



Tornado Global Hydrovacs Reports 2020 Results

CALGARY, April 29, 2021 – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Company”) (TGH: TSX-V) today reported its audited consolidated financial results for the fiscal year ended December 31, 2020. The audited consolidated financial statements and MD&A have been filed on SEDAR and can be reviewed at www.sedar.com and on the Company’s web site www.tornadotrucks.com.

Financial and Operating Highlights (in CAD \$000’s except per share data)

	Three months ended December 31		Year ended December 31	
	2020	2019	2020	2019
Revenue (1)	\$ 5,186	\$ 11,854	\$ 30,832	\$ 49,598
Cost of sales (1)	4,505	9,712	25,557	40,293
Gross Profit	681	2,142	5,275	9,305
Selling and general administrative expenses	1,269	1,600	4,151	6,075
Depreciation and amortization	461	772	1,769	1,856
Impairment write-down (reversal)	66	2,242	(108)	2,242
Stock-based compensation	-	68	-	129
Net finance expense (income)	51	(20)	168	144
Accretion expense	92	-	142	-
Other	1	(1)	2	(1)
Loss before tax	(1,259)	(2,519)	(849)	(1,140)
Income tax recovery (expense)	224	2	182	(494)
Net loss	\$ (1,035)	\$ (2,517)	\$ (667)	\$ (1,634)
Net loss per share - basic and diluted	\$ (0.008)	\$ (0.020)	\$ (0.005)	\$ (0.013)
EBITDAS (2)	\$ (588)	\$ 614	\$ 1,124	\$ 3,230
EBIT (2)	\$ (1,116)	\$ (2,601)	\$ (538)	\$ (997)
Total assets	\$ 27,626	\$ 23,830	\$ 27,626	\$ 23,830
Shareholders Equity	\$ 14,829	\$ 14,990	\$ 14,829	\$ 14,990

¹ As described in the Financial Statements and MDA for the year ended December 31, 2020, the 2019 comparative figures presented have been restated, with a reduction to both revenue and cost of sales of \$10.8 million. There was no effect on basic or diluted net loss per share and did not have any effect on the Company’s consolidated statement of financial position or consolidated statement of cash flows.

² Earnings (loss) before interest, tax, depreciation, amortization, impairment write-down and stock-based compensation (“EBITDAS”) and earnings (loss) before interest and tax (“EBIT”) are not defined by IFRS. The definition of EBITDAS does not consider gains and losses on the disposal of assets, fair value changes in foreign currency forward contracts and non-cash components of stock-based compensation. While not an IFRS measure, EBITDAS is used by management, creditors, analysts, investors and other financial stakeholders to assess the Company’s performance and management from a financial and operational perspective.

2020 Overview

- Prior to COVID-19, the Company was facing sales demand greater than its manufacturing capability. To address this and plan for the expiry of the Company’s lease of its production facility located in Stettler, Alberta (“Stettler Facility”) in June 2021, the Company made the strategic decision to acquire a production facility located in Red Deer, Alberta (“Red Deer Facility”). This acquisition closed on February 3, 2020.

- Revenue of \$30,832, decreased 37.8% compared to \$49,598 in 2019. The Company's revenue was negatively impacted by COVID-19 from March 2020 onward.
- Gross profit of \$5,275, decreased by \$4,030 compared to \$9,305 in 2019 due to decreased revenue from the North American Operations, offset by recoveries from the Canada Emergency Wage Subsidy (the "wage subsidy"). Gross profit was positively impacted by the increased benefits from cost savings on parts sourced from China during the year.
- EBITDAS of \$1,124, decreased by \$2,106 compared to \$3,230 in 2019, due to decreased revenues and gross profit in North America, offset by the wage subsidy of \$1,936.
- Net loss of \$667, decreased by \$967 compared to a net loss of \$1,634 in 2019. This was due to the factors discussed above, offset by a decrease in income tax expense related to the North American Operations of \$676 and a gain on impairment reversal related to the China Operations of \$152. In 2020, an impairment reversal of \$108 was recorded compared to an impairment write-down of \$2,242 for 2019.
- During 2020, hydrovac truck parts sourced by Tornado China were sent to Canada for the production of hydrovac trucks.

4Q/2020 Overview

- The North American Operations continued to be negatively affected by COVID-19 during Q4/2020. This is discussed in more detail in the "Outlook" section.
- Revenue of \$5,186, decreased 56.3% compared to \$11,854 in Q4/2019 reflecting the negative impact of COVID-19.
- Gross profit of \$681, decreased by \$1,461 compared to \$2,142 in Q4/2019 due to decreased revenue from the North American Operations, offset by the wage subsidy.
- EBITDAS of negative \$588, decreased by \$1,202 compared to positive \$614 in Q4/2019, due to decreased revenues and gross profit in North America.
- Net loss of \$1,035 decreased by \$1,482 compared to a net loss of \$2,517 in Q4/2019. This was due to the factors discussed above, offset by a decrease in income tax expense related to the North American Operations of \$222. An impairment write-down of \$66 was recorded in Q4/2020 compared to an impairment write-down of \$2,242 in Q4 2019.

Segmented information (in CAD \$000's)

Year ended December 31, 2020	North America	China	Corporate	Total
Revenue	\$ 30,832	\$ -	\$ -	\$ 30,832
Cost of sales	25,557	-	-	25,557
Selling and general administrative	2,988	561	602	4,151
EBITDAS	\$ 2,287	\$ (561)	\$ (602)	\$ 1,124

Three months ended December 31, 2020	North America	China	Corporate	Total
Revenue	\$ 5,186	\$ -	\$ -	\$ 5,186
Cost of sales	4,505	-	-	4,505
Selling and general administrative	789	226	254	1,269
EBITDAS	\$ (108)	\$ (226)	\$ (254)	\$ (588)

Outlook

The Company continues to evaluate its business operations in the context of COVID-19, with a focus on health and safety of its employees, current company operations, business continuity and managing liquidity. As permitted by current government regulations, the Company continues to operate its manufacturing facilities with strict cleaning protocols and social distancing measures in place. In April 2020, the Company reduced truck production and put in place an aggressive program to conserve cash. The Company was outsourcing approximately 1/3 of its production before the pandemic and this has been discontinued entirely. This outsourced production is expected to be performed in the Red Deer Facility once it is fully operational in 2021. Production at the Stettler Facility was reduced by approximately 60% for Q3 and Q4 of 2020 and for Q1 2021. As at December 31, 2020, approximately 20% of the Company's employees had been permanently laid off.

These measures are intended to allow the Company to conserve cash and maintain its workforce through a period of lower production. The cost savings generated by the temporary layoffs and salary reductions are intended to protect the Company's balance sheet 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.

As a result of the (i) spread of COVID-19 in all relevant jurisdictions to the Company's supply chain and customer base; (ii) impact of government measures imposed to help manage the spread of the virus; (iii) actions undertaken by the Company to ensure the well-being and safety of its employees; and (iv) uncertainty over the duration of business disruptions as a result of COVID-19, management expects that the Company's consolidated financial results in 2021, including its financial performance and liquidity, may be negatively impacted.

Management recognizes that while it continues to respond to and navigate the impacts of COVID-19 on the Company's business, the situation continues to evolve especially with respect to the impact of the roll out of vaccinations in the United States and Canada. At this point, the Company has access to debt and other forms of government support available to businesses impacted by the pandemic. As the Company's production and revenue increase, the Company will add staff as needed. As a result of an increase in production and a corresponding increase in revenue, the Company expects that the Company's access to government support currently available will be reduced or eliminated.

COVID-19 may also continue to impact customer demand. Notwithstanding the current impact of COVID-19, management believes the underlying fundamentals of the Company's business remain strong and once the pandemic has passed, the Company expects its production and sales of hydrovac trucks in North America to recover and return to and eventually exceed the level achieved in 2019 over the long term for the following reasons:

- Increased spending on infrastructure in North America, particularly in the US as a result of recently announced proposed infrastructure programs, is anticipated post COVID-19 to support the market demand of hydrovac trucks in North America.

- Management believes the Company's commitment to continuous improvement of its hydrovac truck design has compelling advantages over hydrovac trucks currently offered in the market, including having a lighter weight and more debris capacity making it easier to comply with the road weight laws of Canada and the US.
- Manufacturing and production efficiencies from the Red Deer Facility, which is expected to become fully operational in mid 2021.
- Management anticipates the continued expansion of parts and services business in the Red Deer Facility.
- Cost savings from the Company's strategic supply chain from China for certain hydrovac truck parts.
- The Company expects that the weak Canadian dollar will continue to positively impact profit margins because a significant number of the Company's hydrovac trucks are sold in US dollars while manufactured in Canada.

About Tornado Global Hydrovacs Ltd.

The Company designs and manufactures hydrovac trucks in Canada and sells hydrovac trucks for excavation service providers to the municipal and oil and gas markets in Canada and the USA. Hydrovac trucks use high pressure water to pulverize soil and turn it into mud, and then vacuum up the resulting mud into its tank. Tornado currently operates in North America. In China, the Company's subsidiary is used principally to source certain parts to the Company's North American operations.

For more information about Tornado Global Hydrovacs Ltd., visit www.tornadotrucks.com or contact:

Bill Rollins
Chief Executive Officer
Phone: (403) 204-6333
Email: brollins@tghl.ca

Al Robertson
Chief Financial Officer
Phone: (403) 204-6363
Email: arobertson@tghl.ca

Advisory

Certain statements contained in this news release constitute forward-looking statements. These statements relate to future events. All statements other than statements of historical fact are forward-looking statements. The use of the words "anticipates", "should", "may", "expected", "expects", "believes" and other words of a similar nature are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although Tornado believes these statements to be reasonable, no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. Such statements include those with respect to: (i) the Company's outlook for the 2021 fiscal year; (ii) the expectation that prior outsourced production will be performed in the Red Deer Facility once it is fully operational in 2021; (iii) cost saving measures intended to allow the Company to conserve cash maintain its workforce through a period of lower production and quickly ramp-up production once the COVID-19 pandemic has passed; (iv) the expected negative impact of COVID-19 on the Company's financial results and liquidity in 2021; (v) the expectation that the Company's access to government support currently available will be reduced or eliminated as the Company's production and revenue increases; (vi) management's belief that the underlying fundamentals of the Company's business will remain strong over the long term; (vii) the expectation that long term production and sales of hydrovac trucks in North America will recover and eventually exceed the levels achieved in 2019; (viii) the anticipated increased spending on infrastructure in North America post COVID-19 to support the market demand of hydrovac trucks in North America; (ix) management's belief that the Company's commitment to continuous improvement of its hydrovac truck design has compelling advantages over hydrovac trucks currently offered in the market; (x) the anticipated manufacturing and production efficiencies from the Red Deer Facility, once it becomes fully operational in mid 2021; (xi) management's anticipation of continued expansion of parts and services business into the Red Deer Facility; (xii) cost savings from the Company's strategic supply chain from China for certain hydrovac truck parts; (xiii) the expectation that the weak Canadian dollar will continue to positively impact profit margins; (xiv) management's anticipation that the Company could raise additional funds in the short term and long term through either the issuance of additional equity, acquisition of additional debt, or a combination thereof. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual results

could differ materially from those anticipated in these forward-looking statements as a result of prevailing economic conditions, and other factors, many of which are beyond the control of Tornado. Although Tornado believes these statements to be reasonable, no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. The forward-looking statements contained in this news release represent Tornado's expectations as of the date hereof and are subject to change after such date. Tornado disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as may be required by applicable securities regulations.

Neither the Exchange nor its Regulation Service Provider (as that term is defined in policies of the Exchange) accepts responsibility for the adequacy or accuracy of this news release.