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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

- Snorkel's sales for the first 9 months of 2024 saw a decrease of 5.4% to US 137.3m (2023: US 145.1m), with EBITDA dropping in the same period to a loss of USD 1.9m (2023: profit of USD 2.8m).
- The jury trial previously scheduled for March 2025 has been rescheduled for a 5-week stack beginning in October 2025.

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 first 9 months of 2024, Snorkel's sales decreased by 5.4% to US 137.3m, compared to US 145.1m for the same period of 2023. The EBITDA for the first 9 months of 2024 was a loss of US 1.9m, compared to a profit of US 2.8m for the same period of 2023.

Below is a summary of the consolidated financial statement for the first 9 months of 2024, 2023 and 2022, along with the full year 2023 and 2022.

US 000's	<u>9 months</u> <u>2024</u>	<u>9 months</u> <u>2023</u>	<u>9 months</u> <u>2022</u>	<u>Full Year 2023</u>	<u>Full Year</u> <u>2022</u>
Net sales	137,301	145,123	130,976	188,722	168,752
Cost of goods sold	122,549	126,414	125,001	161,963	161,677
Gross profit	14,752	18,709	5,975	26,759	7,075
	10.7%	12.9%	4.6%	14.2%	4.2%
Selling, general & administrative costs	16,320	16,450	14,814	20,920	19,393
Foreign currency exchange gain/(loss)	(286)	567	(2,040)	436	(1,505)
EBITDA profit/(loss)	(1,854)	2,826	(10,879)	6,275	(13,823)
Depreciation & non-operating costs	906	1,120	1,831	2,054	2,725
Profit/(loss) before forgiveness	(2,760)	1,706	(12,710)	4,221	(16,548)
Related Party Forgiveness	-	-	-	-	31,809
Net Profit/(loss)	(2,760)	1,706	(12,710)	4,221	15,261

The Board is unaware of the reason for the reduction in sales during the first 9 months of 2024 but understands that demand in the aerial work platform market continues to grow, with that trend expected to continue into 2025 and beyond.

As previously reported on 7 August 2024, and as shown in the table above, both sales and EBITDA for the full year 2023 increased by US 20m compared to 2022, which the board believe resulted from improved selling prices since the end of 2022. Also as previously reported, Don Ahern sold the trade and assets of Ahern Rentals, Snorkel's largest customer since the Contemplated Transaction in 2013, at the end of 2022. It remains unclear whether there is any connection between these 2 events, but the Board continues to seek clarification and to fully investigate the matter.

The Company continues to be fully focussed on the US Proceedings which are continuing. As reported on 16 August 2024, due to the ongoing delays in obtaining discovery, the jury trial scheduled for March 2025 needed to be rescheduled, and the Board can now confirm this has been set for a 5-week stack beginning in October 2025.

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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