

Unaudited Consolidated Interim Financial Report

for Q2 and six months ended 30 June 2025



Telford Finco

Unaudited Consolidated Interim Financial Report for Q2 and the six months ended 30 June 2025

Note 1 General Information

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, 71Fort Street, PO Box 500, Grand Cayman, KY1-1006, Cayman Islands. Head office for the Group is located at Office 3001 Jumeirah Business Center 5, Jumeirah Lake Towers, Dubai, United Arab Emirates.

The comparative information for the unaudited condensed consolidated interim statement of financial position is based on the audited financial statements as at 31 December 2024. The comparative information for the unaudited condensed consolidated interim statements of comprehensive income, changes in equity, cash flows, and other explanatory notes is the six months period ended 30 June 2024, which has neither been audited nor reviewed as the Group did not prepare consolidated condensed interim financial statements for the same period.

Note 2 Summary of material accounting policy information

The accounting policies adopted are consistent with those followed in preparation of the Group’s audited annual consolidated financial statements for the period ended 31 December 2024, except for the adoption of new and amended IFRS Accounting Standards as set out below.

(a) New and amended IFRS Accounting Standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2025:

- Amendments to IAS 21 - Lack of Exchangeability

These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(b) Impact of IFRS Accounting Standards issued but not yet applied by the Group.

Certain new accounting standards and interpretations have been published that are not mandatory for periods commencing 1 January 2025 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Seasonality of operations

Results for the six months period ended 30 June 2025 are not necessarily indicative of results that may be expected for the full financial year ending 31 December 2025. The nature of the Group’s business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality generally.

Note 3 Basis of preparation

This unaudited consolidated interim financial report does not include all the notes normally included in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024.

Unaudited condensed consolidated interim statement of financial position

USD 000s'	Note	Balance at 30 June 2025 (unaudited)	Balance at 31 December 2024 (audited)
ASSETS			
Non-current assets			
Property, plant, and equipment	5	196,877	199,153
Intangible assets	5	54	18
Right-of-use assets	6a	34,292	214
Total non-current assets		231,223	199,385
Current assets			
Inventories		1,561	1,664
Trade receivables		29,579	20,591
Other current assets		8,336	9,927
Unbilled revenue and other receivables		22,273	12,317
Cash at bank – restricted	7	4,704	9,675
Cash and cash equivalents	7	21,235	30,463
Total current assets		87,688	84,637
TOTAL ASSETS		318,911	284,022
EQUITY AND LIABILITIES			
EQUITY			
Share capital		-	-
Additional capital contribution		101,008	101,008
Accumulated losses		(57,957)	(65,295)
Total Equity		43,051	35,713
LIABILITIES			
Non-current liabilities			
Borrowing	8	146,805	163,548
Provision for employees' end-of-service benefits		652	571
Lease liabilities	6b	26,085	-
Total non-current liabilities		173,542	164,119
Current liabilities			
Trade and other payables		52,787	43,041
Borrowing	8	33,115	32,755
Due to a related party		5,943	7,488
Lease liabilities	6b	7,597	147
Income tax liabilities		2,876	759
Total current liabilities		102,318	84,190
Total liabilities		275,860	248,309
TOTAL EQUITY AND LIABILITIES		318,911	284,022

Unaudited condensed consolidated interim statement of comprehensive income

USD 000s'	Notes	3 months ended 30 June 2025 (unaudited)	6 months ended 30 June 2025 (unaudited)	6 months ended 30 June 2024 (unaudited)
Revenue	4,9,10	41,217	87,241	75,645
Cost of sales	4,10	(27,354)	(57,554)	(42,088)
Gross profit	10	13,863	29,687	33,557
General and administrative expenses	4	(2,740)	(7,132)	(8,866)
Operating profit	4	11,123	22,555	24,691
Finance income	11	3	6	217
Finance costs	11	(7,467)	(14,009)	(466)
Finance costs -net	11	(7,464)	(14,003)	(249)
Profit before income taxes		3,659	8,552	24,442
Income tax expense		(1,289)	(2,122)	(1,657)
Profit for the period		2,370	6,430	22,785
Other comprehensive income		-	-	-
Total comprehensives income for the period		2,370	6,430	22,785

Unaudited condensed consolidated interim 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
Total comprehensive income for the period	-	-	22,785	22,785
As at 30 June 2024 (unaudited)	-	321,008	(68,162)	252,846
As at 1 January 2025	-	101,008	(65,295)	35,713
Share-based payment	-	-	908	908
Total comprehensive income for the period	-	-	6,430	6,430
As at 30 June 2025 (unaudited)	-	101,008	(57,957)	43,051

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

Unaudited condensed consolidated interim statement of cash flows

USD 000s'	Notes	3 months ended 30 June 2025 (unaudited)	6 months ended 30 June 2025 (unaudited)	6 months ended 30 June 2024 (unaudited)
Cash flows from operating activities				
Profit before income taxes		3,657	8,552	24,442
<i>Adjustments to reconcile profit before income taxes to net cash provided by operating activities:</i>				
Depreciation of property, plant and equipment	5	12,179	23,893	18,692
Depreciation of right-of-use assets	6a	2,296	2,349	100
Amortisation charge on intangible assets	5	3	4	48
Employees end-of-service charge		54	114	250
Interest on bond borrowing	8	6,369	12,814	-
Interest expense on lease liability	11	829	832	27
Share-based payment		454	908	-
Finance income	11	(3)	(6)	(217)
Operating profit before working capital changes		25,838	49,460	43,342
Decrease in inventories		103	103	307
Decrease/(Increase) in trade receivables		4,774	(8,988)	(18,875)
Decrease/(Increase) in other current assets		634	1,593	(3,160)
Increase in unbilled revenue and other receivables		(7,522)	(9,958)	(7,260)
Decrease in due to related party		(1,545)	(1,545)	-
Increase in trade and other payables		5,105	9,747	2,764
Cash generated from operating activities		27,387	40,412	17,118
Income tax paid		(10)	(16)	(1,279)
Finance income received	11	3	6	217
Employees' end-of-service benefits paid		(25)	(33)	(79)
Net cash generated from operating activities		27,355	40,369	15,977
Cash flows from investing activities				
Payment for property, plant and equipment		(13,102)	(21,657)	(15,925)
Net cash used in investing activities		(13,102)	(21,657)	(15,925)
Cash flows from financing activities				
Movement in restricted bank account	7	19,484	4,971	-
Payment of bond borrowing cost		(172)	(172)	-
Repayment of bond borrowing	8	(29,025)	(29,025)	-
Payment of lease liabilities	6(b)	(1,188)	(3,714)	(134)
Net cash used in financing activities		(10,901)	(27,940)	(134)
Net decrease in cash and cash equivalents		3,352	(9,228)	(82)
Cash and cash equivalents at the beginning of the period	7	17,883	30,463	38,333
Cash and cash equivalents as at end of the period	7	21,235	21,235	38,251

Note 4 Operating results

USD 000s'	3 months ended 30 June 2025 (unaudited)	6 months ended 30 June 2025 (unaudited)	6 months ended 30 June 2024 (unaudited)
Revenue	41,217	87,241	75,645
Cost of sales	(27,354)	(57,554)	(42,088)
General and administrative expenses	(2,740)	(7,132)	(8,866)
Operating profit	11,123	22,555	24,691
Add back: finance charges included in SG&A	57	111	70
Add back: depreciation (COS)	14,465	26,161	18,644
Add back: depreciation (SG&A)	12	85	196
EBITDA	25,657	48,912	43,601
Add Back/(Less): non-recurring Items	(1,376)	(1,376)	-
Add Back: non-cash Items	454	908	-
Adjusted EBITDA¹	24,735	48,444	43,601

- 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-cash items added back to EBITDA in the three months ended 30 June 2025 and the six months ended 30 June 2025 relate to the recordable expense associated with the share-based payment (Management Incentive Plan – MIP) scheme, 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.

Reported gains deducted from EBITDA in the three months ended 30 June 2025 and in the six months ended 30 June 2025 arose from concurrent arbitration proceedings (relating to a legacy 2023 charter contract) where the case concluded in Q2 2025 and resulted in a net gain of USD 1.3 million, after adjusting for provisions. Enforcement proceedings for the award in our favor have commenced, and the award against us was settled in full in August.

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

USD 000s'	Balance at 30 June 2025 (unaudited)	Balance at 31 December 2024 (audited)
Opening balance acquisition cost	431,279	384,786
Fleet additions	23,343	40,636
Other assets additions	73	83
CWIP movements	(1,759)	5,774
Closing balance acquisition cost	452,936	431,279
Opening balance depreciation	232,108	190,567
Depreciation charge for the period/year	23,897	41,541
Closing balance depreciation	256,005	232,108
Opening net book value	199,171	194,219
Closing net book value	196,931	199,171

Additions during the six months period ended 30 June 2025 include USD 9.6 million relating to costs associated with the 5 year special survey programme and USD 13.6 million for vessel upgrades across the fleet.

The carrying value of the fleet amounting to USD 189.8 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 Group in November 2024.

Note 6a Right-of-use assets

USD 000s'	Balance at 30 June 2025 (unaudited)	Balance at 31 December 2024 (audited)
Acquisition Cost:		
Opening balance	859	758
Additions	36,509	101
Disposal	(815)	-
Acquisition cost closing balance	36,553	859
Accumulated depreciation and impairment:		
Opening balance	645	459
Depreciation charge for the period/year	2,349	186
Disposal	(733)	-
Accumulated depreciation and impairment closing Balance	2,261	645
Opening net book value	214	299
Closing net book value	34,292	214

The Group leases the Telford 33 vessel which is for a fixed period but has extension options which could be used to maximise operational flexibility. All extension 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 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 30 June 2025 (unaudited)	Balance at 31 December 2024 (audited)
Within one year	9,663	157
Years two to five inclusive	29,613	-
After 5 years	-	-
Total undiscounted lease liabilities	39,276	157
Effect of discounting	(5,594)	(10)
Discounted lease liabilities	33,682	147
Consisting of:		
Non-current	26,085	-
Current	7,597	147
Total discounted lease liabilities	33,682	147

Payments related to lease liabilities disclosed within the unaudited condensed consolidated interim statement of cash flows for the six months period ended 30 June 2025 totaled USD 3.7 million of which USD 2.8 million related to upfront lease costs and the remainder for recurring liabilities (30 June 2024: USD 134 thousand).

Note 7 Cash and cash equivalents

USD 000s'	Balance at 30 June 2025 (unaudited)	Balance at 31 December 2024 (audited)
Unrestricted Cash	21,235	30,463
Restricted Cash	4,704	9,675
Total	25,939	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.

The movement in DSRA account during the three months and six months ended 30 June 2025 was a USD 19.5 million reduction and a USD 5.0 million reduction respectively and occurred due to timing of the bond repayment which occurs in May and November of each financial year.

Note 8 Borrowing

USD 000s'	Balance at 30 June 2025 (unaudited)	Balance at 31 December 2024 (audited)
Balance at beginning of the period	196,303	-
Bonds issued	-	200,000
Interest accrued	12,814	3,769
Less: Repayment of bond borrowing	(29,025)	-
Less: Initial borrowing cost	-	(7,466)
Less: Additional borrowing cost	(172)	-
Closing	179,920	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 shareholders and the Group's general corporate purposes.

The Group incurred total borrowing costs related to the discount on bond and legal fees, amounting to USD 7.6 million. The effective interest rate (EIR) on the bond borrowing as at 30 June 2025 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 30 June 2025, the Management estimates 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	1.0	57.2
2026	35.0	17.5	1.0	53.6
2027	25.0	13.9	0.8	39.7
2028	25.0	11.1	0.8	36.8
2029	80.0	8.9	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 adjusted earnings before interest, taxation, depreciation, and amortisation (Adjusted EBITDA) as defined in the bond terms. The Group has complied with these covenants throughout the reporting period.

As at 30 June 2025, the ratio of interest-bearing debt to adjusted EBITDA was 2.2 times. The Group fully expects to comply with these covenants throughout the next reporting period.

Note 9 Revenue

USD 000s'	3 months ended 30 June 2025 (unaudited)	6 months ended 30 June 2025 (unaudited)	3 months ended 30 June 2024 (unaudited)
Time charter	33,268	65,037	62,241
Mobilisation and demobilisation	(360)	3,750	1,609
Catering, crew, and others	8,309	18,454	11,795
Total revenue	41,217	87,241	75,645

Note 10 Segment reporting

3 months ended 30 June 2025

USD 000s'	Telford 25	Telford 28	Telford 30	Telford 31	Telford 34	Telford 33	Other	Total
Revenue	9,093	4,450	10,340	8,460	8,705	-	169	41,217
Less: Operating Costs	(2,522)	(1,081)	(3,638)	(1,627)	(3,981)	-	(39)	(12,888)
Less: Depreciation	(2,435)	(2,274)	(2,581)	(2,215)	(2,660)	(2,301)	-	(14,466)
Gross margin	4,136	1,095	4,121	4,618	2,064	(2,301)	130	13,863

6 months ended 30 June 2025

USD 000s'	Telford 25	Telford 28	Telford 30	Telford 31	Telford 34	Telford 33	Other	Total
Revenue	18,073	21,774	21,904	16,574	8,705	-	211	87,241
Less: Operating Costs	(6,232)	(8,869)	(7,990)	(4,209)	(4,018)	-	(75)	(31,393)
Less: Depreciation	(4,715)	(4,507)	(5,316)	(4,336)	(4,986)	(2,301)	-	(26,161)
Gross margin/(loss)	7,126	8,398	8,598	8,029	(299)	(2,301)	136	29,687

Other revenue sources consist of a contract secured in Q1 2025 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.

Note 10 Segment reporting (continued)

6 months ended 30 June 2024

USD 000s'	Telford 25	Telford 28	Telford 30	Telford 31	Telford 34	Other	Total
Revenue	10,693	18,550	25,104	2,907	18,391	-	75,645
Less: Operating Costs	(3,272)	(3,731)	(8,923)	(3,515)	(4,004)	-	(23,445)
Less: Depreciation	(3,890)	(3,447)	(4,118)	(2,924)	(4,264)	-	(18,643)
Gross margin/(loss)	3,531	11,372	12,063	(3,532)	10,123	-	33,557

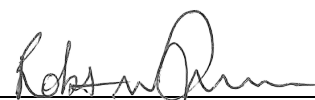
Note 11 Finance costs – net

USD 000s'	3-months ended-30 June 2025	6-months ended-30 June 2025	6-months ended-30 June 2024
Finance income	3	6	217
Interest expense on lease liability	(829)	(832)	(27)
Interest on bond borrowing	(6,369)	(12,814)	-
Foreign Exchange loss, net	(269)	(363)	(439)
Net finance costs	(7,464)	(14,003)	(249)

Note 12 Significant events

On the back of the arbitration case detailed in note 4, a super senior working capital revolving facility was granted to cover liabilities due by the Group.

The Directors on Behalf of Telford Finco.



Robert William Duncan
Director



Andrew John Robertson
Director

Learn more about Telford Offshore at:
telfordoffshore.com

