

07 February 2023

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Tanfield Group Plc
("Tanfield" or the "Company")

Snorkel Investment Update

The Board of Tanfield (the "Board") is pleased to update the market regarding the Company's ongoing legal proceedings in relation to its investment in Snorkel International Holdings LLC ("Snorkel"), the aerial work platform business.

Investment Background

- Tanfield is a 49% shareholder in the equity of Snorkel following the joint venture in October 2013 between the Company and Xtreme Manufacturing LLC ("Xtreme") (the "Contemplated Transaction"), a company owned by Don Ahern of Ahern Rentals Inc ("Ahern Rentals"), relating to Snorkel. Tanfield's equity in Snorkel is owned by its wholly owned subsidiary HBWP Inc ("HBWP") while Xtreme's equity is owned by its wholly owned subsidiary SKL Holdings LLC ("SKL").
- The Snorkel investment is valued at £19.1m. The outcome of the US Proceedings referenced below could have an impact on this valuation.
- On 22 October 2019, the Company announced that it had received a Summons and Complaint, filed in Nevada (the "US Proceedings") by subsidiaries of Xtreme, relating to the Contemplated Transaction.
- On 24 October 2019, the Company announced it had become necessary to issue and serve a claim in the English High Court (the "UK Proceedings") against its former solicitors acting for the Company at the time of the Contemplated Transaction. On 18 October 2022, the Company announced that it had settled its claims in relation to the UK Proceedings on a no-fault basis.

Highlights

- The Company has filed an Answer to Complaint, Verified Second Amended Counterclaims, and Demand For Trial By Jury (the "Amended Counterclaims") in relation to the US Proceedings.
- As a consequence of the Amended Counterclaims, the timetable for the US Proceedings has been rescheduled and a jury trial is currently expected to take place in early 2024.

As previously reported in the Company's Snorkel update announcements, for some time the Board has believed that certain financial performance metrics have not been in line with the industry averages and work to investigate this is still ongoing. However, in part as a result of that work, and following information obtained through the discovery process, Tanfield has filed its Amended Counterclaims in relation to the US Proceedings. As part of the Amended Counterclaims, Tanfield has now brought claims in its individual capacity and derivatively on behalf of Snorkel, against Snorkel's manager SKL (Xtreme's wholly owned subsidiary), as well as against Don Ahern, Charles Brooks and Matthew Elvin based on allegations that the aforementioned parties breached their fiduciary duties by making or allowing decisions to be made that favor, among others, Xtreme and Ahern Rentals to the detriment of Snorkel and its minority owner, Tanfield, and by taking deliberate steps to either impair the profitability of Snorkel for the purposes of lowering any amount owed to Tanfield upon the exercising of its contractual call option rights, or shift value away from Snorkel to Xtreme and Ahern Rentals, resulting in a lower valuation of Snorkel.

Tanfield has also brought claims against Xtreme and Ahern Rentals based on allegations that they knowingly participated in the breaches of fiduciary duty committed by SKL, Don Ahern, Charles Brooks and Matthew Elvin by participating in the self-interested, commercially unreasonable transactions, and benefitting from the deliberate acts designed to shift value

self-interested, commercially unreasonable transactions, and benefiting from the deliberate acts designed to siphon value from Snorkel to Ahern Rentals and Xtreme, and to the detriment of Snorkel and its minority owner, Tanfield. Tanfield has also brought a claim for unjust enrichment alleging that Don Ahern, Ahern Rentals and Xtreme were given, and knowingly accepted, benefits unjustly derived as a result of their intentional misconduct described above. In connection with these claims, Tanfield, individually and/or derivatively on behalf of Snorkel, is seeking damages, punitive damages and its attorney fees and costs.

As announced on 18 October 2022, the Company is now focussed entirely on the US Proceedings however, as a consequence of the Amended Counterclaims, the timetable for the US Proceedings needs to be rescheduled and a jury trial is currently expected to take place in early 2024, as opposed to the summer of 2023.

The Board continue to believe that a positive outcome to the US Proceedings is possible. So far as it is necessary, the Company will continue to vigorously defend its position and advance its Amended Counterclaims, whilst continuing to seek advice.

Further updates will be provided to Shareholders as and when appropriate.

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