

TANFIELD GROUP PLC
REPORT AND FINANCIAL
STATEMENTS 2025

Registered in England & Wales

Company number 04061965

REPORT AND FINANCIAL STATEMENTS 2025

SUMMARY OF CONTENTS

Directors and Advisors	2
Strategic Report	3
Directors' Report	6
Corporate Governance	7
Directors' Remuneration Report	9
Statement of Directors' Responsibilities	10
Report of the Independent Auditor	11
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity Attributable to Equity Shareholders	16
Cash Flow Statement	17
Accounting Policies	18
Critical Accounting Estimates and Key Judgements	20
Notes to the Accounts	22

DIRECTORS AND ADVISORS

DIRECTORS

NON-EXECUTIVE

D Robinson

M Groak

Chairman

Non-Executive Director

SECRETARY

D Robinson

REGISTERED OFFICE AND ADVISORS

REGISTERED OFFICE

c/o Weightmans LLP
1 St James' Gate
Newcastle upon Tyne
Tyne and Wear
NE1 4AD

NOMINATED ADVISOR

Zeus Capital Limited
Stock Exchange Tower
125 Old Broad St
London
EC2N 1AR

AUDITOR

RSM UK Audit LLP
Fourth Floor, G1
5 George Square
Glasgow
G2 1DY

NOMINATED BROKER

Zeus Capital Limited
Stock Exchange Tower
125 Old Broad St
London
EC2N 1AR

SOLICITOR

Weightmans LLP
1 St James' Gate
Newcastle upon Tyne
Tyne and Wear
NE1 4AD

REGISTRAR

MUFG Corporate Markets
Central Square
29 Wellington Street
Leeds
LS1 4DL

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

Following Tanfield's 51% joint venture partner Xtreme Manufacturing LLC ("Xtreme"), via its subsidiary SKL Holdings LLC ("SKL") and Snorkel International Holdings LLC ("Snorkel International"), filing a Summons and Complaint (the "US Proceedings") against the Company and its subsidiary HBWP Inc ("HBWP"), the Board remains disappointed that an amicable resolution has not been possible.

However, the Board are very pleased with the progress and court rulings that have taken place in the US Proceeding during 2025, and through to the present day. Those rulings have seen the court confirm the Company's position in relation to the terms upon which it entered into the October 2013 agreements with Xtreme, as well as confirming that because the call option was exercised in November 2018, the Priority Amount and Preferred Return (collectively the "Preferred Interest"), plus the Option Price, are owed to the Company.

As such, while the Company currently continues to hold, through its subsidiary HBWP, its 49% membership in Snorkel International, upon receipt of the values owed under the terms of the agreements, including the Option Price which is still to be determined at trial, the Company will be obligated to transfer its 49% membership back to Snorkel International, which it is ready to do at the appropriate time.

Therefore, while the US Proceedings are ongoing, the only matters still to be decided are Tanfield's counter claims and a decision on the value of the Option Price relating to the call option. The Board believes further positive outcomes are therefore possible and continues to seek advice.

While, in the last few days, Snorkel International has filed a notice of appeal in relation to the court's rulings, the Board has no reason to believe the supreme court will not uphold the rulings made by the district court in the US Proceedings.

NON-EXECUTIVES' REVIEW

Background

The Company is defined as an investment company with two passive investments. This definition resulted from the disposal of the controlling interest in Smith in 2009 and the formation of a joint venture between Tanfield and Xtreme relating to the Snorkel division in October 2013 (the "Joint Venture"). Tanfield currently owns 5.76% of Smith and 49% of Snorkel International.

OVERVIEW

Snorkel International

Tanfield continues to retain an investment in Snorkel International (currently valued at £19.1m, 2024: £19.1m) consisting of a 49% membership interest and a Preferred Interest position, which has been held since the Joint Venture was established in October 2013.

Since the Joint Venture in October 2013, Snorkel achieved increased year on year sales levels, with the exception of 2020, when the impact of the Covid-19 pandemic saw the first reduction of sales. Since then, Snorkel resumed year on year sales increases, with a noticeable increase in operating profitability in the 2023 financial year. However, towards the end of 2024 and beyond, Snorkel experienced a drop in sales and profitability which the Board understands to have been caused in part due to more difficult market conditions, particularly those impacting the United States (e.g. high interest rates and tariffs).

The Board is not aware of any material changes to such market conditions and have not been made aware of any specific reasons why conditions would not continue to be more difficult for the remainder of 2026. However, Snorkel's current financial performance should no longer directly impact the Company's valuation of its investment, given the court's ruling in the US Proceedings, which is explained below.

In October 2019, the Board received the US Proceedings, in which Xtreme, via its subsidiary SKL and Snorkel International, alleged that Tanfield refused to sign over its interest in Snorkel International for £nil consideration. It was always the Board's belief that the intent of Tanfield, its non-conflicted directors at the time and its shareholders, as well as the contractual terms, require that the Preferred Interest is paid to the Company as part of the call option terms, a contractual mechanism for Xtreme to acquire the Company's 49% holding in Snorkel International. Xtreme alleged that this was not their intent or understanding of the transaction, despite both they, and their advisers, reviewing and commenting on the Circular prior to its distribution to shareholders, which in the Board's opinion clearly described payment of the Preferred Interest as a requirement of the call option. They also alleged that they did not believe payment of the Preferred Interest was a requirement of the contractual agreements.

The position of Xtreme, which was the premise of the US Proceedings, was that while they accept that Tanfield received a 49% interest in Snorkel International and an adjusted Priority Amount of \$22.5m (adjusted from the headline \$50m value detailed in the Circular, and with interest accruing via the Preferred Return) in exchange for contributing the entire Snorkel division to the Joint Venture, and gave Xtreme a 51% controlling interest, they alleged that because Snorkel International, under Xtreme's control, failed to achieve a 12 month EBITDA of \$25m prior to 30 September 2018, that Tanfield's \$22.5m Priority Amount plus the Preferred Return interest simply disappeared.

In summary, it was alleged by Xtreme that the terms of the transaction were such that after (a) Tanfield contributed all of the assets and intellectual property of its Snorkel division to the Joint Venture, which Snorkel's own tax returns declared as having a net fair market value of \$45.5m, (b) Tanfield conceded management control of the Snorkel division to Xtreme, (c) Xtreme ran the business as it saw fit for approximately 5 years and Snorkel International failed to achieve an annualized \$25m EBITDA, (d) Tanfield's value disappears completely and Xtreme could take 100% ownership of Snorkel International without paying any consideration to Tanfield.

STRATEGIC REPORT (Continued)

The Board vigorously denied that this was the intent of the parties, or the meaning of the contractual agreements, as it would have made no commercial sense to contribute the considerable value, trade and assets of the Snorkel division, which both parties agreed from the outset was fundamentally a viable company, while also relinquishing control of the division, to then receive no consideration for the considerable value contributed to the Joint Venture, because the controlling party failed to achieve the target.

During 2025, the court in the US Proceedings agreed with Tanfield's position, and confirmed via two court orders that the terms of the Joint Venture agreements are such that if the call option is exercised, the Preferred Interest value must be paid, in addition to the Option Price, and that Snorkel International did in fact exercise the call option in November 2018, triggering the contractual obligation to pay both the Preferred Interest and the Option Price values.

Given the court's rulings, November 2018 is the date upon which the value of the Option Price to buy the Company's 49% membership will be based. The Option Price is still a matter that is to be decided at trial, and it could be as low as £nil, as alleged by Xtreme, or it could be a positive value that would be due in addition to the Preferred Interest.

The Board therefore believes it is reasonable to expect that the investment in Snorkel International will result in a return of value to shareholders in the future but would like to draw your attention to the "Valuation of Snorkel International holding" below and the critical accounting estimates and key judgments on pages 20 and 21 which further explain the potential risks.

Valuation of Snorkel International holding: £19.1 million (2024: £19.1 million)

On 30 September 2018 the fixed terms of the Joint Venture agreement came to an end. In summary, if the trailing 12 month EBITDA had reached \$25m by 30 September 2018, this would have triggered payment of the Preferred Interest, valued at £19.1m, which once paid, would have allowed the Company to exercise its put option, compelling the purchase / sale of Tanfield's remaining holding in Snorkel International. As a \$25m trailing 12 month EBITDA was not reached by the deadline, the put option expired. Tanfield retains a 49% interest in Snorkel International and the Preferred Interest, but it could no longer compel Xtreme to pay the Preferred Interest and acquire its 49% interest.

The Board has always understood, and the court in the US Proceedings has now confirmed, that the Preferred Interest is the minimum payment required under the terms of the contractual agreements for Xtreme to acquire Tanfield's interest by exercising its call option, and that this is therefore an appropriate basis for determining the value the investment is to be carried at. At the time of the exercise of the call option in November 2018, the Preferred Interest was £19.1m which the Board believes should be maintained as the current valuation.

Due to the ongoing different opinions regarding the value of the Option Price, as well as the prospect of statutory interest being a consideration, it is possible the actual realisation of value could be more than the current valuation, but based on the court's rulings in the US Proceedings, the contractual value, which is the basis for the valuation, cannot be less, other than a potential reduction caused by exchange rate fluctuations.

While Snorkel International has filed a notice of appeal in relation to the court's rulings, the Board has no reason to believe the supreme court will not uphold the rulings made by the district court in the US Proceedings.

This valuation has been assessed against various criteria, including exchange rate fluctuations. The Board would like to draw the reader's attention to the critical accounting estimates and key judgments on pages 20 and 21 which further explain the uncertainty.

Smith

In October 2014 Smith completed a restructuring exercise that saw it convert debt to equity. As a result of this, they informed the Company that its equity shareholding had reduced from 24% to 5.76% (excluding warrants).

Shortly after, Smith ceased to operate and the Board of Tanfield does not foresee that changing in the immediate future.

Valuation of Smith holding

In 2015, the Board of Directors carried out a review of the investment in Smith resulting in a decision to impair the investment value to £nil. The Board maintains its opinion that the investment value should be held at £nil.

Strategy of Tanfield Board of Directors in relation to its Investments

Given the court's ruling in the US Proceedings, the Board believes it is reasonable to expect that the investment in Snorkel International will result in a return of value to shareholders but cannot predict the timeframe for such a return. With regard to Smith, the Board does not currently believe it will result in a return of value to shareholders. The Directors will update shareholders should this view change.

The strategy of the Company in relation to these investments is to return as much as possible of any realised value to shareholders as events occur and circumstances allow, subject to compliance with any legal requirements associated with such distributions. The Board will continue to fulfil its obligation to its shareholders in seeking to optimise the value of its investments.

The investments are defined as passive investments and Tanfield does not hold Board seats in either Snorkel International or Smith. There is no limit on the amount of time the existing investments may be held by the Company.

Finance expense and income

Interest income of £84k (2024: £132k) was received on bank balances.

Loss from operations

The loss from operations was £1.8m (2024: £0.4m). The difference being an increase in legal costs associated to the US Proceedings.

STRATEGIC REPORT (Continued)

Loss per share

Loss per share from continuing operations was 1.03 pence (2024: 0.17 pence). No dividend has been declared (2024: £nil).

Cash

At 31 December 2025, the Company had cash and short-term deposits of £2.1m (2024: £3.2m) and approximately £1.5m as at the date of this report.

Section 172: Companies Act Statement

The Board takes seriously its duties towards a wide range of stakeholders and acts in a way to ensure that its decision making promotes the success of the Company for the benefit of these stakeholders in accordance with Section 172. The Board's ability to do this is as a result of the Company status – as an investment Company it has no employees, other than the directors, or customers and its activities have no impact on the wider community and environment. The statements below provide further information as to how the directors have had regard to the relevant matters.

The likely consequences of decisions in the long term. As discussed earlier in this report, the sole aim of the Board is to maximise the return to shareholders through its investment holdings. This is of necessity a short-term focus, and the financial outcome will determine the future position and strategy of the Company.

The need to foster the Company's business relationships with suppliers and the desirability of the Company to maintain a reputation for high standards of business conduct. Engagement with suppliers is a key part of the business as the Board looks to bring a resolution to its investment position. Therefore, we are selective in the suppliers we choose to work with, demonstrating the Board's commitment to maintaining high standards of business conduct and professionalism.

The Annual General Meeting is the principal forum for shareholders, and we encourage all shareholders to attend and participate. The notice of the meeting is sent at least 21 days before the meeting. The Chairman of the Board and other directors, where possible, are present and are available to answer questions raised by shareholders. The Board ensure regular communications are made to all shareholders via periodic RNS announcements.

KPI's

The Board do not use any KPI's to monitor the performance of the business.

Approved by the Board of Directors and signed on behalf of the Board

Daryn Robinson
Chairman
1 April 2026

TANFIELD GROUP PLC FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors submit their report and the financial statements of Tanfield Group Plc for the year ended 31 December 2025. Tanfield Group Plc is a public listed company incorporated and domiciled in England and quoted on AIM.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of an investment company.

INVESTING POLICY

The holdings in Snorkel International Holdings LLC and Smith Electric Vehicles Corp. are passive investments. It is the intention that where distributions or realisations of such holdings are made (or there is a receipt of marketable securities) that these are distributed to shareholders, subject to compliance with any legal requirements associated with such distributions. There is presently no anticipated limit on the amount of time the holdings are to be held by the Company. The Company does not have and will not make any cross holdings and does not have a policy on gearing.

RESULTS AND DIVIDENDS

The financial result for the year to 31 December 2025 reflects the principal activity of the company being that of an investment company.

Turnover for the year was £nil (2024: £nil). The loss from operations in the year of £1.8m (2024: £0.4m) arose from operating costs.

The statement of financial position shows total assets at the end of the year of £21.2m (2024: £22.4m). Net Current Assets were £1.5m (2024: £3.2m) with cash and short-term deposits of £2.1m (2024: £3.2m). The directors believe that the Company has sufficient cash to allow it to continue for a period of more than 12 months from the date of this report.

No dividend has been paid or proposed for the year (2024: £nil). The loss of £1.7m (2024: £0.3m) has been transferred to reserves.

FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash, non-current investments, current receivables and current payables arising from its operations. The principal financial instruments used by the Company during the year are cash balances. The Company has not established a formal policy on the use of financial instruments but assesses the risks faced by the Company as economic conditions and the Company's operations develop.

DIRECTORS

The present membership of the Board is set out on page 2.

The directors' do not currently have a right to acquire shares in the company via the exercise of options as all past options have either been exercised or lapsed. Details of the directors' remuneration and incentives are set out in the Directors' Remuneration Report on page 9.

POLICY ON PAYMENT OF CREDITORS

It is Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice. The Company supports the CBI Prompt Payers Code. A copy of the code can be obtained from the CBI at Centre Point, 103 New Oxford Street, London WC1A 1DU.

Trade creditor days based on trade payables at 31 December 2025 were 106 days (2024: 12 days).

SUBSTANTIAL SHAREHOLDINGS

On 31 December 2025 the following held substantial shares in the company. No other person has reported an interest of more than 3% in the ordinary shares.

	No.	%
HSBC GLOBAL CUSTODY NOMINEE (UK)	62,644,779	38.45%
CHASE NOMINEES LIMITED	28,856,747	17.71%
AURORA NOMINEES LIMITED	20,358,289	12.50%
THE BANK OF NEW YORK (NOMINEES)	17,374,699	10.67%
INTERACTIVE BROKERS LLC	9,481,953	5.82%
VIDACOS NOMINEES LIMITED	7,931,525	4.87%

DIRECTORS' INTEREST IN CONTRACTS

No director had a material interest at any time during the year in any contract of significance, other than a service contract, with the Company or any of its subsidiary undertakings.

AUDITOR

A resolution to reappoint RSM UK Audit LLP as auditor will be put to the members at the annual general meeting. RSM UK Audit LLP has indicated its willingness to continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors in office on the date of approval of the financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

DIRECTORS INDEMNITY

The Company holds directors indemnity insurance in respect of its directors.

Approved by the Board of Directors and signed on behalf of the Board

Daryn Robinson
Chairman
1 April 2026

CORPORATE GOVERNANCE

All members of the board believe strongly in the value and importance of good corporate governance and in our accountability to all of Tanfield's stakeholders, including shareholders and suppliers.

The corporate governance framework which the company operates, including board leadership and effectiveness, board remuneration, and internal control is based upon practices which the board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the company's values. Having initially adopted the Quoted Companies Alliance's (QCA) Corporate Governance Code 2018, following a review of the Group's governance arrangements, the Board adopted the new QCA Code on 26 June 2025.

While we have included a summary of our compliance with the new QCA code in the annual report, the full statement of compliance is available on the Company's website.

Establish a strategy and business model which promote long-term value for shareholders

Tanfield Group is a passive investment Company with investments in Snorkel International and Smith, as described in the Investing Policy on page 6. As a passive investment Company, we do not have operational control or input into these investments. It is the intention that where distributions or realisations are made that these are distributed to shareholders, subject to compliance with any legal requirements associated with such distributions.

Promote a corporate culture that is based on ethical values and behaviours

Tanfield Group is a small passive investment company with only two Board members. However, the Board is still expected to set an example and act in the best interests of the Company and its stakeholders. The corporate culture aims to be open and fair in dealings with all stakeholders, working in partnerships to ensure mutual benefit. Ethical values and behaviours are recognised and respected. As the Company has no control over operational matters relating to its investments, it is unable to influence the values and behaviours directly, but it supports a culture of dealings with both shareholders and investee companies with integrity and respect.

Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication with its shareholders and the Company endeavours to keep shareholders informed via its public announcements, annual report and accounts, full-year and half-year announcements, the annual general meeting and any scheduled one-to-one meetings with existing and potential institutional investors. The Board is kept informed of the views and concerns of major shareholders and believes that it has successfully engaged with shareholders to date, keeping them abreast of the Company's strategy and progress.

Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

We are committed to meeting the needs of all our stakeholders. We maintain a regular dialogue with all our partners through a range of communication channels and actively solicit feedback. Engagement strengthens relationships and leads to better business decisions. As a passive investment Company, the Board recognises that its stakeholders are not as extensive as many operational businesses. The Company maintains a dialogue with its external stakeholders as appropriate and as the need arises. Whilst we are a passive investment Company, we still consider it important that our behaviour is socially responsible and we will endeavour to be accountable for our actions, be transparent about our activities, operate in an ethical, professional and responsible manner, be mindful of our stakeholder interests, respect the rule of law and respect human rights in whatever we do. Our contact with regulators is mediated and guided by our Nominated Adviser and other professional advisers.

Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The Board is mindful of and monitors its corporate risks. The main risks the business faces are that the investments may not achieve their operational goals, resulting in no realisation event and the potential for disputes with the controlling shareholders as to the terms of a realisation event should one occur. As a passive investment company, the Board is not able to influence the decision making or strategy of the investment companies and so its ability to mitigate some risks is limited. The Group is supported by its Nominated Adviser and other professional advisers to ensure compliance with all relevant regulations and laws in the countries in which it operates.

Establish and maintain the board as a well-functioning, balanced team led by the Chair

The Company operates as a passive investment company and has put in place a board structure that can best provide the strategic advice, leadership and continuity required. The board structure consists of two non-executive directors, Daryn Robinson and Martin Groak, both sitting on the PLC Board. During the year there were five board meetings, all fully attended, that took place.

Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied it has the appropriate structures and processes for a company of its size. The Board considers the Board composition in terms of skills, experience and balance. Its committees will seek external expertise and advice where required. With only two Board members, due to the limited activities of the Company, Board cohesion is paramount and this is regularly reviewed. The Board members have held roles and directorships in other publicly listed companies where they have gained a wealth of financial and public market experience which collectively has provided them with the balance of skills and expertise to deliver the business strategy. Due to the nature of the business, an operational Board is not deemed necessary and therefore the non-executive directors are deemed not to be independent.

CORPORATE GOVERNANCE (continued)

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board considers evaluation of its committees and individual directors to be an integral part of corporate governance to ensure it has the necessary skills, experience and abilities to fulfil its responsibilities. To ensure the skills and knowledge of the Board are kept up to date, it works with its Nominated Advisor & Broker, Auditor and Solicitor to ensure that any relevant new or amended accounting standards and interpretations, AIM rules or Companies Act legislation are fully understood and implemented.

Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

The Remuneration Committee is responsible for establishing a formal and transparent procedure for developing policy on remuneration and to set the remuneration packages of individual Directors. It is the aim of the Committee to reward Directors competitively and on the broad principle that their remuneration should be in line with the remuneration paid to comparable companies. Pay structures are set out in the Company's Annual Report and Accounts, with shareholders able to share feedback at the Company's Annual General Meeting, in conjunction with approving resolutions for the reappointment of each director bi-annually. On this basis, the Board do not feel that a separate vote on the remuneration policy was necessary or proportionate at this time and instead intends to continue to encourage feedback from Shareholders via the Company's Annual General Meeting and bi-annual director re-appointment resolutions. Given the size of the company, the Board is satisfied with this approach but will keep it under review and consider whether to put Remuneration Policy to vote at future Annual General Meetings.

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders

The Board is committed to maintaining good communication and having constructive dialogue with all of its stakeholders, including shareholders, providing them with access to information to enable them to come to informed decisions about the Company. The Company's website provides all required regulatory information as well as additional information shareholders may find helpful.

The Statement of Compliance and an explanation of the approach taken in relation to the QCA Code can be found on the Company's website www.tanfieldgroup.com/about#governance.

The board considers that it does not depart from any of the principles of the new QCA Code.

Going Concern

The directors are satisfied that the Company has sufficient cash to continue for a period of 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Daryn Robinson
Chairman
1 April 2026

DIRECTORS' REMUNERATION REPORT

Remuneration committee

The company has established a Remuneration Committee which is constituted in accordance with the recommendations of the QCA Code. The members of the committee during the year were D Robinson and M Groak and the committee was chaired by D Robinson.

Remuneration policy

There were four main elements of the remuneration packages for directors:

- Basic annual salary (including directors' fees) and benefits;
- Annual bonus payments;
- Share option incentives; and
- Pension arrangements.

Basic salary

The basic salary of the directors is reviewed annually having regard to the commitment of time required and the level of fees in similar companies. Non-Executive Directors are employed on renewable fixed term contracts not exceeding three years.

Annual bonus

The committee established the objectives which must be met for each financial year if a cash bonus was to be paid. The purpose of the bonus was to reward directors for achieving above average performance which also benefits shareholders.

Remuneration review

Directors emoluments for the financial year were as follows:

	Salary £000's	Bonus £000's	Total 2025 £000's	Total 2024 £000's	Pension 2025 £000's	Pension 2024 £000's
M Groak	25	-	25	24	-	-
D Robinson	173	-	173	120	15	15
Total	198	-	198	144	15	15

The directors held no share options at 31 December 2025 (2024: nil).

Approval

This report was approved by the board of directors and authorised for issue on 1 April 2026 and signed on its behalf by:

Daryn Robinson
Chairman

Share options

The directors do not hold any share options as at the date of this report.

Pension arrangements

One director was a member of a money purchase pension scheme to which the company contributed.

Directors interests

The interests of directors holding office at the year end in the company's ordinary 5p shares at 31 December 2025 and 31 December 2024 are shown below:

	Number of shares	
	2025	2024
D Robinson	942,785	942,785
M Groak	40,000	40,000
Total	982,785	982,785

The directors, as a group, beneficially own 0.6% of the company's shares.

As at the date of this report, no director has any remaining right to acquire shares in the company via the exercise of options granted under the terms of their service contracts, copies of which may be inspected by shareholders upon written application to the company secretary.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law and the AIM Rules of the London Stock Exchange the directors have elected to prepare the financial statements of the company in accordance with applicable law and UK-adopted International Accounting Standards.

The financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Tanfield Group Plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE INDEPENDENT AUDITOR

Independent auditor's report to the members of Tanfield Group Plc

Opinion

We have audited the financial statements of Tanfield Group Plc (the 'company') for the year ended 31 December 2025 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity attributable to equity shareholders, cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

- **Key audit matters** - Carrying value of non-current investments
- **Materiality** - Overall materiality: £453,000 (2024: £473,000), Performance materiality: £339,000 (2024: £355,000)
- **Scope** - Our audit procedures covered 100% of total assets and 100% of loss before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of non-current investment

Key audit matter description

Included in the Statement of Financial Position are non-current asset investments with a carrying value of £19.1m (2024: £19.1m), which includes the company's investment in its wholly owned subsidiary, HBWP Inc. The fair value of the subsidiary represents the value of its 49% holding in Snorkel International Holdings LLC ('Snorkel'). Note 6 and the Critical Accounting Estimates and Key Judgements of the financial statements describe the judgements made by the Board with regards to the fair value of investments and, in particular, the significant uncertainty concerning the £19.1m value of the investment in Snorkel.

As described on pages 20 and 21 there are significant uncertainties over the timing of any realisation, and the amount that might ultimately be realised on this investment, that could have a material effect on its fair value. The realisation of this investment for either more or less than its carrying value could have a material impact on the financial statements.

The Board has limited financial and non-financial information upon which to calculate/base its estimate of the realisation value and timing thereof. The Critical Accounting Estimates and Key Judgements disclosures on pages 20 and 21 set out the basis of the Directors consideration of the fair value of Snorkel, based on its expected recoverable amount, and the assumptions made therein. The assessments and conclusion of the Directors are based on the Investment Circular setting out the Proposed Transaction issued to Shareholders in September 2013, the legal advice obtained at the time and subsequent to that date, along with the information received in respect of the financial performance and position of Snorkel. The assessment made by the Directors as to the sums falling due under the Investment Circular differs to the assessment made by Xtreme, which has led to legal proceedings by Xtreme against HBWP Inc to obtain control of the remaining 49% of Snorkel. During 2025, the US legal proceedings ruled in HBWP Inc's favour confirming that the call option was exercised in 2018 and that the minimum contract value and preferred interest are receivable in full. The Directors have concluded that the most appropriate basis for determining the fair value continues to be the amount represented by the Preferred Interest element, which was established at the time of the Transaction, and was the value the investment in Snorkel was reduced to following the expiry of the put option in 2018.

As explained in the Critical Accounting Estimates and Key Judgements section on pages 20 and 21, the timing of realisation and the sum to be realised are dependent on definitive clarification as to the legal position of the call option still held by Xtreme.

As a result, the fair value of the investment of £19.1m remains appropriate and there is not an alternative, more reliable valuation of the investment than the current estimate.

How the matter was addressed in the audit

Our audit work has considered the nature of the financial and other information held by management described above, the assumptions used by management to assess the estimated timing and realisable value of the investment, and such other audit evidence as was available, to form a view on the reasonableness of these assumptions, estimates and calculations.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

In carrying out our audit work we have reviewed the legal documents issued by the US courts, ruling in favour of HBWP Inc, considered and challenged the range of outcomes considered by the Directors, the conclusion the Directors have reached about the reliability of any alternative valuation and the disclosures made, specifically in the Critical Accounting Estimates and Key Judgements disclosures and in Note 6.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

- **Overall materiality** - £453,000 (2024: £473,000). For the statement of comprehensive income, we applied a lower materiality level of £83,000 (2024: £13,000). This was set at 5% (2024: 5%) of loss before tax, reflecting the relative volatility and lower magnitude of the income statement amounts. Applying a lower threshold ensured that our work appropriately covered items within the statement of comprehensive income.
- **Basis for determining overall materiality** – 2% of total assets.
- **Rationale for benchmark applied** - Consistent with the prior year, the company's principal activity continues to be that of an investment company. As such, we deemed total assets to be the key benchmark for users of the financial statements.
- **Performance materiality** - £339,000 (2024: £355,000). We applied a lower performance materiality of £62,000 (2024: £10,000) to reflect the lower materiality applied to the statement of comprehensive income
- **Basis for determining performance materiality** - 75% of overall materiality.
- **Reporting of misstatements to the Audit Committee** - Misstatements in excess of £5,000 (2024: £5,000) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The company has been subject to a full scope audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- checking the integrity and accuracy of the cashflow forecasts prepared by management;
- assessing the reasonableness of assumptions and explanations provided by management to supporting information, where available; and

- reviewing the accuracy and consistency of disclosures made in the financial statements in respect of principal risks and going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as being the UK-adopted IAS; Companies Act 2006 and AIM listing rules. Additional audit procedures performed by the audit engagement team included:

- Review of the financial statement disclosures and testing to supporting documentation; and
- Completion of disclosure checklists to identify areas of non-compliance.

The areas that we identified as being susceptible to material misstatement due to fraud were the risk of management override of controls. The audit procedures performed by the audit engagement team included:

- Testing the appropriateness of journal entries and other adjustments;
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ALAN AITCHISON (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Fourth Floor, G1, 5 George Square, Glasgow, G2 1DY
1 April 2026

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 £000's	2024 £000's
Revenue		-	-
Staff costs	1	(213)	(159)
Other operating income		7	16
Other operating expenses	3	(1,552)	(260)
Loss from operations		(1,758)	(403)
Finance expense	2	-	-
Finance income	2	85	132
Loss before tax		(1,673)	(271)
Taxation	4	-	-
Loss & total comprehensive income for the year attributable to equity shareholders		(1,673)	(271)
Loss per share			
Loss per share			
Basic and diluted (p)	5	1.03	0.17

TANFIELD GROUP PLC FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION (Company registration number 04061965)

AS AT 31 DECEMBER 2025

	Notes	2025 £000's	2024 £000's
Non-current assets			
Non-current Investments	6	19,100	19,100
		19,100	19,100
Current assets			
Trade and other receivables	8	40	44
Cash	7	407	2,909
Short-term deposits	7	1,650	300
		2,097	3,253
Total assets		21,197	22,353
Current liabilities			
Trade and other payables	9	582	65
		582	65
Total liabilities		582	65
Equity			
Share capital	10	8,145	8,145
Share premium	10	17,336	17,336
Special reserve		66,837	66,837
Merger reserve		1,534	1,534
Retained earnings		(73,237)	(71,564)
Total equity attributable to equity shareholders		20,615	22,288
Total equity and liabilities		21,197	22,353

The financial statements on pages 14 to 26 were approved by the board of directors and authorised for issue on 1 April 2026 and are signed on its behalf by:

Daryn Robinson
Chairman

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital £000's	Share premium ^a £000's	Merger reserve ^b £000's	Special reserve ^c £000's	Retained earnings ^d £000's	Total £000's
At 1 January 2024	8,145	17,336	1,534	66,837	(71,293)	22,559
Comprehensive income						
Loss for the year	-	-	-	-	(271)	(271)
Total comprehensive income for the year	-	-	-	-	(271)	(271)
At 31 December 2024	8,145	17,336	1,534	66,837	(71,564)	22,288
Comprehensive income						
Loss for the year	-	-	-	-	(1,673)	(1,673)
Total comprehensive income for the year	-	-	-	-	(1,673)	(1,673)
At 31 December 2025	8,145	17,336	1,534	66,837	(73,237)	20,615

^a The share premium account represents amounts subscribed for share capital in excess of nominal value, net of directly attributable share issue costs.

^b The merger reserve has arisen on the legal acquisition of subsidiary companies.

^c The special reserve relates to a previous reclassification of the share premium account.

^d The retained earnings represents the accumulated retained profits and losses less dividend payments.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 £000's	2024 £000's
Loss before tax		(1,673)	(271)
Adjustment for:			
Finance income	2	(85)	(132)
Changes in operating assets and liabilities / working capital:			
Decrease/(increase) in receivables	8	4	14
(Decrease)/increase in payables	9	517	(7)
Net cash used in operating activities		(1,237)	(396)
Cash flow from Investing Activities			
Interest received	2	85	132
Short-term deposits – placed on deposit		(2,500)	(300)
Short-term deposits – receipts from withdrawals		1,150	-
Net cash (used in)/from investing activities		(1,265)	(168)
Net decrease in cash		(2,502)	(564)
Cash at the start of year		2,909	3,473
Cash at the end of the year		407	2,909

ACCOUNTING POLICIES

(i) Basis of preparation of the financial statements

Tanfield Group Plc is a public company incorporated in England and quoted on AIM. These financial statements have been prepared on the going concern basis in accordance with applicable law and UK-adopted International Accounting Standards. The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and liabilities measured at fair value.

The financial statements present the company accounts only and have not been consolidated as the company is deemed to be an investment entity under IFRS 10. The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand.

The preparation of the financial statements requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below in "Critical accounting estimates and key judgements".

(ii) Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future. At 31 December 2025 the Company had cash and short-term deposits of £2.1m (2024: £3.2m) and approximately £1.5m as at the date of this report.

The Board believes that it has sufficient cash funds to continue for more than 12 months from the date of this report. While there is no guarantee when a realisation of value from Snorkel will happen, the Board believes it could take place within the next 12 months, and it also believes it has sufficient cash funds to see the US Proceedings reach a conclusion. Having taken the uncertainties into account the Board believes it is appropriate to prepare the financial statements on the going concern basis.

(iii) Foreign currencies

Transactions in currencies other than sterling, the functional currency of the company, are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Gains and losses arising on retranslation are included in the income statement for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in retained earnings.

(iv) Retirement benefit cost

The company operates a defined contribution pension scheme and pays contributions to an externally administered pension plan. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the period in which they fall due.

(v) Financial instruments

Recognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument.

Financial assets

Investments

Investments are classified as financial assets at fair value through profit or loss. They are initially recognised at fair value and subsequently remeasured at each reporting date. Fair value changes, including realised and unrealised gains or losses, are recognised in the statement of profit or loss within "fair value gains/(losses) on investments". Transaction costs are expensed as incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand less short-term bank overdrafts.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received.

Trade and other payables

Financial liabilities within trade and other payables are initially recorded at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost.

(vi) Segmental reporting

In accordance with IFRS 8 operating segments are determined on the basis of information reported to the chief operating decision-maker for decision-making purposes. The Company considers that it only has one segment and that the role of chief operating decision-maker is performed by the Tanfield Group Plc's board of directors.

ACCOUNTING POLICIES (continued)

Accounting standards, interpretations and amendments to published accounts

During the year ended 31 December 2025, the Company has not adopted any new IFRS, IAS or amendments issued by the IASB, and interpretations by the IFRS Interpretations Committee, which have had a material impact on the Company's financial statements.

New and amended standards and interpretations effective from 1 January 2026 not yet adopted by the Company.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the group. These standards and interpretations are not expected to have a material impact on the financial statements of the Company in the current or future reporting periods.

CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS

The preparation of financial statements in conformity with UK-adopted IAS requires the use of accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. We continually evaluate our estimates, assumptions and judgements based on the most up to date information available.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investments

Smith

The status of the Company's holding in Smith Electric Vehicles US Corp was reviewed during the year. The Board previously advised that the company had ceased operations and had therefore decided to impair the investment in Smith to £nil. Subsequently, there has been no change that gives rise to an expectation of a realisation in value. As such, the Board is maintaining its view that the investment currently has £nil value.

Nevertheless, the Board acknowledges that there is a chance the investment could result in a return to Shareholders and will continue to monitor the investment. Should something change in the future the valuation of the investment will be revisited.

Snorkel International

The status of the Company's holding in Snorkel International Holdings LLC was reviewed at the end of the year, taking into consideration the court's rulings in the US Proceedings which confirmed the Board's opinion that the Preferred Interest is the minimum value due upon the exercise of the call option, and that the call option was exercised in November 2018. The Board has concluded that, while Tanfield continues to retain an investment in Snorkel International (currently valued at £19.1m), consisting of a 49% interest and the Preferred Interest, now that the court has confirmed a call option was in fact exercised in November 2018, the future performance of Snorkel should no longer have a bearing on the valuation and therefore holding the investment as a trade investment continues to be the correct treatment.

Since the Joint Venture in October 2013, Snorkel achieved increased year on year sales levels, with the exception of 2020, when the impact of the Covid-19 pandemic saw the first reduction of sales. Since then, Snorkel resumed year on year sales increases, with a noticeable increase in operating profitability in the 2023 financial year. However, towards the end of 2024 and beyond, Snorkel experienced a drop in sales and profitability which the Board understands to have been caused in part due to more difficult market conditions, particularly those impacting the United States (e.g. high interest rates and tariffs).

The Board is not aware of any material changes to such market conditions and have not been made aware of any specific reasons why conditions would not continue to be more difficult for the remainder of 2026. However, Snorkel's current financial performance should no longer directly impact the Company's valuation of its investment, given the court's ruling in the US Proceedings.

In October 2019, the Board received the US Proceedings, in which Xtreme, via its subsidiary SKL and Snorkel International, alleged that Tanfield refused to sign over its interest in Snorkel International for £nil consideration. It was always the Board's belief that the intent of Tanfield, its non-conflicted directors at the time and its shareholders, as well as the contractual terms, require that the Preferred Interest is paid to the Company as part of the call option terms, a contractual mechanism for Xtreme to acquire the Company's 49% holding in Snorkel International. Xtreme alleged that this was not their intent or understanding of the transaction despite both they, and their advisers, reviewing and commenting on the Circular prior to its distribution to shareholders, which in the Board's opinion clearly described payment of the Preferred Interest as a requirement of the call option. They also alleged that they did not believe payment of the Preferred Interest was a requirement of the contractual agreements.

The position of Xtreme, which was the premise of the US Proceedings, was that while they accept that Tanfield received a 49% interest in Snorkel International and an adjusted Priority Amount of \$22.5m (adjusted from the headline \$50m value detailed in the Circular, and with interest accruing via the Preferred Return) in exchange for contributing the entire Snorkel division to the Joint Venture, and gave Xtreme a 51% controlling interest, they alleged that because Snorkel International, under Xtreme's control, failed to achieve a 12 month EBITDA of \$25m prior to 30 September 2018, that Tanfield's \$22.5m Priority Amount plus the Preferred Return interest simply disappeared.

During 2025, the court in the US Proceedings agreed with Tanfield's position, and confirmed via two court orders that the terms of the Joint Venture agreements are such that if the call option is exercised, the Preferred Interest value must be paid, in addition to the Option Price, and that Snorkel International did in fact exercise the call option in November 2018, triggering the contractual obligation to pay both the Preferred Interest and the Option Price values.

Given the court's rulings, November 2018 is the date upon which the value of the Option Price to buy the Company's 49% membership will be based. The Option Price is still a matter that is to be decided at trial, and it could be as low as £nil, as alleged by Xtreme, or it could be a positive value that would be due in addition to the Preferred Interest.

The valuation of £19.1m has been assessed against the minimum contractual value, being the Preferred Interest, that is due under the call option exercise, as well as taking in to account potential further values due via the Option Price. In coming to this opinion, the Board has considered the impact of exchange rate movements given that any proceeds will be received in USD, considering current, historic and average exchange rates.

CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS (continued)

Between 1 January 2025 to 31 December 2025, the range of the GBP to USD exchange rate had a low of 1.2168 and a high of 1.3743, the average being 1.3188. Taking the court-confirmed USD\$25.3m value of the Preferred Interest, then based on the low of 1.2168 the valuation increases by approximately 9% to £20.8m., Based on the high of 1.3743 the valuation reduces by approximately 3% to £18.4m and based on the average of 1.3188 it increases by approximately 1% to \$19.2m, giving a potential movement of 12% in the valuation. Whilst the Board is not in a position to mitigate any potential exchange rate variation, until such time as the realisation of the Snorkel International investment occurs, it will continue to consider such means as may be possible to maximise the GBP return to shareholders.

As the value of the Option Price remains unknown, the Board notes that the valuation could potentially increase beyond the £19.1m which is underpinned by the Preferred Interest element. However, since Xtreme claim the Option Price at the time of the call option was £nil, to be prudent the Board does not intend to increase the valuation until the outcome is known.

The Board also caveats that a number of factors could influence the valuation and that as well as the outcome of the Option Price value, Tanfield has brought a number of other counter claims against Xtreme and its associates which could increase the valuation, but would not reduce it.

Given the court's favourable rulings, the Board considers the current valuation remains appropriate, and no increase, or reduction in the fair value, is required at this time.

While Snorkel International has filed a notice of appeal in relation to the court's rulings, the Board has no reason to believe the supreme court will not uphold the rulings made by the district court in the US Proceedings.

Whilst the timing and exact quantum of realisation of the investment remains unclear, the Board is of the opinion that the investment in Snorkel International will result in a return to shareholders in the future, that the current value of the investment of £19.1m remains appropriate and there is not an alternative, more reliable valuation of the investment than the current estimate.

NOTES TO THE ACCOUNTS

1. Staff costs

	2025 £000's	2024 £000's
Aggregate remuneration comprised		
Wages and salaries	197	144
Social security costs	1	-
Other pension costs	15	15
Total staff costs	213	159
	2025	2024
Average monthly number of employees	No.	No.
Directors	2	2
Total	2	2

All staff costs relate to Directors' remuneration. Details of Directors' fees and salaries, bonuses, pensions, benefits in kind and other benefit schemes together with details in respect of Directors' share option plans are given in the Directors' Remuneration Report on page 9.

2. Finance expense and finance income

	2025 £000's	2024 £000's
Finance expense		
Interest and borrowing cost	-	-
Total finance expense	-	-
	2025	2024
Finance income	£000's	£000's
Interest on cash, cash equivalents & financial instruments	85	132
Total finance income	85	132

3. Other operating expenses

	2025 £000's	2024 £000's
Property related expenses		
Property related expenses	13	21
Auditor's remuneration (see below)	25	25
Legal and professional fees	1,489	193
Other operating expenses	25	21
Total operating expenses	1,552	260

Auditor's remuneration

Amounts payable to RSM UK Audit LLP and their associates in respect of both audit and non-audit services are as follows:

	2025 £000's	2024 £000's
Audit Services		
• statutory audit of accounts	25	25

TANFIELD GROUP PLC FINANCIAL STATEMENTS

4. Taxation

Analysis of and factors affecting taxation charge

The taxation charge on the loss for the year differs from the amount computed by applying the corporation tax rate to the loss before taxation as a result of the following factors:

	2025 £000's	2024 £000's
(Loss)/profit before taxation	(1,673)	(271)
Notional taxation charge at UK rate of 19% (2024: 19%)	(318)	(52)
Effects of:		
Non-deductible expenses	273	27
Deferred tax asset not recognised in the period	45	25
Total taxation charge in the income statement	-	-

The Company has tax losses of approximately £6.1m (2024: £5.8m) available to carry forward against future profits of the same trade. No deferred tax asset has been recognised due to the uncertainty of future profitability of the Company.

5. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue during the period. The average share price during the year was 3.78p (2024: 3.78p).

	2025 No. 000's	2024 No. 000's
Number of shares		
Weighted average number of ordinary shares for the purposes of earnings per share	162,907	162,907

Loss

	2025 £000's	2024 £000's
From operations		
Loss for the purposes of earnings per share	(1,673)	(271)

Loss per share

Basic and diluted earnings per share (p)	(1.03)	(0.17)
--	--------	--------

6. Non-current investments

A summary of the non-current investments is shown below:

	2025 £000's	2024 £000's
Investment in Smith Electric Vehicles US Corp	-	-
Investment in Snorkel International Holdings LLC	19,100	19,100
Total non-current investments	19,100	19,100

Smith Electric Vehicles US Corp

At 31 December 2025, the Company held a 5.76% (2024: 5.76%) share of the issued share capital of Smith Electric Vehicles US Corp, a company registered in the US. In 2015 the Board decided to impair the investment in Smith to £nil and they continue to maintain this position. However, the Board will continue to monitor the investment.

Snorkel International Holdings LLC

At 31 December 2025, the Company, through its subsidiary HBWP, held a 49% (2024: 49%) membership interest in Snorkel International Holdings LLC, a company registered in the US. This shareholding is being held as a non-current investment at fair value (2025: £19.1m, 2024: £19.1m). The cumulative reduction in fair value of this investment is £17.2m (2024: £17.2m). See Strategic Report on pages 3 to 4 and critical accounting estimates and judgements on pages 20 to 21 for further considerations.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits held by the Company. The carrying amount of these assets approximates their fair value. The Company primarily holds cash and cash equivalents in Sterling bank accounts.

	2025 £000's	2024 £000's
Cash and cash equivalents	2,057	3,209

8. Trade and other receivables

	2025 £000's	2024 £000's
Receivable within one year		
Other debtors and prepayments	40	44
	40	44

The directors consider that the carrying amounts of trade and other receivables, recognised at amortised cost, approximates to their fair value.

9. Trade and other payables

The directors consider that the carrying amounts of trade and other payables approximates to their fair value.

	2025 £000's	2024 £000's
Payable within one year		
Trade payables	449	9
Social security and other taxes	3	3
Accrued expenses	130	53
	582	65

Average credit period taken on trade purchases (days) ^a	106	12
--	-----	----

^a Creditor days have been calculated as trade payables over other operating expenses multiplied by 365 days.

10. Share capital and share premium

The Company has one class of ordinary shares which carry no right to fixed income. All shares are fully paid up.

	Nominal share value	Number of shares	Share capital £000's	Share premium £000's
At 1 January 2024	5p	162,906,850	8,145	17,336
At 31 December 2024	5p	162,906,850	8,145	17,336
At 31 December 2025	5p	162,906,850	8,145	17,336

11. Financial risk management

The Company's operations are exposed to various financial risks which are managed by various policies and procedures. The main risk and their related management are discussed below:

Credit risk management

The Company's exposure to credit risk arises from its trade and other receivables and cash deposits with financial institutions.

The Company's maximum exposure to credit risk is summarised below:

	2025 £000's	2024 £000's
Trade and other receivables	1	2
Cash	407	2,909
Short-term deposits	1,650	300
	2,058	3,211

Liquidity risk management

The Company is exposed to liquidity risk arising from having insufficient funds to meet the Company's future financing needs. The Company's liquidity management process includes projecting cash flows and considering the level of liquid assets available to meet future cash requirements along with monitoring statement of financial position liquidity. The Board reviews forecasts, including cash flow forecasts on a quarterly basis.

Maturity analysis

The table below analyses the Company's financial liabilities on a contractual gross undiscounted cash flow basis into maturity groupings based on amounts outstanding at the statement of financial position date up to the contractual maturity date.

11. Financial risk management (continued)

	Within 1 year £000's	1 to 5 years £000's	Over 5 years £000's	Total £000's
2025				
Trade and other payables	582	-	-	582
	582	-	-	582
2024				
Trade and other payables	65	-	-	65
	65	-	-	65

Foreign exchange risk management

The Company is exposed to movements in foreign exchange rates due to any realisation of its investment in Snorkel International being denominated in foreign currencies. The carrying amount of the company's investment in Snorkel International at 31 December 2025, which is denominated in USD, is £19.1m (2024: £19.1m). During 2025, the GBP to USD exchange rate averaged 1.3188 with a low of 1.2168 and a high of 1.3743. See critical accounting estimates and key judgements on page 21 for further details of the impact of changes in the exchange rates. The company has no other material assets or liabilities denominated in foreign currencies. If appropriate the Company can use currency derivative financial instruments such as foreign exchange contracts to reduce exposure. These were not used in the period.

Capital management

The Company's main objective when managing capital is to protect returns to shareholders. The Company also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital. The Company manages its capital with regard to risks inherent in the business and the sector in which it operates by monitoring its gearing ratio on a regular basis. The Company considers its capital to include share capital, share premium, special reserve, share option reserve, merger reserve and retained earnings. No gearing is currently calculated as the Company had no borrowings during the year.

12. Contingencies

Authorised Guarantee Agreement

At the time of the Joint Venture between Tanfield Group Plc and Xtreme Manufacturing LLC relating to Snorkel International in October 2013, Tanfield Group Plc was the tenant of the Vigo Centre manufacturing facility from which the Snorkel division carried out its UK manufacturing operations. In order to gain permission to assign the lease to Snorkel Europe Limited, Tanfield Group Plc entered into an authorised guarantee agreement on the 25-year lease which commenced 27 June 2006.

13. Related party transactions

Remuneration of key personnel

The remuneration of the key management personnel, which includes Directors, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual directors, including the remuneration of the highest paid director, is provided in the Directors' Remuneration Report on page 9.

	2025 £000's	2024 £000's
Salaries and short-term benefits including NI	198	144
Post employment benefits	15	15
	213	159

14. Retirement benefits

The Company operates a defined contribution retirement benefit plan for all qualifying employees. The total cost charged to income of £15k (2024: £15k) represents contributions payable to that scheme by the Company at rates specified in the rules of the scheme. As at 31 December 2025, contributions of £nil (2024: £nil) due in respect of the current reporting period had not been paid over to the scheme.

15. Financial instruments recognised in the statement of financial position

Assets	2025			2024		
	Amortised cost £000's	Fair value through profit and loss £000's	Total £000's	Amortised cost £000's	Fair value through profit and loss £000's	Total £000's
Current financial assets						
Trade and other receivables	1	-	1	2	-	2
Investments	-	19,100	19,100	-	19,100	19,100
Cash and cash equivalents	2,057	-	2,057	3,209	-	3,209
Total	2,058	19,100	21,158	3,211	19,100	22,311

Liabilities	2025			2024		
	Amortised cost £000's	Fair value through profit and loss £000's	Total £000's	Amortised cost £000's	Fair value through profit and loss £000's	Total £000's
Current liabilities						
Trade and other payables	582	-	582	65	-	65
Total	582	-	582	65	-	65

Financial assets and liabilities measured at fair value are measured using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements, as follows:-

- Level 1 – Unadjusted quoted prices in active markets for identical asset or liabilities ('quoted prices');
- Level 2 – Inputs (other than quoted prices in active markets for identical assets or liabilities) that are directly or indirectly observable for the asset or liability ('observable inputs'); or
- Level 3 – Inputs that are not based on observable market data ('unobservable inputs').

All of the company's financial assets and liabilities measured at fair value are measured using level 3 valuations in both the year ended 31 December 2025 and the year ended 31 December 2024.

The fair value investment is measured against the contractual terms of the Joint Venture with Xtreme, as detailed in the circular distributed to shareholders to fully explain the terms of the transaction – and thereby seek their authority to enter into the transaction. Further details are provided in the strategic report on pages 3 to 5 and in the critical accounting estimates and key judgements on pages 20 and 21.

16. Investments

The tables below give brief details of the Company's investments at 31 December 2025. The Company had no operating subsidiaries as of 31 December 2025.

Investments	Principal activity	Group Interest in allotted capital & voting rights	Country of incorporation
Smith Electric Vehicles US Corp	Electric vehicle manufacture	5.76%	US
HBWP Inc	Holding Company	100.00%	US
Snorkel International Holdings LLC ^a	Holding Company	49.00%	US
Tanfield Engineering Systems US (Inc) ^b	Powered Access	49.00%	US
Snorkel Europe Ltd ^b	Powered Access	49.00%	UK
Snorkel International Inc ^b	Powered Access	49.00%	US
Snorkel New Zealand Limited ^b	Powered Access	49.00%	NZ

^a The Company's interest is held indirectly through HBWP Inc, a wholly owned subsidiary

^b The Company's interest is held indirectly through HBWP Inc's membership in Snorkel International Holdings LLC