inventory policy change (reclassification from inventory to PP&E – Note 2.1)

Impairment

During the years ended December 31, 2022, and 2021, the Group identified indicators that part of the impairment loss recognized in prior periods of its offshore asset groups may have decreased. Such indicators included recovery in commodity prices and projected day rates.

(a) Onshore drilling rigs

The Group estimated the recoverable amount of its onshore drilling rigs based on the revaluated historical cost. In calculating the recoverable amount of these drilling units as of December 31, 2022 and December 31, 2021 no impairment was recognized.

(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 12.05% discount rate for all rigs except Atlantic and Olinda that considers 11.83% (10.92% for all rigs except Atlantic and Olinda that considers 10.90% in 2021). 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, 2021, the Group reversed an impairment in amount of US$560,756 (US$ 180,120 – as restated for December 31, 2021) in all offshore drilling rigs and drillships.

During 2022, the Company has assessed its accounting policy for rig inventory components, considering the current strategic plans from the new management and carried out comparisons with its peers in the industry. As a consequence of those activities, the previous policy has been changed to treat such items no longer as inventories. In accordance with the new policy, items that are considered as (i) "spare parts" will be classified as Property, Plant and Equipment and (ii) "consumables" will be expensed when consumed, unless if it is acquired to fulfill a specific agreement and is considered significant in an aggregate basis (which will be classified as Property Plant and Equipment as well and will be depreciated over the duration of the agreement - Note 2.1).

12. 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, 2022
Bondholders	Senior Secured Notes (“Priority Lien Notes”)	Corporate Bond	Debt Restructuring	Jun/2022	Jun/2025	13.50%	13.50%	U, S, dollar	62,400
Bondholders	Senior Secured Notes (“First Lien Notes”)	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	284,518
Bondholders	Senior Secured Notes (“Second Lien Notes”)	Corporate Bond	Debt Restructuring	Jun/2022	Dec/2050	0.25%	0.25%	U, S, dollar	1,892
Bondholders	Senior Unsecured Notes (“2050 Notes”)	Corporate Bond	Debt Restructuring	Jun/2022	Dec/2050	0.25%	0.25%	U, S, dollar	3,116
								Subtotal – fixed interest rate loans	351,926
Banco Bradesco S.A.	Loan (“Bradesco Debt”)	Working Capital	Debt restructuring	Jun/2022	Dec/2026	SOFR + 2.00% (cash) or 3.00% (PIK)	SOFR + 2.00% (cash) or 3.00% (PIK)	U, S, dollar	44,017
								Subtotal – variable interest rate loans	44,017
Certain Lenders	Financing (“Restructured ALB Debt”)	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	516,049
Certain Lenders	Financing (“ALB L/C Debt”	ALB L/C Debt	Debt restructuring	Jun/2022	Dec/2026	SOFR + 3.00%	SOFR + 3.00%	U, S, dollar	30,200
								Subtotal – variable interest rate financings	546,249
								Total	942,192
								Current	4,992
								Non-current	937,200

Financial institution/ Creditor	Funding type	Description	Objective	Beginning period	Maturity	Contractual interest rate (per annum)	Effective interest rate (per annum)	Currency	December 31, 2021	January 01, 2021
Bondholders [(1)]	Senior Secured Notes ("Participating Notes")	Corporate Bond	Debt Restructuring	Dec/2019	Nov/2024	10.00%	1.00%	U, S, dollar	748,135	678,448
Bondholders [(1)]	Senior Secured Notes ("Third Lien Notes")	Corporate Bond	Debt Restructuring	Dec/2019	Nov/2024	10.00%	1.00%	U, S, dollar	42,596	38,628
Bondholders [(2)]	Senior Secured Notes ("Fourth Lien Notes")	Corporate Bond	Debt Restructuring	Dec/2019	Nov/2024	10.00%	3.00%	U, S, dollar	69,890	63,380
Bondholders	Senior Unsecured Notes ("2030 Notes")	Corporate Bond	Debt Restructuring	Dec/2019	Nov/2030	6.25%	6.25%	U, S, dollar	112,153	105,446
								Subtotal – fixed interest rate loans	972,774	885,902
Banco Bradesco S.A. [(3)]	Loan	Working Capital	Debt restructuring	Dec/2019	Nov/2025	Libor + 2.00%	4.17%	U, S, dollar	165,324	161,850
								Subtotal - variable interest rate loans	165,324	161,850
BNP, Citi, ING and DNB and Eksportkreditt Norge ("EKN") [(4)]	Financing	ALB (Amaralina)	Debt restructuring	Dec/2019	Nov/2023	Libor + 3.12% (cash) + 1.50% (PIK)	4.79%	U, S, dollar	178,473	170,140
BNP, Citi, ING and DNB and Eksportkreditt Norge ("EKN") [(4)]	Financing	ALB (Laguna)	Debt restructuring	Dec/2019	Nov/2023	Libor + 3.12% (cash) + 1.50% (PIK)	4.79%	U, S, dollar	185,199	176,553
BNP, Citi, ING and DNB and Eksportkreditt Norge ("EKN") [(5)]	Financing	ALB (Brava)	Debt restructuring	Dec/2019	Nov/2023	Libor + 2.45% (cash) + 1.50% (PIK)	4.12%	U, S, dollar	432,173	414,699
								Subtotal – variable interest rate financing	795,845	761,391
								Total	1,933,943	1,809,143
								Current	117,113	75,000
								Non-current	1,816,830	1,734,143

(1) 10% Payment-in-Kind ("PIK") from December 18, 2019 (the "Effective Date") to, but excluding, November 9, 2021, and 9% cash + 1% PIK from November 9, 2021 until the maturity date.

(2) 10% PIK from the Effective Date to, but excluding, November 9, 2021 and 7% cash + 3% PIK from November 9, 2021 until the maturity date.

(3) Libor + 2.00% to be paid on Maturity Date until January 2021, from this date on 2.75% cash payment plus the difference between Libor + 2.00% minus 2.75%.

(4) 14% PIK from the Effective Date until December 2019 and Libor + 3.12% cash and 1.50% PIK from December 2019 until the Maturity Date

(5) 14% PIK from the Effective Date until December 2019 and Libor + 2.45% cash and 1.50% PIK from December 2019 until the Maturity Date.

a) Changes in loans and financing

	December 31, 2022	December 31, 2021
Balance as of January 1	1,933,943	1,809,143
Additions	62,400	-
Net proceeds from loans and financings	62,400	-
Principal repayment (Note 8)	(17,618)	-
Interest payment	(5,688)	-
Total payments	(23,306)	-
Share premium arising from debt restructuring (Note 1.1/25)	(603,084)	-
Debt restructuring (Note 1.1/18) – Haircut/gain	(513,226)	-
Total debt restructuring	(1,116,311)	-
Interest charged through profit and loss	85,465	124,800
Financial expenses on loans and financings (Note 19)	85,465	124,800
Balance as of December 31,	942,192	1,933,943

Working capital

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.

Notes

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

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

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

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

b) Loans and financing long term amortization schedule

For year ended December 31,	Net amount	PIK (*)	Gross amount
2024	33,696	8,835	42,531
2025	23,712	3,521	27,233
2026	874,785	250,936	1,125,721
After 2027	5,007	363	5,370
Total	937,200	263,656	1,200,856

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

c) Covenants

Financial covenants

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

d) Guarantees and Collateral

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

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

13. PROVISIONS

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, 2022	December 31, 2021
Balance as of January 1,	745	2.729
(Reversal of) Penalty for delay (Alpha, Lone, Gold and Amaralina)	-	(1.984)
Foreign exchange rate variations	50	-
Balance as of December 31,	795	745

14. CONTINGENCIES AND PROVISIONS FOR LAWSUITS

a) 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, 2022, 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, 2022	December 31, 2021
Balance as of January 1	1,540	1,762
Additions	1,992	241
Reversals	(830)	(345)
Foreign exchange rate variations	95	(118)
Total	2,797	1,540

b) 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$18,979 as of December 31, 2022 (US$22,410 as of December 31, 2021), tax lawsuits in the amount of US$35,225 as of December 31, 2022 (US$30,537 as of December 31, 2021) and civil lawsuits in the amount of US$644 as of December 31, 2022 (no civil lawsuits as of December 31, 2021).

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

i. On September 15, 2010, Serviços de Petróleo received a Notice of Violation issued by the tax authorities due to the nonpayment of Services Tax ("*Imposto sobre Serviços de Qualquer Natureza* - ISS") in the city of Rio de Janeiro. Serviços de Petróleo argues, on appeal, that the operations were carried out in other municipalities and the taxes were collected under their tax jurisdictions (ISS due to the site of the service provider). As of December 31, 2022, the estimated amount involved is US$7,233 (US$6,755 as of December 31, 2021).

On January 22, 2015, Serviços de Petróleo received a Notice of Violation issued by the Brazilian Internal Revenue Service (*Receita Federal do Brasil* - RFB) related to Social Integration Program ("*Programa de Integração Social* - PIS") and Social Investment Program ("*Contribuição para o Financiamento da Seguridade Social* - COFINS") collected in the years 2010 and 2011. The RFB initiated a Tax Administrative Process, whereby it requires Serviços de Petróleo to make tax payments, due to the fact that the RFB considered that Serviços de Petróleo made use of improper tax credits aiming to reduce its PIS and COFINS obligations. On February 23, 2015, Serviços de Petróleo argued, on appeal, in order to contest RFB's tax assessment. As of December 31, 2022, the estimated amount involved is US$19,157 (US$16,879 as of December 31, 2021).

On December 18, 2020, Serviços de Petróleo received a Notice of Violation issued by the Brazilian Internal Revenue Service (Receita Federal do Brasil - RFB) related to Social Integration Program ("Programa de Integração Social - PIS") and Social Investment Program ("Contribuição para o Financiamento da Seguridade Social - COFINS") collected in the year 2016. The RFB initiated a Tax Administrative Process, whereby it requires Serviços de Petróleo to make tax payments, due to the fact that the RFB considered that Serviços de Petróleo made use of improper tax credits aiming to reduce its PIS and COFINS obligations. On January 19, 2021, Serviços de Petróleo argued, on appeal, in order to contest RFB's tax assessment. As of December 31, 2022 the estimated amount involved is US$3,850 (US$3,352 as of December 31, 2021).

ii. In November 2018, Transocean Offshore Deepwater Drilling Inc. and Transocean Brasil Ltda. (hereinafter together referred to as "Transocean") filed a claim against Serviços de Petróleo and Brava, accusing both entities of infringing its dual-activity drilling technology patent. On November 19, 2018, all preliminary injunctions requested by Transocean were rejected by the Third Business Court of Rio de Janeiro. Transocean appealed solely to carry on an inspection on Brava Star drillship limited to the examination of some pre-determined items related to the dual-activity drilling technology patent and the injunction was granted in this regard. The inspection occurred on January 18, 2019, and on March 20, 2019, the Appellate Court issued its final decision on Transocean's appeal, confirming the injunction previously granted. On April 1, 2019, a mediation and conciliation hearing occurred, but the parties did not reach an agreement. On March 25, 2019, Serviços de Petróleo and Brava filed their responses to Transocean claims, and on October 14, 2019, Transocean filed its rejoinder. On June 4, 2020, Constellation filed a motion requesting the suspension of the process until a judgment is reached in the nullity action proposed by Constellation against Transocean's patent. The Judge has granted such suspension on September 11, 2020. Transocean filed an appeal against the decision that granted the suspension, which has been dismissed by the Appellate Court on December 09, 2020. On September 20, 2021 Transocean requested that the suspension of the process be lifted, as one year had passed. On September 28, 2021, Constellation replied Transocean's request. On July 27, 2022 the Third Business Court issued a decision maintaining the suspension of the process until a judgment is reached in the nullity action proposed by Constellation against Transocean's patent. On December 12, 2022, Transocean requested again that the suspension of the process be lifted and also, based on the initial expert report in the nullity action, the granting of an injunction to compel Constellation to retain and deposit 5% of the profits arising from Brava Star's operation into the Court's escrow account. Constellation spontaneously filed its response on February 1st, after Court Holidays. The Third Business Court has not yet ruled Transocean's request.

In January 2020, Transocean filed a compensation claim against Serviços de Petróleo and Brava regarding the patent infringement alleged in its 2018 claim. Serviços de Petróleo and Brava Star responses were filled on March 1, 2021. On July 27, 2022, the Third Business Court issued a decision maintaining the suspension of the process until a judgment is reached in the nullity action proposed by Constellation against Transocean's patent.

As of the date of issuance of these consolidated financial statements, the Group's Management cannot reliably estimate the amount involved, and their external legal advisor classifies the chances of winning such claim as possible.

c) 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.

d) Other matters

Petrobras withholding taxes

In July 2014, the Group received letters from Petrobras informing that the RFB issued Notices of Violation against Petrobras regarding the absence of withholding income taxes collection from charter agreements remittances in 2008 and 2009, related to the Atlantic Star and Alaskan Star offshore drilling rigs. Petrobras indicated that is currently contesting such Notices of Violation, but if the losses on ongoing appeals are confirmed, Petrobras will seek recoverability of such losses from its contractors, including the Group, plus any penalties, interest and fees that would be required to settle the debt with the RFB. Petrobras has informed that the amount involved related to the work performed by the Group amounts to R$152 million (US$68 million translated at historical rates as of June 30, 2014), excluding penalties, interest and fees. The Group has contested Petrobras' allegations in a response letter stating that Petrobras "has no legal or commercial grounds to seek recoverability of such losses from the Group" and that "will not accept any withholding or deduction of the amounts to be received under the charter agreements". Should Petrobras fail on its appeals and, consequently, the Group receives any future charges aiming at the reimbursement of Petrobras' losses, the Group will contest such charges.

15. SHAREHOLDERS' EQUITY

As disclosed on note 1 l), 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 have given a haircut over the US$1,990,128 outstanding debt, which was reinstated 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.

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

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

The debt to equity conversion resulted in a new shareholder composition, as indicated in the table above. The ALB lenders’ group consist 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 ALB Lenders’ 26% equity stake were issued through warrants, which, prior to its exercise, will not represent Company’s shares. Therefore, until such warrants are exercised, the Company’s shareholders shall be strictly 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 foresee a future liquidity event, consisting of a sale of a majority of the Company’s equity interest (or other similar transactions described in the restructuring documents). In this event, the Convertible Debt will be converted into equity, and the proceeds from this liquidity event will be distributed according to the new equity distribution.

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

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

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

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

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

[1] Includes backstop fee of $2.4M

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

a) Share capital

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

As of December 31, 2022, the Company's share capital amounts to US$4,933, comprised by 493,333,333 ordinary shares, of one cent per share and with no par value. As of December 31 2021 and January 1, 2021, the Company's share capital amounts to US$981,200, comprised by 2,889,227,364 ordinary shares, of one cent per share and with no par value.

Advance for future capital increase

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

b) Legal reserve

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

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

c) Other Comprehensive Items (OCI)

Foreign currency translation adjustments reserve

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

16. NET OPERATING REVENUE

The Group's operating revenue is mainly derived from charter and service-rendering agreements. As of December 31, 2022 and 2021, Petrobras has accounted for 84% and 91%, respectively, of total revenues.

Net operating revenue is presented after the following items:

	December 31, 2022	December 31, 2021
Gross operating revenue	428,756	406,019
Taxes levied on revenue:		
Social Integration Program (PIS) (i)	(2,418)	(2,084)
Social Investment Program (COFINS) (i)	(11,136)	(9,599)
Services Tax (ISS) and others (i)	(3,647)	(3,298)
Good and Service Tax (GST) (ii)	(5,410)	(4,001)
Net operating revenue	406,145	387,037

(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.

17. COST OF SERVICES AND OPERATING EXPENSES

	December 31, 2022			December 31, 2021 – as restated		
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	(103,787)	(16,030)	(119,817)	(95,814)	(11,382)	(107,196)
Depreciation	(148,808)	(133)	(148,941)	(150,139)	(152)	(150,291)
Materials	(38,554)	-	(38,554)	(50,029)	-	(50,029)
Maintenance	(106,247)	(17)	(106,264)	(84,857)	(8)	(84,865)
Insurance	(5,416)	(1,390)	(6,806)	(4,204)	(1,290)	(5,494)
Other (1)/ (2)	(26,860)	(35,135)	(61,995)	(15,425)	(30,034)	(45,459)
Total	(429,672)	(52,705)	(482,377)	(400,468)	(42,866)	(443,334)

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

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

18. OTHER OPERATING INCOME (EXPENSES)

	December 31, 2022	December 31, 2021 (as restated)
Reversal of provision for onerous contract	1,671	2,103
Reversal of impairment provision, net (Note 11)	560,756	180,120
Revenue from sales of PP&E	744	163
Gain in restructuring (Note 1.l)	513,226	-
Other (1)	733	2,807
Other income	1,077,130	185,193
Provision for impairment (Note 11)	-	-
Contractual Penalties	(6,727)	-
Cost of PP&E disposed	(280)	(159)
Other	-	-
Other expenses	(7,007)	(159)

(1) As of December 31, 2021, the amount of US$ 4,449 of other operating income and US$ 2,060 refers to the TEP (term for closing pending issues) of the contract with FPSO Papa-Terra.

19. FINANCIAL EXPENSES, NET

	December 31, 2022	December 31, 2021
Interest on short-term investments	1,085	1,085
Other financial income	1,139	291
Financial income	2,224	1,376
Financial expenses on loans and financing (Note 12.a)	(85,465)	(124,800)
Derivatives [(1)]	(44,044)	-
Other financial expenses	(5,105)	(473)
Financial expenses	(134,614)	(125,273)
Foreign exchange variation gain, net	(83)	(182)
Financial expenses, net	(132,473)	(124,079)

(1) This derivative expense is related to 1,200 Class D warrants issued by the Company and distributed to some Shareholders and Lenders. These warrants could only be exercisable in a liquity event when the total enterprise value is above a specific threshold, giving them 12% of any value in excess of this threshold. This derivative is measured at fair value, and the related expense and liability were calculated using a valuation modelling (Note 23).

20. TAXES

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

The related taxes and contributions are as follows:

a) Recoverable taxes

	December 31, 2022	December 31, 2021	January 01, 2021
Taxes on revenue (PIS/COFINS)	16,061	9,896	9,098
Goods and Services Tax - GST[(i)]	1,779	-	566
Income tax (IRPJ) and social contribution on net income (CSLL) [(ii)]	1,914	4,383	1,822
Other	3,192	237	103
Total	22,946	14,516	11,589
Current	22,946	14,516	11,487
Non-current	-	-	102

(i) 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.

b) Taxes payables

	December 31, 2022	December 31, 2021	January 01, 2021
Goods and Services Tax - GST(i)	137	138	1,645
Income tax (IRPJ) and social contribution (CSLL)	2,787	318	707
Service Tax (ISS)	1,396	1,120	991
State VAT (ICMS)	114	184	45
Taxes on revenue (PIS/COFINS)	-	26	-
Total	4,434	1,786	3,388

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

c) Deferred tax assets

	December 31, 2022	December 31, 2021	January 01, 2021
Income tax (IRPJ) and social contribution (CSLL) (*)	17,823	16,415	19,929

(*) 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.

d) Effect of income tax results

The tax rate used for the year ended December 31, 2022 and 2021 reconciliations below refers to the combined corporate nominal tax rate of 34% in accordance with Brazilian tax legislation, jurisdiction in which Serviços de Petróleo (Brazilian subsidiary) operates, the corporate nominal tax rate of 20% in accordance with British tax legislation, jurisdiction in which QGOG Constellation UK Ltd. Operates and the withholding income tax on Serviços de Petróleo India revenues of 4.326%, in accordance with Indian tax legislation, jurisdiction in which Serviços de Petróleo India operates.

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

	December 31	
	2022	2021
Profit / (Loss) before taxes	861,418	4,658
Income tax and social contribution at nominal rate (1)	(1,607)	(2,869)
Adjustments to derive effective tax rate:		
Non-deductible expenses	(1,106)	(1,611)
Other	580	(605)
Income tax expense recognized in profit or loss	(2,133)	(5,085)
Current taxes	(2,498)	(2,864)
Deferred taxes	362	(2,222)

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

21. 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, 2022		December 31, 2021		January 01, 2021	
	Category	Carrying amount	Fair value (*)	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets							
Cash and cash equivalents	FVTPL	59,479	59,479	76,306	76,306	34,927	34,927
Short-term investments	FVTPL	52	52	4,715	4,715	18,028	18,028
Restricted cash	FVTPL	1,733	1,733	19,198	19,198	22,697	22,697
Trade and other receivables	Amortized cost	76,314	76,314	45,666	45,666	32,471	32,471
Receivables from related parties	Amortized cost	-	-	-	-	60	60
Financial liabilities							
Loans and financing	Amortized cost	942,192	942,192	1,933,943	1,312,359	1,809,143	1,190,306
Trade and other payables	Amortized cost	65,265	65,265	54,644	54,644	54,092	54,092
Payables to related parties	Amortized cost	-	-	193	193	178	178
Embedded derivatives	FVTPL	44,044	44,044	-	-	-	-

(*) The Company estimates that the fair value of the outstanding loans and financing, as of December 31, 2022, is similar to it carrying amount as (i) the loans and financing has been recently restructured, (ii) the interest rates of significant portion are variable and (iii) the remaining portion that is fixed includes a closely related derivative that approximates the outstanding amount to the fair value.

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 12) 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 following table details the Group's liquidity analysis for its financial liabilities. The table has been drawn up based on the undiscounted contractual cash inflows and outflows for the financial instruments.

December 31, 2022

Period	Trade and other payables	Loans and financing	Total
2023	65,265	21,425	86,690
2024	-	42,531	42,531
2025	-	27,233	27,233
2026	-	1,125,721	1,125,721
After 2027	-	5,370	5,370
Total	65,265	1,222,280	1,287,545

December 31, 2021

Period	Trade and other payables	Loans and financing	Payables to related parties	Total
2022	54,644	182,185	193	237,022
2023	-	840,995	-	840,995
2024	-	946,392	-	946,392
2025	-	150,396	-	150,396
After 2026	-	193,402	-	193,402
Total	54,644	2,313,370	193	2,368,207

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, 8, 9 and 12, respectively.

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

Market Risk (interest rate risk)

The Group is exposed to interest rate risk due to the fact that its entities borrow funds at both fixed and variable interest rates. The Group manages such risk by maintaining an appropriate mix between fixed and variable rate borrowings and by using interest rate swap instruments, when due necessary. The Group is exposed to fluctuations in US$ LIBOR/SOFR interest rates charged on its loans and financing (Note 12).

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

Currency exchange rate risk

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

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the end of the reporting period and considers the effects of an increase or decrease of 0.1% on outstanding loans and financing and the effects of either an increase or a decrease of 0.1% 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 0.1% 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, 2022	Scenario I (i)	Scenario II (ii)
		Increase/ (decrease) in P&L	
Variable interest rate loans	44,017	(880)	880
Variable interest rate financing	546,249	(10,925)	10,925
Total	590,266	(11,805)	11,805

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

c) Capital management

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

	December 31, 2022	December 31, 2021	January 01, 2021
Loans and financing (a)	942,192	1,933,943	1,809,143
Cash transactions (b)	(61,264)	(100,219)	(52,955)
Net debt (c)	880,928	1,833,724	1,756,188
Shareholders' equity (d)	1,570,010	104,762	111,149
Net debt on shareholders' equity plus net debt [(c)] ÷ [(c) + (d)]	36%	95%	94%

(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.

22. DERIVATIVES

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

23. INSURANCE (Unaudited)

As of December 31, 2022 and December 31, 2021, major assets or interests covered by insurance policies and their respective coverage amounts are summarized below:

	December 31, 2022	December 31, 2021
Civil liability	1,760,500	1,785,500
Operating risks	1,524,796	1,498,784
Operational headquarter and others	13,722	13,512
Total	3,299,018	3,297,796

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

24. PENSION AND RETENTION PLANS

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 December 31, 2022, and 2021, contributions payable by Serviços de Petróleo at the rates specified by the plan rules amounts to US$672 and US$749, respectively.

b) Retention Plan

The Group has offered a retention agreement as of December 17, 2020 (the "Agreement") for the benefit of eligible employees of the Group in connection with the start of a new phase of renegotiation of its indebtedness. The purpose of the Agreement is to provide a retention bonus for those employees that stay 12 months after the completion of the new debt restructuring of the Group. The new debt restructuring was considered concluded with the judicial homologation ("homologação judicial") of the approval of the Amendment to the Judicial Recovery Plan. The amount of US$1,536 has been paid in January 2021, US$480 was paid in May 2021 and after the completion of the restructuring, the remaining amount of US$ 2,769 was paid in June 2022.

25. ADDITIONAL INFORMATION ON CASH FLOWS

a) Non-cash transactions:

	December 31, 2022	December 31, 2021
Currency translation adjustments	(537)	2,716
Share premium arising from debt restructuring (Note 1.l/12)	603,084	-
Total Non-cash transactions	602,547	2,716

26. 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, 2022	December 31, 2021
2022	-	437,549
2023	547,327	383,926
2024	411,909	243,871
2025	234,350	73,760
2026	100,667	-
Total	1,294,253	1,139,106

27. SUBSEQUENT EVENTS

Sale of Domenica S.A.to President Energy

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 is to be paid on February 02, 2024.

Liquidation – Domenica Argentina S.A.

On March 10, 2023, the liquidation of the company Domenica Argentina S.A. was concluded and the company has ceased to exist.

Signature Bank bankrupt

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.

28. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements were approved by the Company´s Board of Directors and authorized for issuance on March 31, 2023.

APPENDIX C

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024, WITH COMPARABLE FIGURES FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023.

Grant Thornton

Constellation Oil Services Holding S.A.

Report on consolidated interim financial information
September 30, 2024

Ref.: Report No. 24BDF-026-EN

Contents

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

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

Introduction

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

Management's responsibility for the consolidated interim financial information

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

Independent auditor's responsibility

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

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

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

Conclusion

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

Rio de Janeiro, November 21, 2024

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

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

CONSTELLATION OIL SERVICES HOLDING S.A.

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

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

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

CONSTELLATION OIL SERVICES HOLDING S.A.

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

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

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

CONSTELLATION OIL SERVICES HOLDING S.A.

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

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

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

CONSTELLATION OIL SERVICES HOLDING S.A.

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

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

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

CONSTELLATION OIL SERVICES HOLDING S.A.

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

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

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

CONSTELLATION OIL SERVICES HOLDING S.A.

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

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

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

CONSTELLATION OIL SERVICES HOLDING S.A.

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

1. GENERAL INFORMATION

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

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

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

a) Fleet of offshore drilling rigs

Offshore drilling units

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

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

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

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

c) Brava Star drillship charter and service-rendering agreements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

k) Onshore drilling rigs charter and service-rendering agreements

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

l) Going concern considerations

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

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

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

m) Corporate restructuring

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

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

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

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

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

This merger followed the aforementioned sale of the Drilling Units.

n) Commitments

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

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Continuity as a going concern

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

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

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

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

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

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

New or revised standards and interpretations

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

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

2.3.Brazilian Tax Reform

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

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

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

2.4. Luxembourg Tax Reform

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

3. CONSOLIDATED ENTITIES AND INVESTMENTS

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

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

4. CASH AND CASH EQUIVALENTS

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

(*) Time deposits are comprised as follows:

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

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

5. RESTRICTED CASH

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

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

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

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

6. TRADE AND OTHER RECEIVABLES

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

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

7. RELATED PARTY TRANSACTIONS

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

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

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

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

Management Incentive Plan (MIP)

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

Severance Plan

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

8. PROPERTY, PLANT AND EQUIPMENT

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

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

Impairment

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

(a) Onshore drilling rigs

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

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

(1) On January 06, 2023, a share purchase agreement was signed between Serviços de Petróleo Constellation Participações S.A., Serviços de Petróleo Constellation S.A. and Serviços de Petróleo Onshore Constellation S.A. Ltda. and President Energy Investments (Paraguay) where 100% of the shares from Domenica S.A. were sold, including the onshore rig QG-I. On February 02, 2023 the transfer was concluded, amounting to USD 1,039 and the other installment of USD 1,000 was paid on March, 2024 and April, 2024;
(2) On January 17, 2024, a share purchase agreement was signed between Serviços de Petróleo Constellation S.A. and Empresa Brasileira de Serviços e Perfuração Ltda. where onshore rigs QG-II, QG-IV, QG-V, QG-VI, QG-VII, QG-VIII and QG-IX were sold. The transfer was concluded on July 22, 2024.

(b) Offshore drilling rigs and drillships

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

9. LOANS AND FINANCING

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

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

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

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

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

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

(6) Prepayment option without penalty;

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

a) Changes in loans and financing

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

Working capital

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.

Notes

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

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

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

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

b) Loans and financing long term amortization schedule

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

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

c) Covenants

Financial covenants

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

d) Guarantees and Collateral

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

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

10. PROVISIONS

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

(a) Provision for Onerous Contract

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

(b) Contractual Penalties

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

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

(c) Contingencies and provisions for lawsuits

1. Liabilities assessed as probable losses

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

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

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

2. Contingent liabilities assessed as possible losses

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

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

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

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

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

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

3. Tax, labor and social security matters

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

4. Other matters

Petrobras withholding taxes

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

11. SHAREHOLDERS' EQUITY

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

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

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

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

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

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

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

[1] Includes backstop fee of $2.4M

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

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

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

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

a) Share capital

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

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

Advance for future capital increase/Warrant

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

b) Legal reserve

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

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

c) Other Comprehensive Items (OCI)

Foreign currency translation adjustments reserve

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

d) Share Premium

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

12. NET OPERATING REVENUE

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

Net operating revenue is presented after the following items:

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

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

13. REPORTABLE SEGMENTS

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

Geographical information

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

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

Information about major customers

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

14. COST OF SERVICES AND OPERATING EXPENSES

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

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

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

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

15. OTHER OPERATING INCOME (EXPENSES)

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

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

16. FINANCIAL EXPENSES, NET

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

17. TAXES

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

The related taxes and contributions are as follows:

a) Recoverable taxes

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

(i) GST - Goods and Services Tax: Refers to taxes on supply of goods and services in India. The recoverable GST amounts refer to credits on the acquisition of goods and services;

(ii) Mainly refers to withholding taxes on revenues that are compensated with other federal taxes. Social Contribution on net income is a part of the Brazilian Income Tax.

b) Taxes payables

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

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

c) Deferred tax assets

i) Brazil

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

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

ii) Luxembourg

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

d) Effect of income tax results

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

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

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

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

18. FINANCIAL INSTRUMENTS

a) General considerations

The Group's main financial instruments are as follows:

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

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

Fair value hierarchy

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

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

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

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

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

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

b) Financial risk management

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

Liquidity risk

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

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

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

September 30, 2024

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

December 31, 2023

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

Credit risk

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

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

Market Risk (interest rate risk)

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

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

Currency exchange rate risk

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

Interest rate sensitivity analysis

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

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

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

c) Capital management

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

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

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

19. DERIVATIVES

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

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

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

20. INSURANCE (Unaudited)

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

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

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

21. PENSION AND MANAGEMENT INCENTIVE PLAN

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

a) Pension Plan

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

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

b) Management Incentive Plan (MIP)

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

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

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

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

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

22. OPERATING LEASE RECEIVABLES

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

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

23. SUBSEQUENT EVENTS

Recapitalization process

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

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

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

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

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

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

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

Offshore drilling rigs charter and service rendering agreements

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

Contingencies and provisions for lawsuits

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

24. APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

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