



Tornado Global Hydrovacs Ltd.

Unaudited Condensed Consolidated Interim Financial Statements

For the three and six month periods ended June 30, 2020

Notice to Reader

These interim condensed consolidated financial statements have been prepared by the Management of Tornado Global Hydrovacs Ltd. and have not been audited or reviewed by the external auditor.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited)

	Notes	June 30, 2020	December 31, 2019
(In \$000's CAD)			(Audited)
ASSETS			
Current assets			
Cash and cash equivalents		\$ 3,927	\$ 2,417
Accounts receivable		1,682	1,990
Inventory	4	7,126	11,383
Prepaid expenses and other assets		628	468
Fair value of foreign currency forward contracts		—	1
Total current assets		13,363	16,259
Non-current assets			
Tax recoverable		163	197
Property and equipment, net	10	11,106	3,756
Goodwill and intangible assets, net		2,806	3,071
Right-of-use assets, net		386	547
Total non-current assets		14,461	7,571
Total assets		\$ 27,824	\$ 23,830
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 2,808	\$ 6,596
Customer deposits		153	110
Current portion of lease liabilities	11	823	643
Current tax payable		300	354
Current portion of mortgage payable	12	500	—
Term loan	13	761	—
Total current liabilities		5,345	7,703
Non-current liabilities			
Deferred tax		356	329
Lease liabilities	11	1,358	808
Mortgage payable	12	5,300	—
Total liabilities		12,359	8,840
Shareholders' Equity			
Share capital	14	20,903	20,903
Common share purchase warrants	14	144	144
Contributed surplus		594	594
Deficit		(6,445)	(6,464)
Accumulated other comprehensive income		269	(187)
Total shareholders' equity		15,465	14,990
Total liabilities and equity		\$ 27,824	\$ 23,830

Related party transactions - see Note 16

See accompanying notes to condensed consolidated financial statements

On behalf of the Board of Directors:

"Guy Nelson"
Non-Executive Chairman
Tornado Global Hydrovac's Ltd.

"Darrick Evong"
Chair of Audit Committee
Tornado Global Hydrovac's Ltd.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited)

	Notes	Three Months ended		Six Months ended	
		June 30 2020	June 30 2019	June 30 2020	June 30 2019
(In \$000's CAD, except per share amounts)					
Revenues					
Revenue	6	\$ 7,460	\$ 16,898	\$ 21,049	\$ 30,734
Other loss - foreign exchange		157	(45)	(44)	(79)
		7,617	16,853	21,005	30,655
Cost of sales	7	6,239	14,574	18,043	26,418
Gross Profit		1,378	2,279	2,962	4,237
Selling and general administrative expenses	8	806	1,246	2,050	2,789
Income before depreciation, amortization and other items		572	1,033	912	1,448
Depreciation of property and equipment	10	220	171	400	383
Amortization of intangible assets		144	149	285	294
Depreciation of right-of-use assets		79	—	162	—
		443	320	847	677
Income before the undernoted		129	713	65	771
Change in fair value of foreign currency forward contracts		(87)	(59)	1	(62)
Finance costs		43	70	72	144
Finance income		—	(23)	—	(47)
Stock based compensation		—	20	—	40
		(44)	8	73	75
Income (loss) before tax		173	705	(8)	696
Income tax expense (recovery)					
Current		40	169	(54)	270
Deferred		5	35	27	43
		45	204	(27)	313
Net income		128	501	19	383
Other comprehensive income (loss)					
Translation of foreign subsidiaries		(48)	(57)	456	(29)
Comprehensive income		\$ 80	\$ 444	\$ 475	\$ 354
Net income per share					
Basic	5	\$nil	\$nil	\$nil	\$nil
Diluted	5	\$nil	\$nil	\$nil	\$nil

See accompanying notes to condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

	Notes	Six Months ended	
		June 30 2020	June 30 2019
(In \$000's CAD)			
OPERATING ACTIVITIES			
Net income		\$ 19	\$ 383
<i>Add (deduct) items not affecting cash:</i>			
Depreciation of property and equipment	10	400	383
Amortization of intangible assets		285	294
Depreciation of right-of-use assets		162	48
Cost of sold leased trucks transferred from property and equipment		1,179	688
Deferred income taxes		(27)	43
Change in fair value of foreign currency forward contracts		1	(62)
Stock based compensation		—	40
		2,019	1,817
Change in non-cash working capital	18	456	(1,425)
Change in tax recoverable		34	(11)
Cash flow from operating activities		2,509	381
INVESTING ACTIVITIES			
Additions of property and equipment	10	(1,705)	(1,160)
Additions of intangible assets		(20)	(54)
Proceeds from disposal of fixed assets		6	—
Cash flow used in investing activities		(1,719)	(1,214)
FINANCING ACTIVITIES			
Net proceeds from leases	17	27	646
Net proceeds from term loans		761	(335)
Proceeds from exercise of stock options		—	6
Cash flow from (used in) financing activities		788	317
Effect of exchange rate changes on cash and cash equivalents		(68)	44
Net increase (decrease) in cash and equivalents during the period		1,510	(472)
Cash and cash equivalents, beginning of period		2,417	2,228
Cash and cash equivalents, end of period		\$ 3,927	\$ 1,756

See accompanying notes to condensed consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

As at June 30, 2020						
	Common Shares	Common Share Purchase Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
(In \$000's CAD)						
As at December 31, 2019	\$ 20,903	\$ 144	\$ 594	\$ (6,464)	\$ (187)	\$ 14,990
Income for the period	-	-	-	19	-	19
Other comprehensive income for the period	-	-	-	-	456	456
As at June 30, 2020	\$ 20,903	\$ 144	\$ 594	\$ (6,445)	\$ 269	\$ 15,465

As at June 30, 2019						
	Common Shares	Common Share Purchase Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
(In \$000's CAD)						
As at December 31, 2018	\$ 20,893	\$ 144	\$ 469	\$ (4,830)	\$ 277	\$ 16,953
Exercise of stock options	10	-	(4)	-	-	6
Stock based compensation	-	-	40	-	-	40
Income for the period	-	-	-	383	-	383
Other comprehensive loss for the period	-	-	-	-	(29)	(29)
As at June 30, 2019	\$ 20,903	\$ 144	\$ 505	\$ (4,447)	\$ 248	\$ 17,353

See accompanying notes to condensed consolidated financial statements

Notes to the Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2020

Amounts reported in thousands (\$000's CAD) except per share amounts

1. Corporate information

Tornado Global Hydrovac Ltd. ("TGHL" or the "Company") is incorporated in Alberta, Canada and through its subsidiaries, designs, fabricates, manufactures and sells hydrovac trucks to excavation service providers in the municipal and oil and gas markets in North America. In China, the Company's subsidiary is used principally to source certain parts for the Company's North America operations. TGHL's corporate office is located at Suite 510, 7015 MacLeod Trail, SW, Calgary, Alberta, T2H 2K6, and was incorporated under the Business Corporations Act (Alberta) on April 27, 2016. Since July 8, 2016, TGHL's shares have been traded on the TSX Venture Exchange under the symbol "TGH".

These financial statements were recommended for approval by the Company's Audit Committee and were approved and authorized for issue by the Board of Directors on August 19, 2020.

2. Summary of significant accounting policies

The interim condensed consolidated financial statements are condensed and have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Except as discussed below, the same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as disclosed in the TGHL's consolidated financial statements for the year ended December 31, 2019. TGHL's 2019 annual consolidated financial statements include incremental annual IFRS disclosures that may be helpful to readers of the interim results and therefore should be read in conjunction with these interim condensed consolidated financial statements.

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as issued by the International Accounting Standards Board ("IASB").

Basis of presentation

These interim condensed consolidated financial statements are prepared for the three and six months ended June 30, 2020 and includes the results for the comparative periods in 2019. The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as disclosed. The interim condensed consolidated financial statements include the accounts of Tornado Global Hydrovac Ltd. and its direct and indirect wholly owned subsidiaries Tornado Global Hydrovac (North America) Inc., Tornado Hydrovac Asia Pacific Holdings Ltd. and Tornado Global Hydrovac (Beijing) Ltd.

Subsidiaries are fully consolidated from the date of acquisition, being the date of incorporation or the date which TGHL obtains control and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as TGHL, using consistent accounting policies. All inter-company balances, income and expenses and unrealized gains and losses resulting from inter-company transactions are eliminated.

Use of estimates

Accounting measurements at interim dates inherently involve a greater reliance on estimates than at year-end. In the opinion of management, the unaudited interim condensed consolidated financial statements include all adjustments of a normal recurring nature to present fairly, the condensed consolidated financial position of the TGHL as at June 30, 2020. There have been no changes to the Company's significant accounting estimates and judgments as of June 30, 2020.

Notes to the Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2020

Amounts reported in thousands (\$000's CAD) except per share amounts

3. Adoption of new accounting standards

Effective January 1, 2020, the Company adopted amendments to IFRS 3 Business Combinations. The amendments seek to clarify whether a transaction results in an asset or a business acquisition. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. The amendments have no impact on the Company's consolidated financial statements.

4. Inventory

Inventory comprises:

	June 30, 2020	December 31, 2019
Work-in-process	\$ 2,496	\$ 4,863
Raw materials	4,579	6,014
Finished goods	51	506
	\$ 7,126	\$ 11,383

Finished goods inventory consists of hydrovac equipment for sale in North America.

5. Net income per share

Basic:			Diluted:		
Three Months ended June 30, 2020			Three Months ended June 30, 2020		
Net income	Weighted average number of shares	Net income per share	Net income	Weighted average number of shares	Net income per share
\$128	126,771,130	\$nil	\$128	128,295,133	\$nil
Three Months ended June 30, 2019			Three Months ended June 30, 2019		
Net income	Weighted average number of shares	Net income per share	Net income	Weighted average number of shares	Net income per share
\$501	126,734,519	\$nil	\$501	130,162,704	\$nil

Notes to the Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2020

Amounts reported in thousands (\$000's CAD) except per share amounts

Basic:			Diluted:		
Six months ended June 30, 2020			Six months ended June 30, 2020		
Net income	Weighted average number of shares	Net income per share	Net income	Weighted average number of shares	Net income per share
\$19	126,771,130	\$nil	\$19	128,295,133	\$nil
Six months ended June 30, 2019			Six months ended June 30, 2019		
Net income	Weighted average number of shares	Net income per share	Net income	Weighted average number of shares	Net income per share
\$383	126,725,569	\$nil	\$383	130,162,704	\$nil

The effects of dilution from 7,445,400 stock options (2019 - 7,445,400) and 3,100,000 warrants were included in the calculation of weighted average shares outstanding for diluted earnings per share for the three and six months ended June 30, 2020 as they are dilutive.

6. Revenue

	Three Months ended June 30		Six Months ended June 30	
	2020	2019	2020	2019
Revenues	\$ 7,460	\$ 16,898	\$ 21,049	\$ 30,734

Revenue as at June 30, 2020, comprise truck and equipment sales \$20,289 (2019 - \$29,389), parts and services \$583 (2019 - \$1,014) and rental income \$177 (2019 - \$331). During the six months ended June 30, 2020, 40.6% (2019 - 27.8%) of truck sales was attributable to one customer.

The table below shows the geographical sales:

	Three Months ended June 30		Six Months ended June 30	
	2020	2019	2020	2019
Canada	\$ 5,386	\$ 10,051	\$ 12,014	\$ 17,248
United States	2,074	6,847	9,035	13,486
China	-	-	-	-
	\$ 7,460	\$ 16,898	\$ 21,049	\$ 30,734

Notes to the Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2020

Amounts reported in thousands (\$'000's CAD) except per share amounts

7. Cost of sales

	Three Months ended June 30		Six Months ended June 30	
	2020	2019	2020	2019
Direct manufacturing costs	\$ 5,073	\$ 12,637	\$ 14,644	\$ 21,936
Indirect salaries and benefits	199	120	695	923
Indirect production costs	1,278	1,817	3,116	3,559
Wage subsidy	(311)	-	(412)	-
	\$ 6,239	\$ 14,574	\$ 18,043	\$ 26,418

Cost of sales as at June 30, 2020 includes Canada Emergency Wage Subsidy ("wage subsidy") of \$412 (2019 – \$nil).

8. Selling and general administrative expenses

	Three Months ended June 30		Six Months ended June 30	
	2020	2019	2020	2019
Salaries and benefits	\$ 560	\$ 709	\$ 1,563	\$ 1,605
Selling, general and administrative expense	457	537	752	1,184
Wage subsidy	(211)	-	(265)	-
	\$ 806	\$ 1,246	\$ 2,050	\$ 2,789

Selling and general administrative expenses as at June 30, 2020 includes wage subsidy of \$265 (2019 – \$nil)

9. Operating segments

TGHL has two operating segments; its North American manufacturing and sales operations and its China operation. It also has a Corporate segment which comprises expenses incurred at its head office in Calgary. The China operating segment is used principally to source certain parts to the North America segment.

Notes to the Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2020

Amounts reported in thousands (\$'000's CAD) except per share amounts

The tables below show the North America, China and Corporate segments for the three and six months ended June 30, 2020 and 2019 respectively:

Three months ended June 30, 2020	North America		China		Corporate		Total
Revenue	\$	7,617	\$	-	\$	-	\$ 7,617
Cost of sales		6,239		-		-	6,239
Selling and administrative expenses		544		111		151	806
		834		(111)		(151)	572
Depreciation and amortization expense		257		1		185	443
Income (loss) before other items of income	\$	577	\$	(112)	\$	(336)	\$ 129
Total assets	\$	17,489	\$	962	\$	9,373	\$ 27,824
Total liabilities	\$	6,309	\$	2	\$	6,048	\$ 12,359
Capital Expenditures	\$	116	\$	-	\$	-	\$ 116

Three months ended June 30, 2019	North America		China		Corporate		Total
Revenue	\$	16,853	\$	-	\$	-	\$ 16,853
Cost of sales		14,574		-		-	14,574
Selling and administrative expenses		940		137		169	1,246
		1,339		(137)		(169)	1,033
Depreciation and amortization expense		146		31		143	320
Income (loss) before other items of income	\$	1,193	\$	(168)	\$	(312)	\$ 713
Total assets	\$	21,544	\$	3,190	\$	3,796	\$ 28,530
Total liabilities	\$	10,748	\$	225	\$	204	\$ 11,177
Capital Expenditures	\$	1,083	\$	-	\$	-	\$ 1,083

Six months ended June 30, 2020	North America		China		Corporate		Total
Revenue	\$	21,005	\$	-	\$	-	\$ 21,005
Cost of sales		18,043		-		-	18,043
Selling and general administrative		1,544		238		268	2,050
		1,418		(238)		(268)	912
Depreciation and amortization		502		4		341	847
Income (loss) before other items	\$	916	\$	(242)	\$	(609)	\$ 65
Total assets	\$	17,489	\$	962	\$	9,373	\$ 27,824
Total liabilities	\$	6,309	\$	2	\$	6,048	\$ 12,359
Capital Expenditures	\$	1,355	\$	-	\$	370	\$ 1,725

Six months ended June 30, 2019	North America		China		Corporate		Total
Revenue	\$	30,655	\$	-	\$	-	\$ 30,655
Cost of sales		26,418		-		-	26,418
Selling and general administrative		2,031		399		359	2,789
		2,206		(399)		(359)	1,448
Depreciation and amortization		332		57		288	677
Income (loss) before other items		1,874		(456)		(647)	771
Total assets	\$	21,544	\$	3,190	\$	3,796	\$ 28,530
Total liabilities	\$	10,748	\$	225	\$	204	\$ 11,177
Capital Expenditures	\$	1,214	\$	-	\$	-	\$ 1,214

Notes to the Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2020

Amounts reported in thousands (\$'000's CAD) except per share amounts

10. Property and equipment

Cost	M&E	Office Equip	Leaseholds	Rental Equipment and Vehicles	Land and Building (3)	Total
Balance, December 31, 2019	\$ 2,024	\$ 289	\$ 1,255	\$ 2,176	\$ -	\$ 5,744
Additions	253	-	-	1,102	6,380	7,735
Disposals	(6)	-	-	-	-	(6)
Reclassification to inventory (1)	-	-	-	(1,295)	-	(1,295)
Reclassification from inventory (2)	-	-	-	1,313	-	1,313
Borrowing costs	-	-	-	-	3	3
Balance, June 30, 2020	\$ 2,271	\$ 289	\$ 1,255	\$ 3,296	\$ 6,383	\$ 13,494

Accumulated Depreciation

Balance, December 31, 2019	\$ 653	\$ 218	\$ 879	\$ 238	\$ -	\$ 1,988
Depreciation for the period	99	18	126	220	53	516
Reclassification to inventory (1)	-	-	-	(116)	-	(116)
Balance, June 30, 2020	\$ 752	\$ 236	\$ 1,005	\$ 342	\$ 53	\$ 2,388

Net book value

Balance, December 31, 2019	\$ 1,371	\$ 71	\$ 376	\$ 1,938	\$ -	\$ 3,756
Balance, June 30, 2020	\$ 1,519	\$ 53	\$ 250	\$ 2,954	\$ 6,330	\$ 11,106

- (1) During six months ended June 30, 2020, two hydrovac trucks (2019 - nil) were reclassified from property and equipment to inventory and then subsequently sold and leased back from a third party. During six months ended June 30, 2020, one hydrovac equipment (2019 - nil) was reclassified from property and equipment to inventory and then subsequently sold to a third party.
- (2) During six months ended June 30, 2020, 5 hydrovac equipment (2019 - nil) were reclassified from inventory to property and equipment.
- (3) During Q1 2020, the Company acquired a new manufacturing and production facility in Red Deer, Alberta. The land and building were recorded at fair value net of imputed borrowing costs relating to the associated mortgage. \$500 was paid toward the purchase price at closing. \$6,000 was financed by way of a vender take back mortgage.

11. Lease liabilities

The Company's lease liabilities consist of leases relating to hydrovac trucks and equipment and leases relating to facilities and office equipment.

Notes to the Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2020

Amounts reported in thousands (\$000's CAD) except per share amounts

As at June 30, 2020, the Company had 6 hydrovac truck leases, 1 equipment lease and 2 computer equipment leases, repayable in monthly installments totalling of \$52 with final installments totalling \$129, bearing interest at rates between 2% and 9%.

	June 30, 2020	December 31, 2019
Finance leases obligation	\$ 1,781	\$ 894
Less: current portion of finance lease obligations	(504)	(329)
	\$ 1,277	\$ 565

Amounts due on the hydrovac truck leases, equipment lease and computer equipment leases in the next five years are as follows:

2020	\$	360
2021		611
2022		547
2023		354
2024		159
Total minimum lease payments		2,031
Amount representing interest		(250)
		1,781
Less current portion of finance lease		(504)
	\$	1,277

As at June 30, 2020, the Company had \$400 lease liabilities relating to the Company's facilities in Stettler and Calgary, which consists \$319 current portion and \$81 non-current portion.

	June 30, 2020	December 31, 2019
Current	\$ (319)	\$ (314)
Non-current	(81)	(243)
	\$ (400)	\$ (557)

Notes to the Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2020

Amounts reported in thousands (\$000's CAD) except per share amounts

12. Mortgage payable

The mortgage payable relates to the Company's newly acquired manufacturing and production facility in Red Deer, Alberta. The Company paid an aggregate of \$500 toward the purchase price of \$6,500 ("Purchase Price") at closing and the vendor provided a non-interest bearing vendor take-back mortgage secured against the new facility for the balance of the Purchase Price with a \$500 principal reduction due on February 1, 2021 and the balance of the principal due on July 1, 2021.

	June 30, 2020	December 31, 2019
Total mortgage payable	\$ 6,000	\$ -
Less: Accretion expense	(200)	-
	5,800	
Less: current portion of mortgage payable	(500)	-
	\$ 5,300	\$ -

(1) The mortgage payable was measured at fair value and classified into level 2 of hierarchy of fair value measurements at June 30, 2020. All other measurements are consistent with the year end statements.

13. Term loan

	June 30, 2020	December 31, 2019
Term loan	\$ 761	\$ -

As at June 30, 2020, the Company had one term loan classified as current as it is due on demand, bearing interest at rate 4.25%, repayable in monthly instalments of \$22, maturing August 2023 and secured by hydrovac equipment in the Company's rental equipment with a total net book value of \$987.

Amounts due on the term loan in the next five years are as follows:

2020	\$	129
2021		259
2022		259
2023		168
2024		-
Total minimum loan payments		815
Amount representing interest		(54)
	\$	761

Notes to the Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2020

Amounts reported in thousands (\$000's CAD) except per share amounts

14. Share capital

The Company is authorized to issue an unlimited number of Class "A" Common Shares ("Common Shares") without nominal or par value.

As at June 30, 2020 and December 31, 2019 there were 126,771,119 Common Shares outstanding. No shares were issued during 2020.

No dividends were declared during 2020. No options or warrants were granted or exercised during 2020.

15. Capital disclosure and management

TGHL does not have any externally imposed restrictions on its capital. TGHL considers its net free cash to be its capital and manages the amounts based upon the projected needs of its geographic operating segments. TGHL monitors these amounts to ensure there is adequate cash to support the North American operations and the planned expansion in China. Should the projected requirements not be fulfilled, TGHL expects to raise additional cash through either the issuance of additional equity, acquisition of additional debt, or a combination thereof. As at June 30, 2020 TGHL had \$3,927 cash which is expected to meet the budgeted requirements for the next 12 months.

16. Related party transactions

During the three and six months ended June 30, 2020, the Company's wholly-owned subsidiary Tornado Hydrovac Asia Pacific Holdings Limited ("Tornado Asia") purchased hydrovac truck components of \$251 from Shanghai World Trade Resources Group Co. Ltd. ("ShanghaiCo") for the Company's North American Operations. During the three and six months ended June 30, 2020, Tornado Asia advanced \$490 to Shanghai Co for the purchase of upcoming components. As at June 30, 2020, Tornado Asia had a receivable of \$106 from ShanghaiCo.

Mr. Chuyu Wu, a director of the Company and Tornado Asia, is a director of ShanghaiCo.

17. Cash flow changes from financing activities

Details of changes in financing activities for the six months ended June 30, 2020 are as follows:

	January 1, 2020	Cash Flows	Non-cash changes		June 30, 2020
			Fair Value / Amortization	Change in Leases	
Lease liabilities	1,451	27	-	703	2,181
Term loans	-	761	-	-	761

Notes to the Interim Condensed Consolidated Financial Statements

Three and six months ended June 30, 2020

Amounts reported in thousands (\$000's CAD) except per share amounts

18. Changes in non-cash working capital

	Six months ended June 30	
	2020	2019
Accounts receivable	\$ 308	\$ (1,465)
Inventory	4,257	(2,186)
Prepaid expenses and other assets	(310)	(148)
Accounts payable and accrued liabilities	(3,788)	2,263
Customer deposits	43	(39)
Current tax payable	(54)	150
	\$ 456	\$ (1,425)
Less: income taxes paid	-	-
Total change in non-cash working capital	\$ 456	\$ (1,425)

19. Impact of COVID – 19 Pandemic

In late March and Q2/2020, with a number of hydrovac truck orders put on hold by clients as a result of COVID-19, the Company reduced truck production and put in place an aggressive program to conserve cash and maintain its workforce through a period of lower production in the North America segment. The Company was outsourcing approximately one third of its production before the pandemic and this has been discontinued entirely. Production at the Company's manufacturing facility in Stettler was also reduced by approximately 60%. As at June 30, 2020, approximately 40% of the Company's employees were temporarily laid off. In addition, management has taken a significant salary reduction. The governments of Canada and Alberta have introduced wage subsidy programs and loan guarantee initiatives and the Company has applied for applicable programs as appropriate. The cost savings generated by the temporary layoffs and salary reductions are intended to protect the Company's financial position and to allow the Company to quickly ramp-up production once the pandemic has passed. The service and parts team are expected to remain unaffected so they can continue to assist customers.