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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 fourth quarter of 2023, Snorkel's sales increased by 15.4% to US\$43.6m (Q4 2022: US\$37.8m). The EBITDA in the fourth quarter of 2023 also improved to a US\$3.4m profit (Q4 2022: US\$2.9m loss).
- The full year sales for 2023 saw an increase of 11.8% to US\$188.7m (2022: US\$168.8m). Whilst the increase in sales was US\$19.9m in value, the EBITDA for 2023 improved to a US\$6.3m profit (2022: US\$13.8m loss), an improvement of some US\$20.1m.

**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 fourth quarter of 2023, Snorkel's sales increased by 15.4% to US\$43.6m, compared to US\$37.8m for the fourth quarter of 2022. The EBITDA for the fourth quarter of 2023 was a profit of US\$3.4m, compared to a loss of US\$2.9m in the fourth quarter of 2022, an improvement of US\$6.3m. This largely resulted from the ongoing improvement in the gross profit margin, which in the fourth quarter of 2023 was 18.5%, compared to 4.2% for the full year 2022.

This resulted in sales for the 2023 financial year increasing to US\$188.7m, compared to US\$168.8m in 2022, an increase of 11.8%. Whilst the year-to-date increase in sales was US\$19.9m in value, the EBITDA for the 2023 was a profit of US\$6.3m, compared to a loss of US\$13.8m in 2022, an improvement of some US\$20.1m. This largely resulted from the ongoing improvement in the gross profit margin, which in 2023 increased to 14.2%, up from 4.2% for the full year 2022. As the cost of goods sold in 2023 (US\$162.0m) was almost the same as in 2022 (US\$161.7) the board believe this supports the assumption that the increase in sales is a result of sales price increases, and consequently improved product profitability, throughout 2023.

As previously reported, Don Ahern, the owner of the Company's 51% joint venture partner, sold the trade and assets of Ahern Rentals for around US\$2bn at the end of 2022. Since the Contemplated Transaction in 2013 through to the end of 2022, Ahern Rentals was Snorkel's largest customer. The Board are therefore pleased that despite the sale of Ahern Rentals, Snorkel has still been able to increase its sales, which now appear to be at vastly improved gross profit margins, in 2023.

The Board is unaware of the reason behind the gross profit margin improvement, but it continues to seek clarification and access to information that is sufficient to fully investigate both current and historic gross profit margins.

Below is a summary of the consolidated financial statement for 2023 and 2022, along with the fourth quarters of 2023 and 2022. As shown below, Snorkel's 2022 accounts reported a US\$31.8m related party forgiveness which resulted in the company reporting a US\$15.3m net profit for the year. Without this, Snorkel achieved a net loss of US\$16.5m in 2022.

US\$000's	<u>2023</u>	<u>2022</u>	<u>Q4 2023</u>	<u>Q4 2022</u>
	188,723	168,752	43,500	37,776

<b>Net sales</b>	<b>168,122</b>	<b>168,152</b>	<b>43,333</b>	<b>31,110</b>
Cost of goods sold	161,963	161,677	35,549	36,676
Gross profit	26,759	7,075	8,050	1,100
	14.2%	4.2%	18.5%	2.9%
Selling, general & administrative costs	20,920	19,393	4,470	4,579
Foreign currency exchange gain/(loss)	436	(1,505)	(131)	536
<b>EBITDA profit/(loss)</b>	<b>6,275</b>	<b>(13,823)</b>	<b>3,449</b>	<b>(2,943)</b>
Depreciation & non-operating costs	2,054	2,725	934	894
<b>Profit/(loss) before forgiveness</b>	<b>4,221</b>	<b>(16,548)</b>	<b>2,515</b>	<b>(3,837)</b>
Related Party Forgiveness	-	31,809	-	31,809
<b>Net Profit</b>	<b>4,221</b>	<b>15,261</b>	<b>2,515</b>	<b>27,972</b>

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.

Under the terms of the joint venture, Tanfield should receive Snorkel's annual accounts within 120 days of the 31 December year end. The board were informed that because of delays in the information being audited, Snorkel were not able to provide the 2023 accounts until very recently. Also, under the terms of the agreement, Tanfield should receive Snorkel's quarterly accounts within 45 days of a quarter end. The board have requested the accounts relating to 31 March 2024 on more than one occasion but to date no response or reason for the ongoing delay has been provided. Once the overdue accounts are received, an update will be provided.

The Company continues to be fully focussed on the US Proceedings which are continuing. While the jury trial is currently scheduled for a 5-week trial beginning in March 2025, because of ongoing delays in obtaining relevant discovery from Snorkel, and counter-defendants Ahern Rentals Inc and Xtreme, the board expects a further delay to the trial date is likely unavoidable.

The Board continues to believe that a positive outcome to the proceedings is possible. So far as it is necessary, the Company will continue to vigorously defend its position whilst continuing to seek appropriate advice.

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

For further information:

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