



Tornado Global Hydrovacs Reports 2021 Results

CALGARY, April 28, 2022 – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Company”) (TGH: TSX-V) today reported its audited consolidated financial results for the quarter and year ended December 31, 2021. The audited consolidated financial statements and MD&A are available on the Company’s issuer profile on SEDAR and can be reviewed at www.sedar.com or 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	
	2021	2020	2021	2020
Revenue	\$ 9,494	\$ 5,186	\$ 32,898	\$ 30,832
Cost of sales	9,649	4,505	26,902	25,557
Gross Profit	(155)	681	5,996	5,275
Selling and general administrative expenses	2,283	1,269	6,056	4,151
Depreciation and amortization	364	461	1,575	1,769
Finance expense	69	51	210	168
Impairment (reversal)	189	66	953	(108)
Accretion expense	78	92	153	142
Stock-based compensation	220	-	489	-
Loss on disposal of fixed assets	-	1	77	2
Loss before tax	(3,358)	(1,259)	(3,517)	(849)
Income tax recovery (expense)	517	224	302	182
Net loss	\$ (2,841)	\$ (1,035)	\$ (3,215)	\$ (667)
Net loss per share - basic and diluted	\$ (0.022)	\$ (0.008)	\$ (0.025)	\$ (0.005)
EBITDAS (1)	\$ (2,438)	\$ (588)	\$ (60)	\$ 1,124
EBIT (1)	\$ (3,211)	\$ (1,115)	\$ (1,248)	\$ (538)
Total assets	\$ 25,315	\$ 27,626	\$ 25,315	\$ 27,626
Shareholders Equity	\$ 12,130	\$ 14,829	\$ 12,130	\$ 14,829

¹ EBITDAS (earnings (loss) before interest, tax, depreciation and amortization, non-cash impairment, gain/loss on disposal of fixed assets and stock-based compensation), EBIT (earnings before interest and taxes) and Gross Profit (revenue less cost of sales) are not defined by IFRS. EBIT is the result of the Company’s EBITDAS less depreciation and amortization expenses, gains and losses on the disposal of assets, non-cash impairment and stock-based compensation. While not IFRS measures, EBITDAS, EBIT and Gross Profit are used by management, creditors, analysts, investors and other financial stakeholders to assess the Company’s performance and management from a financial and operational perspective. Readers are cautioned that EBITDAS and EBIT should not be considered to be more meaningful than Loss before Tax determined in accordance with IFRS.

2021 Overview

- The Company completed two strategic actions during the second quarter of 2021.
 - The Company moved all production into its production facility located in Red Deer, Alberta (the “Red Deer Facility”), effectively tripling the Company’s monthly production capacity.
 - To capitalize on the expected increase in infrastructure spending in North America and the impact that such spending will have on construction demand in general and hydrovac excavation demand in particular, the Company strengthened its executive management team with the appointment of Brett Newton as President

and Chief Operating Officer of the Company. In January 2022 Mr. Newton assumed the position of Chief Executive Officer and vacated the position of Chief Operating Officer.

- On July 14, 2021, the Company entered into a \$4,875 term loan and a \$3,000 revolving operating line of credit (together the "Credit Facility"). The term loan was used to repay the balance of the non-interest bearing vendor take-back mortgage secured against the Company's Red Deer Facility and the revolving operating line of credit will be used for general working capital purposes.
- The \$1.2 USD trillion infrastructure bill (the "Infrastructure Bill"), previously ratified by US Congress and passed by US Senate, was signed by the US President on November 15, 2021, is expected to create a significant number of jobs in the US to improve broadband, water suppliers and other public works, which in turn is expected to increase the demand for hydrovac trucks in US.
- In 2021, the federal government introduced a clawback provision with respect to the Canada Emergency Wage Subsidy (the "wage subsidy") that requires employers that are public corporations to repay a part of their wage subsidy claims for a qualifying period, to the extent the compensation paid to its named executive officers in 2021 exceeds that paid in 2019. The wage subsidy clawback resulted in the Company being required to pay back a total of \$384 (the "Clawback") to the federal government and negatively impacted the Company's gross profit and EBITDAS by \$269 and \$384 respectively.
- Revenue of \$32,898 in 2021 increased 6.7% compared to \$30,832 in 2020 as customer demand continued to recover.
- Gross Profit of \$5,996 in 2021 increased by \$721 compared to \$5,275 in 2020 due to increased revenue and production efficiencies, including labour utilization, at the Company's Red Deer Facility. This was offset by reduced wage subsidy net of the amount repayable (\$427 in 2021 compared to \$1,206 in 2020) and one-time, non-recurring expenses discussed below. Gross Profit was positively impacted by the increased benefits from cost savings on parts sourced from China, although to a lesser extent than during 2020 due to increased freight and lead time. Gross Profit was negatively impacted by increased material costs experienced in Q4/2021 due to supply chain issues.
- General and administrative expense of \$6,056 in 2021 increased by \$1,905 compared to \$4,151 in 2020. The increase was due to general increased employee costs in North America to handle present and anticipated growth. The wage subsidy net of the amount repayable was less in 2021 compared to 2020. Also in 2020 the Company had temporarily laid off 40% of its employees and senior management and head office employees had taken salary reductions.
- EBITDAS of negative \$60, decreased by \$1,184 compared to \$1,124 in 2020, due to factors discussed below.
- During 2021, the Company recorded a number of one-time non-recurring items which negatively impacted the Company's results. The impact of these adjustments totalled \$2,633 in 2021 and 2/3 of this was related to inventory writedowns and to asset impairment of non-core hydrovac equipment and rental units.
- The Company recorded a net loss of \$3,215 in 2021, which represents an increase in the net loss of \$2,548 compared to net loss of \$667 in 2020. This was due to the factors discussed above, plus stock based compensation expense of \$489 which is a non cash item.

4Q/2021 Overview

- During Q4/2021, the Company recorded a number of one-time non-recurring items which negatively impacted the Company's Q4 results and are discussed above.
- Revenue of \$9,494, increased 83.1% compared to \$5,186 in Q4/2020 as customer demand continued to recover.
- Gross Profit of negative \$155, decreased by \$836 compared to \$681 in Q4/2020 principally due to adjustments discussed below and reduced wage subsidy net of the amount repayable (\$427 in 2021 compared to \$1,206 in 2020). Gross Profit was negatively impacted by increased material costs experienced in Q4/2021 due to supply chain issues.
- EBITDAS of negative \$2,438, increased by \$1,850 compared to negative \$588 in Q4/2020, due to factors discussed above.
- Net loss of \$2,841 increased by \$1,806 compared to a net loss of \$1,035 in Q4/2020. This was due to the factors discussed above and stocked-based compensation of \$220 (2020 – \$nil) which is a non cash item.
- During Q4/2021, the Company recorded a number of one-time non-recurring items which negatively impacted the Company's Q4/2021 results. The impact of these adjustments totalled \$1,463 in Q4 2021 and 2/3 of this was related to inventory writedown and to asset impairment of non-core hydrovac equipment and rental units.

Segmented information (in CAD \$000's)

Year ended December 31, 2021	North America	China	Corporate	Total
Revenue	\$ 32,898	\$ -	\$ -	\$ 32,898
Cost of sales	26,902	-	-	26,902
Selling and general administrative	4,601	404	1,051	6,056
EBITDAS	\$ 1,395	\$ (404)	\$ (1,051)	\$ (60)

Three months ended December 31, 2021	North America	China	Corporate	Total
Revenue	\$ 9,494	\$ -	\$ -	\$ 9,494
Cost of sales	9,649	-	-	9,649
Selling and general administrative	1,760	196	327	2,283
EBITDAS	\$ (1,915)	\$ (196)	\$ (327)	\$ (2,438)

Notes: Non-IFRS Measures - Readers are cautioned that EBITDAS is not a recognized financial measure under IFRS and as such EBITDAS should not be considered to be more meaningful than Loss before Tax determined in accordance with IFRS.

Outlook

Management believes the Company's business will continue to strengthen and expects the Company's production and sales of hydrovac trucks in North America in 2022 to continue to grow and capitalize on the significantly increased capacity of its owned facility in Red Deer over the long term for the following reasons:

- A strengthened senior executive management team.
- Expanded capacity and manufacturing and production efficiencies from the Red Deer Facility, which is fully operational.

- Expected increased spending on infrastructure in North America, particularly in the US as a result of the Infrastructure Bill.
- The Company's commitment to continuous improvement of its hydrovac truck design which in the Company's view has compelling advantages over hydrovac trucks currently offered in the market.
- The Company anticipates adding new innovative products to our product lines that cover infrastructure, telecom and oil and gas industries.
- Secured key manufacturing components, including chassis for customers, into future years through strategic relationships.
- Strengthened dealer relationships in both Canada and US to meet the expected demand increase.
- Expanded North American coverage for maintenance warranty and repair to better serve customers.
- The majority of the one-time, non-recurring expenses accrued in 2021 were non cash and totalled \$2,633.
- The improved market environment experienced during the second half of 2021 is expected to continue into 2022 as customer confidence and spending levels continue to recover.

Limiting factors on the Company's ability to meet increased demand could include the possibility of chassis supply chain interruption due to chip shortages at the chassis manufacturer level and other supply chain issues related to other key components caused by the pandemic and exacerbated by the Russian invasion of Ukraine. However, management believes that it will be able to manage these supply chain issues.

About Tornado Global Hydrovacs Ltd.

The Company designs and manufactures hydrovac trucks as well as provides heavy duty truck maintenance operations in central Alberta. It sells hydrovac trucks to excavation service providers in the infrastructure and industrial construction and oil and gas markets. Hydrovac trucks use high pressure water and vacuum to safely penetrate and cut soil to expose critical infrastructure for repair and installation without damage. Hydrovac excavation methods are quickly becoming a standard in the North America to safely excavate in urban areas and around critical infrastructure greatly reducing infrastructure damage and related fatalities. In China, the Company's subsidiary is used principally to source certain parts to the Company's North America operations.

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

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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) management belief that the Company's business will continue to strengthen; (ii) management's expectation that the Company's production and sales of hydrovac trucks in North America in 2022 will continue to grow; (iii) management's expectation that the Company will be able to capitalize on the significantly increased capacity of its owned facility in Red Deer over the long term; (iv) the expectation that the Infrastructure Bill will lead to an increase in infrastructure spending and result in job creations and increased demand for construction and hydrovac trucks; (v) the Company's outlook for the 2022 fiscal year generally; (vi) the Company's expectation of adding new innovative products to its product lines that

cover infrastructure, telecom and oil and gas industries; (vii) management's belief in the positive impact of securing key manufacturing components, including chassis, for customers into future years through strategic relationships; (viii) management's belief in the positive impact of strengthened dealer relationships in both Canada and US; (ix) management's belief in the positive impact of expanded North American coverage for maintenance warranty and repair; and (x) the Company's ability to meet increased demand may be limited by factors including chassis supply chain interruption due to chip shortages at the chassis manufacturer level and other supply chain issues related to other key components. 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.

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