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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 on 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 between the Company and Xtreme Manufacturing LLC ("Xtreme") (the "Contemplated Transaction"), a company owned by Don Ahern of Ahern Rentals Inc, relating to Snorkel, in October 2013.
- 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.

Highlights

- In the second quarter of 2023, Snorkel's sales increased by 7.7% to US\$50.5m (Q2 2022: US\$46.8m). Whilst the increase in sales was US\$3.6m in value, the EBITDA in the second quarter of 2023 improved to a US\$1.6m profit (Q2 2022: US\$4.3m loss), an improvement of some US\$5.9m.
- Year to date sales for the first 6 months of 2023 saw an increase of 6.2% to US\$94.0m (YTD 2022: US\$88.6m). Whilst the increase in sales was US\$5.4m in value, the EBITDA for the first 6 months of 2023 improved to a US\$1.8m profit (YTD 2022: US\$7.7m loss), an improvement of some US\$9.6m.

Business Update

Tanfield is a 49% shareholder in the equity of Snorkel following the joint venture between the Company and Xtreme, a company owned by Don Ahern of Ahern Rentals Inc, relating to Snorkel, in October 2013.

In the second quarter of 2023, Snorkel's sales increased by 7.7% to US\$50.5m, compared to US\$46.8m for the second quarter of 2022. Whilst the increase in sales was US\$3.6m in value, the EBITDA for the second quarter of 2023 was a profit of US\$1.6m, compared to a loss of US\$4.3m in the second quarter of 2022, an improvement of some US\$5.9m. This resulted primarily from a marked improvement in the gross profit margin, which in the second quarter of 2023 increased to 13.0%, up from 2.8% in the second quarter of 2022, and up from 4.2% for the full year 2022.

This resulted in year-to-date sales for the first 6 months of 2023 to increase to US\$94.0mm, compared to US\$88.6m for the same period in 2022, an increase of 6.2%. Whilst the year-to-date increase in sales was US\$5.4m in value, the EBITDA for the first six months of 2023 was a profit of US\$1.8m, compared to a loss of US\$7.7m for the same period in 2022, an improvement of some US\$9.6m. This resulted primarily from a marked improvement in the gross profit margin, which in the first 6 months of 2023 increased to 12.9%, up from 3.4% for the same period in 2022, and up from 4.2% for the full year 2022.

The Board continues to be unaware of the reason behind the gross profit margin improvement from 2022 to 2023 but hopes that its ongoing work to try and investigate the current and historic gross profit margins may provide some further clarification.

As reported in the media towards the end of 2022, Don Ahern, the owner of the Company's 51% joint venture partner, sold the trade and assets of Ahern Rentals to United Rentals for around US\$2bn. While the trade and assets of Ahern Rentals were sold, the Board understand that Don Ahern retained ownership of the company Ahern Rentals Inc. Since the Contemplated Transaction in 2013, Ahern Rentals has been Snorkel's largest customer by far and the Board are therefore pleased to see that despite the change of ownership, sales have again continued to increase in the second quarter of 2023 and that sales now appear to be achieving improved gross profit margins.

Below is a summary of the consolidated financial statement for the second quarters of 2023 and 2022, along with the respective year to date totals.

US\$000's	Q2 2023	YTD 2023	Q2 2022	YTD 2022
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Net sales	50,459	94,001	46,848	88,554
Cost of goods sold	43,920	81,910	45,521	85,514
Gross profit	6,540	12,091	1,327	3,040
	13.0%	12.9%	2.8%	3.4%
Selling, general & administrative costs	5,430	10,839	4,957	9,869
Foreign currency exchange (gain)/loss	491	583	(635)	(915)
EBITDA profit/(loss)	1,600	1,835	(4,265)	(7,744)
Depreciation & non-operating costs	419	768	638	1,181
Net profit/(loss)	1,180	1,068	(4,903)	(8,925)

The Board views the increase in sales and gross profit margin in 2023 to be a continued positive development and is not aware of any reason why this improving trend should not continue.

The Company is now focussed on the US Proceedings which are continuing, with a jury trial currently scheduled to take place in early 2024. However, as reported on 24 July 2023, the Board expect the trial date will be rescheduled to around the summer of 2024. The Board continue to believe that a positive outcome to those proceedings is possible. So far as it is necessary, the Company will continue to vigorously defend its position whilst continuing to seek advice.

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

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