

Unaudited Consolidated Interim Financial Report for Q1 2026



Telford Finco

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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, 71 Fort Street, PO Box 500, Grand Cayman, KY1-1106, Cayman Islands. Head office for the Group is located at Office 3001 Jumeirah Business Centre 5, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

The comparative information for the unaudited condensed consolidated statement of financial position, unaudited condensed consolidated statement of comprehensive income, unaudited condensed consolidated statement of changes in equity, unaudited condensed consolidated statement of cash flows, and other explanatory notes is based on the audited financial statements for the year ended 31 December 2025.

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 year ended 31 December 2025, 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 2026:

- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

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 reporting periods commencing 1 January 2026 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.

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 2025.

Unaudited condensed consolidated statement of financial position

USD 000s'	Note	Balance at 31 Mar 2026 (unaudited)	Balance at 31 Dec 2025 (audited)
ASSETS			
Non-current assets			
Property and equipment	5	166,808	176,426
Intangible assets	5	46	48
Right-of-use assets	6a	27,648	30,077
Financial assets at fair value through profit or loss	6a	3,234	3,200
Total non-current assets		197,736	209,751
Current assets			
Inventories		832	1,030
Trade receivables		30,345	34,344
Other current assets		9,011	6,010
Unbilled revenue and other receivables		7,161	11,452
Due from a related party	12a	578	578
Cash at bank – restricted	7	18,430	5,102
Cash and cash equivalents	7	28,037	27,276
Total current assets		94,394	85,792
TOTAL ASSETS		292,130	295,543
EQUITY AND LIABILITIES			
EQUITY			
Share capital		-	-
Additional capital contribution		101,008	101,008
Accumulated losses		(62,323)	(54,307)
Total equity		38,685	46,701
LIABILITIES			
Non-current liabilities			
Borrowing	8	133,625	129,430
Due to a Related Party	12b	12,452	12,452
Lease liabilities	6b	18,204	18,990
Provision for employees' end-of-service benefits		726	705
Provision for decommissioning obligations	6b	2,976	2,900
Total non-current liabilities		167,983	164,477
Current liabilities			
Trade and other payables		37,983	37,141
Borrowing	8	34,532	33,449
Due to a related party	12c	3,404	3,578
Lease liabilities	6b	7,412	8,416
Income tax liabilities	13	2,131	1,781
Total current liabilities		85,462	84,365
Total liabilities		253,445	248,842
TOTAL EQUITY AND LIABILITIES		292,130	295,543

Unaudited condensed consolidated statement of comprehensive income

USD 000s'	Note	3 months ended 31 Mar 2026 (unaudited)	3 months ended 31 Mar 2025 (unaudited)	12 months ended 31 Dec 2025 (audited)
Revenue	4,9,10	40,721	46,024	195,163
Cost of sales	4,10	(34,797)	(30,200)	(123,286)
Gross profit	10	5,924	15,824	71,877
General and administrative expenses	4	(6,848)	(4,390)	(25,692)
Impairment loss on financial assets	4	-	-	(649)
Operating profit	4	(924)	11,434	45,536
Finance income	11	154	3	647
Finance costs	11	(6,425)	(6,542)	(27,788)
Finance costs – net	11	(6,271)	(6,539)	(27,141)
Profit before income taxes		(7,195)	4,895	18,395
Income tax expense	13	(1,275)	(833)	(9,223)
Profit for the period		(8,470)	4,062	9,172
Other comprehensive income		-	-	-
Total comprehensive income for the period		(8,470)	4,062	9,172

Unaudited condensed consolidated statement of changes in equity

USD 000s'	Share capital ¹	Additional capital contributed	Accumulated losses	Total
Balance at 1 January 2025	-	101,008	(65,295)	35,713
Total comprehensive income for the year	-	-	9,172	9,172
Share-based payment	-	-	1,816	1,816
As at 31 December 2025 (audited)	-	101,008	(54,307)	46,701
As at 1 January 2026	-	101,008	(54,307)	46,701
Share-based payment	-	-	454	454
Total comprehensive income for the period	-	-	(8,470)	(8,470)
As at 31 March 2026 (unaudited)	-	101,008	(62,323)	38,685

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

Unaudited condensed consolidated statement of cash flows

USD 000s'	Note	3 months ended 31 Mar 2026 (unaudited)	3 months ended 31 Mar 2025 (unaudited)	12 months ended 31 Dec 2025 (audited)
Cash flows from operating activities				
Profit before income taxes		(7,195)	4,895	18,395
<i>Adjustments to reconcile profit before income taxes to net cash provided by operating activities:</i>				
Depreciation of property and equipment	5	13,712	11,714	50,180
Depreciation of right-of-use assets	6a	2,429	54	7,309
Amortisation charge on intangible assets	5	3	1	10
Employees' end-of-service charge		58	60	229
Interest on loan from a related party	12(c)	156	-	310
Borrowing cost	8	4,800	5,763	21,446
Amortisation of bond issue costs	8	478	680	2,606
Interest expense on lease liability		703	5	2,541
Share-based expense		454	454	1,816
Provision for expected credit losses on financial assets		-	-	649
Provision for decommissioning expense		76	-	148
Finance income	11	(154)	(3)	(647)
Operating profit before working capital changes		15,520	23,623	104,992
Decrease in inventories		198	-	636
Decrease/(increase) in trade receivables		3,999	(13,763)	(14,402)
(Increase)/decrease in other current assets		(3,001)	959	3,917
Decrease/(increase) in unbilled revenue and other receivables		4,291	(2,436)	865
Decrease in due from a related party		-	-	(578)
Increase in long-term financial assets		(34)	-	(1,940)
Increase in provision for decommissioning		-	-	2,752
Decrease in amounts due to a related party	12(c)	-	-	(1,768)
Increase/(decrease) in trade and other payables		843	4,642	(5,900)
Cash generated from operating activities		21,816	13,025	88,574
Income tax paid		(925)	(6)	(8,201)
Finance income received	11	154	3	647
Employees' end-of-service benefits paid		(37)	(8)	(95)
Net cash generated from operating activities		21,008	13,014	80,925
Cash flows from investing activities				
Payment for property and equipment		(4,095)	(8,555)	(27,454)
Payment for right-of-use assets		-	-	(6,193)
Payment for financial assets		-	-	(1,260)
Payment for intangible assets		-	-	(40)
Net cash used in investing activities		(4,095)	(8,555)	(34,947)
Cash flows from financing activities				
Movement in restricted bank account	7	(13,328)	(14,513)	4,573
Payment of bond borrowing cost	8	-	-	(388)
Repayment of bonds borrowing	8	-	-	(57,088)
Proceeds from loan from a related party	12(b)	-	-	10,000
Payment of WCF interest	12(c)	(331)	-	-
Payment for lease liabilities		(2,493)	(2,526)	(6,262)
Net cash used in financing activities		(16,152)	(17,039)	(49,165)
Net increase/(decrease) in cash and cash equivalents		761	(12,580)	(3,187)
Cash and cash equivalents at the beginning of the period	7	27,276	30,463	30,463
Cash and cash equivalents as at end of the period	7	28,037	17,883	27,276

Note 4 Operating results

USD 000s'	3 months ended 31 Mar 2026 (unaudited)	3 months ended 31 Mar 2025 (unaudited)	12 months ended 31 Dec 2025 (audited)
Revenue	40,721	46,024	195,163
Cost of sales	(34,797)	(30,200)	(123,286)
General and administrative expenses	(6,848)	(4,390)	(25,692)
Impairment loss on financial assets	-	-	(649)
Operating profit	(924)	11,434	45,536
Add back: finance charges included in SG&A	76	54	246
Add back: depreciation (COS)	15,956	11,696	56,897
Add back: depreciation (SG&A)	188	73	602
EBITDA	15,296	23,257	103,281
Add back: non-recurring items	479	-	9,454
Add back: non-cash items	454	454	1,816
Adjusted EBITDA¹	16,229	23,711	114,551

- 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 for the three months ending 31 March 2026 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. The corresponding credit has been recognised within “Accumulated losses” in the statement of changes in equity. Further disclosures surrounding this scheme can be found in annual consolidated financial statements for the year ended 31 December 2025.

Additionally, non-recurring items added back to EBITDA for the three months ending 31 March 2026 relate to non-recurring costs incurred as a result of the geopolitical events in the Middle East during Q1 2026. Non-recurring items added back to EBITDA for the full year ended 31 December 2025 relate to arbitration settlements both in favour and against Telford and impairment charges on receivables to reflect recovery uncertainty.

Note 5 Property and equipment (including intangible assets)

USD 000s'	Balance at 31 Mar 2026 (unaudited)	Balance at 31 Dec 2025 (audited)
Acquisition cost:		
Opening balance	458,772	431,279
Fleet additions	-	27,950
Other assets additions	-	5,253
Capital work in progress movements	4,095	(5,710)
Closing balance	462,867	458,772
Accumulated depreciation:		
Opening balance	282,298	232,108
Depreciation charge for the period	13,715	50,190
Closing balance	296,013	282,298
Opening net book value	176,474	199,171
Closing net book value	166,854	176,474

Additions during the three months period ended 31 March 2026 include USD 1.4 million relating to costs associated with the 5-year special survey programmes for Telford 31, along with USD 2.5 million for vessel maintenance and USD 0.2 million for vessel upgrades across the fleet.

The carrying value of the fleet amounting to USD 159.2 million (2025: USD 172.5 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 31 Mar 2026 (unaudited)	Balance at 31 Dec 2025 (audited)
Acquisition cost:		
Opening balance	37,298	859
Additions	-	37,254
Disposals	-	(815)
Closing balance	37,298	37,298
Accumulated depreciation and impairment:		
Opening balance	7,221	645
Depreciation charge for the period	2,429	7,309
Disposals	-	(733)
Closing balance	9,650	7,221
Opening net book value	30,077	214
Closing net book value	27,648	30,077

The Group leases its Dubai head office and the Telford 33 vessel under lease arrangements with terms ranging from two to five years, including extension options on the Telford 33 lease that provide 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 connection with the T33 lease, the Group has recognised a financial asset representing the deposits paid to the lessor at the commencement of the lease, totalling USD 3.2 million (2025: USD 3.2 million). These deposits will be returned at the end of the contract and have therefore been classified as a financial asset at amortised cost.

Note 6b Lease liabilities

USD 000s'	Balance at 31 Mar 2026 (unaudited)	Balance at 31 Dec 2025 (audited)
Within one year	9,663	10,885
Within two to five years	20,065	21,329
After five years	-	-
Total undiscounted lease liabilities	29,728	32,214
Effect of discounting	(4,112)	(4,808)
Discounted lease liabilities	25,616	27,406
Consisting of:		
Non-current liabilities	18,204	18,990
Current liabilities	7,412	8,416
Total discounted lease liabilities	25,616	27,406

Payments related to lease liabilities disclosed within the unaudited condensed consolidated statement of cash flows for the three months period ended 31 March 2026 totalled USD 2.5 million (2025: USD 6.3 million).

A decommissioning liability of USD 3.0 million (2024: USD 2.9 million) has been recognised for the estimated costs associated with the vessel's redelivery obligations at the end of the lease term, consistent with the requirements of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

Note 7 Cash and cash equivalents

USD 000s'	Balance at 31 Mar 2026 (unaudited)	Balance at 31 Dec 2025 (audited)
Unrestricted cash	28,037	27,276
Restricted cash	18,430	5,102
Total	46,467	32,378

As per the bond agreement, under which the Group raised funds from the bond market in November 2024, 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 balance of the DSRA for the three months period ended 31 March 2026 increased by USD 13.3 million from the previous quarter.

Note 8 Borrowing

USD 000s'	Balance at 31 Mar 2026 (unaudited)	Balance at 31 Dec 2025 (audited)
Balance at beginning of the period	162,879	196,303
Interest accrued	5,278	24,052
Less: Repayment of bond borrowing	-	(57,088)
Less: Initial borrowing cost	-	(388)
Closing	168,157	162,879

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 instalments, 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 has incurred total borrowing costs related to the discount on bond and legal fees, amounting to USD 7.9 million. The effective interest rate (EIR) on the bond borrowing as at 31 March 2026 is 13% (2025: 13%).

Bond repayment

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

Early redemption options	Repayment value
Before 6 May 2027	Present value of nominal amount and remaining interest payments – defined in the bond terms as the 'Make whole amount'
Between 6 May 2027 to 5 November 2027	105.50% of par value
Between 6 November 2027 to 5 May 2028	104.40% of par value
Between 6 May 2028 to 5 November 2028	103.30% of par value
Between 6 November 2028 to Maturity	103.00% of par value

As at 31 March 2026, 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 future undiscounted cash outflows, based on the fixed amortisation element of the bonds, are as follows:

All amounts in USD million	Principal	Interest amount	Call premium	Total
2026	35.0	12.0	0.7	47.7
2027	25.0	13.2	0.8	39.0
2028	25.0	10.4	0.8	36.2
2029	80.0	6.6	2.3	88.9
	200.0	42.2	4.6	211.8

Note 8 Borrowing (continued)

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 31 March 2026, the ratio of interest-bearing debt to adjusted EBITDA was 1.5 times (2025: 1.5 times). The Group fully expects to comply with these covenants throughout the next reporting period.

Note 9 Revenue

USD 000s'	3 months ended 31 Mar 2026 (unaudited)	3 months ended 31 Mar 2025 (unaudited)	12 months ended 31 Dec 2025 (audited)
Time charter	32,289	31,769	148,334
Mobilisation and demobilisation	794	4,110	7,731
Catering and accommodation services	7,638	10,145	39,098
Total revenue	40,721	46,024	195,163

Note 10 Segment reporting

Three months ended 31 March 2026 (unaudited)

USD 000s'	Telford 25	Telford 28	Telford 30	Telford 31	Telford 33	Telford 34	Other	Total
Revenue	981	14,050	11,571	5,437	8,502	-	180	40,721
Less: Operating costs	(2,359)	(3,990)	(4,348)	(2,416)	(2,859)	(2,869)	-	(18,841)
Less: Depreciation	(2,628)	(2,597)	(2,604)	(2,200)	(2,636)	(3,291)	-	(15,956)
Gross profit	(4,006)	7,463	4,619	821	3,008	(6,161)	180	5,924

Three months ended 31 March 2025 (unaudited)

USD 000s'	Telford 25	Telford 28	Telford 30	Telford 31	Telford 33	Telford 34	Other	Total
Revenue	8,980	17,324	-	11,564	8,113	-	43	46,024
Less: Operating costs	(3,709)	(7,868)	-	(4,465)	(2,462)	-	-	(18,504)
Less: Depreciation	(2,354)	(2,232)	-	(2,621)	(2,162)	(2,327)	-	(11,696)
Gross profit/(loss)	2,917	7,224	-	4,478	3,489	(2,327)	43	15,824

Year ended 31 December 2025 (audited)

USD 000s'	Telford 25	Telford 28	Telford 30	Telford 31	Telford 33	Telford 34	Other	Total
Revenue	36,547	43,350	43,237	30,998	9,010	31,470	551	195,163
Less: Operating costs	(11,995)	(15,366)	(16,619)	(9,619)	(3,155)	(9,635)	-	(66,389)
Less: Depreciation	(9,897)	(9,514)	(10,424)	(8,638)	(7,182)	(11,242)	-	(56,897)
Gross profit/(loss)	14,655	18,470	16,194	12,741	(1,327)	10,593	551	71,877

Other revenue sources include a contract secured in Q1 2025 for the rental of temporary living quarters to a client. This contract was extended in Q1 2026. As the arrangement does not include a purchase option and is considered low value, it does not meet the criteria for classification as a finance lease under IFRS 16 – Leases.

Note 11 Finance costs – net

USD 000s'	3 months ended 31 Mar 2026 (unaudited)	3 months ended 31 Mar 2025 (unaudited)	12 months ended 31 Dec 2025 (audited)
Finance income	(154)	(3)	(647)
Interest on bond borrowing	5,278	6,443	24,052
Interest on lease liability	703	5	2,541
Interest on working capital revolving facility	156	-	310
Other finance costs	-	-	146
Foreign exchange loss – net	288	94	739
Net finance costs	6,271	6,539	27,141

Note 12 Related party balances

a) Due from a related party – current

USD 000s'	Balance at 31 Mar 2026 (unaudited)	Balance at 31 Dec 2025 (audited)
Balance at beginning of the period	578	-
Repurchase of shares	-	578
Closing balance	578	578

During 2025, certain employees exited the MIP scheme and in accordance with the scheme rules, their shares were repurchased by the Primary Investor. The cash settlement was paid to the departing employees from an entity within the Group and, as a result, a related party receivable was recognised, which remains outstanding as at 31 March 2026.

b) Due to a related party – non-current

USD 000s'	Balance at 31 Mar 2026 (unaudited)	Balance at 31 Dec 2025 (audited)
Balance at beginning of the period	12,452	-
Movement within current and non-current related to MIP	-	2,452
Super senior working capital facility issued	-	10,000
Closing balance	12,452	12,452

The Group entered into a Super Senior Working Capital Revolving Facility agreement on 15 July 2025 with the Group's shareholders, to provide support to settle the liabilities due by the Group following the outcome of the concurrent arbitration case, concluded in June 2025. The facility was established for a total commitment of USD 10.0 million and carries an interest rate that represents 6-month SOFR plus an annual margin set at 2.50%, total interest therefore equivalent to a monthly rate of approximately 0.56% in H2 2025 and 0.51% in H1 2026. The loan is repayable on the date falling six calendar months prior to the Maturity Date and as defined in the Bond Terms, that is in 2029 and therefore, the principal portion is classified as non-current liabilities. Interest on the Super Senior Working Capital Revolving Facility (reference note 12 (b)) is accrued on the outstanding balance and payable every six months, starting from the initial drawdown date, therefore this is classified under current liabilities.

c) Due to a related party – current

USD 000s'	Balance at 31 Mar 2026 (unaudited)	Balance at 31 Dec 2025 (audited)
Balance at beginning of the period	3,578	7,488
Payment for shares on behalf of related party	1	-
Movement within current and non-current related to MIP	-	(2,452)
MIP payment during the period	-	(1,768)
Interest accrued on working capital loan	156	310
Payment of interest on WCF	(331)	-
Closing balance	3,404	3,578

Note 13 Income tax liability

USD 000s'	Balance at 31 Mar 2026 (unaudited)	Balance at 31 Dec 2025 (audited)
Balance at beginning of the period	1,781	759
Provided during the period	1,275	9,223
Payment during the period	(925)	(8,201)
Closing balance	2,131	1,781

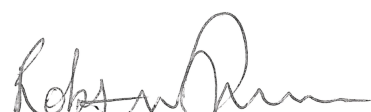
The Group is subject to taxation in the jurisdictions where it operates. The major operating and holding entities are incorporated in nil or low-tax jurisdictions and are not considered subject to tax outside their countries of incorporation. Differences in interpretation of tax residency and permanent establishment rules may create potential exposure in higher-tax jurisdictions. All known tax liabilities have been appropriately recognised based on applicable legislation and interpretations.

Note 14 Significant events

Subsequent to the reporting period, the geopolitical environment in the Middle East region remains uncertain and may result in continued operational disruptions and logistical constraints, which could affect certain vessel activities. Management continues to closely monitor developments and has implemented mitigating measures to manage the associated operational, financial, and liquidity risks.

As at the date of these interim financial statements, no further events have been identified that require adjustment or additional disclosure.

On behalf of the Management of Telford Finco



Robert William Duncan

Chief Executive Officer

Learn more about Telford Offshore at:
telfordoffshore.com

