

Q1 2025 Unaudited Interim Financial Report



Telford Finco

The unaudited consolidated interim financial report

Notes to unaudited interim consolidated financial report ("financial report") for the three month period ending 31 March 2025.

Note 1 Principal activities

Telford Finco (the "Group") is an owner and operator of a fleet of DP3 multipurpose support vessels (MPSV's) providing Accommodation, Construction and Pipelay services to the offshore oil & gas Industry.

The registered office of Telford Finco (the "Company") is c/o Appleby Global Services (Cayman) Limited, 71 Fort Street, PO Box 500, Grand Cayman, KY1-1006, Cayman Islands.

Head office for the Group is located at Office 1004-1005 Tower Building AA1, Mazaya Business Avenue, Jumeirah Lake Towers, Dubai, United Arab Emirates.

Note 2 Summary of significant accounting policies

The accounting policies adopted in preparing the financial report are consistent with those followed in preparing the Group's Audited Consolidated Financial Statements and accompanying notes for the financial year ended 31 December 2024.

The following financial report and accompanying notes do not include all information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Group's Audited Consolidated Financial Statements for the year ended 31 December 2024 for further information.

Note 3 Basis of preparation

The financial report of the Group for the three month period ending 31 March 2025 has been prepared in accordance with IFRS accounting standards and interpretations issued by the IFRS interpretation Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial report complies with IFRS as issued by the International Accounting Standard Board (IASB) and have been prepared under the historical cost convention.

Telford Finco (the "Company"), an exempted company with limited liability, was incorporated on 30 September 2024 in the Cayman Islands and as such comparative financial data for three-month period ended 31 March 2024 is not available and therefore has not been included. This is the entity's first set of financial statements prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34).

Unaudited interim consolidated statement of financial position

USD 000s'	Note	Balance at 31 March 2025 (unaudited)	Balance at 31 December 2024 (unaudited)
ASSETS			
Non-current assets			
Property, plant, and equipment	5	195,994	199,153
Intangible assets	5	17	18
Right-of-use assets	6a	33,036	214
Total non-current assets		229,047	199,385
Current assets			
Inventories		1,664	1,664
Trade receivables		34,353	20,591
Other current assets		8,968	9,927
Unbilled revenue and other receivables		14,753	12,317
Cash at bank – restricted	7	24,188	9,675
Cash and cash equivalents	7	17,883	30,463
Total current assets		101,809	84,637
TOTAL ASSETS		330,856	284,022
EQUITY AND LIABILITIES			
EQUITY			
Share capital		-	-
Additional capital contribution		101,008	101,008
Accumulated losses		(60,779)	(65,295)
Total Equity		40,229	35,713
LIABILITIES			
Non-current liabilities			
Borrowing	8	170,984	163,548
Provision for employee's end-of-service benefits		621	571
Lease liabilities	6b	25,845	-
Total non-current liabilities		197,450	164,119
Current liabilities			
Trade and other payables		48,682	43,041
Borrowing	8	31,764	32,755
Due to a related party		6,489	7,488
Lease liabilities	6b	4,656	147
Income tax liabilities		1,586	759
Total current liabilities		93,177	84,190
Total liabilities		290,627	248,309
TOTAL EQUITY AND LIABILITIES		330,856	284,022

Unaudited interim consolidated statement of comprehensive income

USD 000s'	Notes	Three month period ended 31 March 2025 (unaudited)	FY 2024 (audited)
Revenue	9,10	46,024	135,586
Cost of sales	10	(30,200)	(80,824)
Gross profit	10	15,824	54,762
General and administrative expenses:		(4,390)	(18,279)
Marketing expenses		-	(97)
Impairment losses on financial assets		-	(5,678)
Operating profit	4	11,434	30,708
Finance income	11	3	256
Finance costs	11	(6,542)	(4,360)
Finance costs -net	11	(6,539)	(4,104)
Profit before income taxes		4,895	26,604
Income tax expense		(833)	(2,768)
Total comprehensive income for the period/year		4,062	23,836

Unaudited interim consolidated statement of changes in equity

USD 000s'	Share Capital ¹	Additional capital contributed	Accumulated losses	Total
Balance at 1 January 2024	-	321,008	(90,947)	230,061
Distribution	-	(220,000)	-	(220,000)
Share-based payment	-	-	1,816	1,816
Total comprehensive income for the year	-	-	23,836	23,836
As at 31 December 2024	-	101,008	(65,295)	35,713
As at 1 January 2025	-	101,008	(65,295)	35,713
Share-based payment	-	-	454	454
Total comprehensive income for the period	-	-	4,062	4,062
As at 31 March 2025	-	101,008	(60,779)	40,229

¹ Allotted, issued and unpaid share capital of 1 ordinary share of USD 1 each.

Unaudited interim consolidated statement of cash flows

USD 000s'	Notes	Three month period ended 31 March (unaudited)	FY 2024 (audited)
Cash flows from operating activities			
Profit before income taxes		4,895	26,604
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation of property, plant and equipment	5	11,714	41,442
Depreciation of right-of-use assets	6a	53	186
Amortisation charge on intangible assets	5	1	99
Employees end-of-service benefits		60	439
Borrowing cost	8	6,445	3,769
Interest expense on lease liability	6b	3	34
Share-based payment		454	1,816
Impairment losses on financial assets		-	5,678
Finance income	11	(3)	(256)
Operating profit before working capital changes		23,622	79,811
Decrease in inventories		-	519
(Increase)/decrease in trade receivables		(13,762)	50
Decrease/(Increase) in other current assets		959	(8,988)
(Increase) in unbilled revenue and other receivables		(2,436)	(10,389)
Increase in trade and other payables		4,642	10,970
Cash generated from operating activities		13,025	71,973
Income tax paid		(6)	(3,312)
Finance income received	11	3	256
Employees' end-of-service benefits paid		(10)	(418)
Net cash generated from operating activities		13,014	68,499
Cash flows from investing activities			
Payment for property, plant, and equipment		(8,555)	(46,471)
Payment for intangible assets		-	(22)
Net cash used in investing activities		(8,555)	(46,493)
Cash flows from financing activities			
Deposit to restricted bank account	7	(14,513)	(9,675)
Proceeds from bond borrowing		-	192,534
Distribution to shareholder		-	(212,512)
Payment of lease liabilities		(2,524)	(223)
Net cash used in financing activities		(17,039)	(29,876)
Net decrease in cash and cash equivalents		(12,580)	(7,870)
Cash and cash equivalents at the beginning of the period	7	30,463	38,333
Cash and cash equivalents as at end of the period	7	17,883	30,463

Note 4 Operating results

USD 000s'	Three month period ended 31 March (unaudited)	FY 2024 (unaudited)
Revenue	46,024	135,586
Cost of sales	(30,200)	(80,824)
General and administrative expenses	(4,390)	(24,054)
Operating profit	11,434	30,708
Add back: finance charges included in G&A expenses	-	203
Add back: depreciation (COS)	11,695	41,349
Add back: depreciation and amortisation (G&A)	73	378
EBITDA	23,202	72,638
Add Back: non-recurring Items	-	5,678
Add Back: non-cash Items	454	1,816
Adjusted EBITDA¹	23,656	80,132

¹⁾ Adjusted EBITDA represents operating profit after adding back depreciation and amortisation, impairment charges and any other non-recurring and/or non-cash items. This measure provides additional information in assessing the Group's underlying performance that management is more directly able to influence in the short term and on a basis comparable between each reporting period.

Non-recurring items added back to EBITDA in 2024 relate to an impairment loss on financial assets.

Non-cash items added back to EBITDA in Q1 2025 and FY 2024 relate to the recordable expense associated with the share-based payment (Management Incentive Plan – MIP) which was introduced by MAM Telford Holdings Limited (the “Parent Company” for the eligible employees of the Group. Further disclosures surrounding this scheme can be found in the 2024 Telford Finco Consolidated Financial Statements. The corresponding credit has been recognised within “Accumulated losses” in the statement of changes in equity.

Note 5 Property, plant, and equipment (including intangible assets)

USD 000s'	Balance at 31 March 2025 (unaudited)	Balance at 31 December 2024 (audited)
Opening balance acquisition cost	431,279	384,786
Additions during the period	8,555	46,493
Closing balance acquisition cost	439,834	431,279
Opening balance depreciation	232,108	190,567
Depreciation charge for the period/year	11,715	41,541
Closing balance depreciation	243,823	232,108
Opening net book value	199,171	194,219
Closing net book value	196,011	199,171

Additions during the quarter includes USD 7.0 million relating to costs for the Telford 34 5 year special survey.

The carrying value of the fleet amounting to USD 178.6 million (2024: USD 190.3 million) consists of five Dynamic Positioning (DP3) vessels owned by the Group, being Telford 25, Telford 28, Telford 30, Telford 31 and Telford 34.

All vessels, including the equipment therein, serve as collateral against the bonds issued by the Company in November 2024.

Note 6a Right-of-use assets

USD 000s'	Balance at 31 March 2025 (unaudited)	Balance at 31 December 2024 (audited)
Acquisition Cost:		
Opening balance	859	758
Additions	32,875	101
Acquisition cost closing balance	33,734	859
Accumulated depreciation and impairment:		
Opening balance	645	459
Depreciation charge for the period/year	53	186
Accumulated depreciation and impairment closing Balance	698	645
Opening net book value	214	299
Closing net book value	33,036	214

The Group leases the Telford 33 vessel which is for a fixed periods but may have extension options which could be used to maximise operational flexibility. All of the extensions and termination options held are exercisable only by the Group and not the respective lessors. Lease liabilities are disclosed within Note 6b 'Lease liabilities'.

In addition, the Group has existing leases for its head office and various regional office premises, with lease terms ranging from two to five years.

Note 6b Lease liabilities

USD 000s'	Balance at 31 March 2025 (unaudited)	Balance at 31 December 2024 (audited)
Within one year	10,231	157
Years two to five inclusive	30,467	-
After 5 years	-	-
Total undiscounted lease liabilities	40,698	157
Effect of discounting	(10,197)	(10)
Discounted lease liabilities	30,501	147
Consisting of:		
Non-current	25,845	-
Current	4,656	147
Total discounted lease liabilities	30,501	147

Payments related to lease liabilities disclosed within the unaudited interim consolidated statement of cash flows for the period ended 31 March 2025 were USD 2.5 million (31 December 2024: USD 223 thousand).

Note 7 Cash and cash equivalents

USD 000s'	Balance at 31 March 2025 (unaudited)	Balance at 31 December 2024 (audited)
Unrestricted Cash	17,883	30,463
Restricted Cash	24,188	9,675
Total	42,071	40,138

As per the bond agreement, under which the Group has raised funds from the bond market, the Group is required to maintain a Debt Service Retention Account (DSRA), a bank account established jointly with the Bond Trustee. Each month, the Group must transfer an amount equal to one-sixth of the interest, principal, and call premium payable on the upcoming bond repayment date.

Note 8 Borrowing

USD 000s'	Balance at 31 March 2025 (unaudited)	Balance at 31 December 2024 (audited)
Opening	196,303	-
Bonds Issued	-	200,000
Bond Interest Accrued	6,445	3,769
Less: initial borrowing cost ¹	-	(7,466)
Closing	202,748	196,303

The Group issued 11% senior secured bonds amounting to USD 200 million under a bond agreement dated 4 November 2024, with Nordic Trustee as the Bond Trustee. The bonds were issued at a 2% discount and are repayable semi-annually over five years in installments, with a 3% premium on repayment. The net proceeds from the issuance were allocated toward an initial distribution to the shareholder and the Group's general corporate purposes.

In 2024 the Group incurred initial borrowing costs¹ related to the discount on bond and legal fees, amounting to USD 7.5 million. The effective interest rate (EIR) on the bond borrowing is 13%.

Bond repayment

As per the bond agreement, the Group may redeem bonds before maturity as follow:

Early redemption options	Repayment value
Before May 2027	100.00% of par value
Between May 2027 to Nov 2027	105.50% of par value
Between Nov 2027 to May 2028	104.40% of par value
Between May 2028 to Nov 2028	103.30% of par value
Between Nov 2028 to Maturity	103.00% of par value

As of 31 March 2025, the Management estimate that the bond will be repaid on maturity date, i.e. will not take the route of early redemption option.

Therefore, the undiscounted cash outflows, based on the fixed amortisation element of the bonds, are as follows:

All amounts in USD millions	Principal	Interest amount	Call premium	Total
2025	35.0	21.2	1.1	57.2
2026	35.0	17.5	1.1	53.6
2027	25.0	13.9	0.8	39.7
2028	25.0	11.1	0.8	36.8
2029	80.0	9.0	2.5	91.4
	200.0	72.6	6.1	278.7

Financial covenants

The Group is required to comply with the following financial covenants at each test date:

1. Cash and cash equivalents of at least USD 15 million during the tenure of the bond holdings.
2. A maximum leverage ratio of:

Period of bond terms	Maximum leverage ratio
Between Nov 2024 to Nov 2025	3.50 times
Between Dec 2025 to Nov 2026	3.25 times
Between Dec 2026 to Nov 2027	3.00 times
Between Dec 2027 to Nov 2028	2.75 times
Between Dec 2028 to Nov 2029	2.50 times

The leverage ratio is defined as the ratio of the net interest-bearing debt) to the earnings before interest, taxation, depreciation, and amortisation (EBITDA) as defined in the bond term. The Group has complied with these covenants throughout the reporting period.

As at 31 March 2025, the ratio of interest-bearing borrowing to adjusted EBITDA was 2.3 times. The Group fully expects to comply with these covenants throughout the next reporting period.

Note 9 Revenue

USD 000s'	Three month period ended 31 March 2025 (unaudited)	FY 2024 (audited)
Time charter	31,769	107,820
Mobilisation and demobilisation	4,110	5,700
Catering, crew, and others	10,145	22,066
Total revenue	46,024	135,586

Note 10 Segment reporting

Three month period ended 31 March 2025 (unaudited)

USD 000s'	Telford 25	Telford 28	Telford 30	Telford 31	Telford 34	Other ¹	Total
Revenue	8,980	17,324	11,564	8,113	-	43	46,024
Less: Operating Costs	(3,710)	(7,868)	(4,465)	(2,462)	-	-	(18,505)
Less: Depreciation on fleet	(2,353)	(2,232)	(2,621)	(2,162)	(2,327)	-	(11,695)
Gross margin/(loss)	2,917	7,224	4,478	3,489	(2,327)	43	15,824

1) Other revenue sources consist of a contract secured in Q1 2025 have for the rental of temporary living modules to a Client. This contract is for less than a year (inclusive of options) has no purchase option and deemed as low value and therefore the contract is not classified as a finance lease under IFRS16.

FY 2024 (audited)

USD 000s'	Telford 25	Telford 28	Telford 30	Telford 31	Telford 34	Other	Total
Revenue	27,034	43,066	26,823	12,272	26,391	-	135,586
Less: Operating Costs	(6,693)	(11,902)	(8,805)	(6,045)	(6,030)	-	(39,475)
Less: Depreciation on fleet	(8,950)	(7,868)	(8,184)	(7,971)	(8,376)	-	(41,349)
Gross margin/(loss)	11,391	23,296	9,834	(1,744)	11,985	-	54,762

Note 11 Finance costs – net

USD 000s'	Three month period ended 31 March (unaudited)	FY 2024 (audited)
Interest income	(3)	(256)
Interest expense on lease liability	3	33
Interest on bond borrowing	6,445	3,770
Foreign Exchange loss, net	94	557
Net finance costs	(6,539)	(4,104)

Note 12 Significant events

No material significant events have occurred following this financial report date.

The Directors on Behalf of Telford Finco.

Robert William Duncan
Director

Andrew John Robertson
Director

Learn more about Telford Offshore at:
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