



## Tornado Global Hydrovacs Reports First Quarter 2021 Results

**CALGARY, May 19, 2021** – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Company”) (TGH: TSX-V) today reported its unaudited condensed consolidated financial results for the Three Months ended March 31, 2021. The unaudited condensed consolidated financial statements and MD&A have been filed on SEDAR and can be reviewed at [www.sedar.com](http://www.sedar.com) and on the Company’s web site [www.tornadotrucks.com](http://www.tornadotrucks.com).

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

	Three Months ended March 31	
	2021	2020
Revenue (1)	\$ 7,978	\$ 11,838
Cost of sales (1)	5,754	10,254
Gross Profit	2,224	1,584
Selling and general administrative expenses	1,125	1,244
Depreciation and amortization	449	404
Finance expense	39	29
Accretion expense	39	-
Stock-based compensation	44	-
Other	-	88
Income (loss) before tax	528	(181)
Income tax recovery (expense)	(167)	72
Net income (loss)	\$ 361	\$ (109)
Net income (loss) per share - basic and diluted	\$0.003	\$ (0.001)
EBITDAS (2)	\$ 1,099	\$ 340
EBIT (2)	\$ 606	\$ (64)
Total assets	\$ 28,479	\$ 30,607
Shareholders Equity	\$ 15,441	\$ 15,385

<sup>1</sup> As described in the Financial Statements and MDA for the three months ended March 31, 2021, the 2020 comparative figures presented have been restated, with a reduction to both revenue and cost of sales of \$1.6 million. There was no effect on basic or diluted net loss per share and did not have any effect on the Company’s condensed consolidated statement of financial position or condensed consolidated statement of cash flows.

<sup>2</sup> 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.

## First Quarter 2021 Overview and Recent Developments

- The Company's North American Operations continued to be negatively affected by COVID-19 in Q1 2021.
- Revenue of \$7,978, decreased 32.6% compared to \$11,838 in Q1/2020 and was negatively impacted by COVID-19 during the quarter.
- Gross profit of \$2,224, increased by \$640 compared to \$1,584 in Q1/2020 due to decreased employee costs associated with the Company's North American Operations and recoveries from the Canada Emergency Wage Subsidy (the "wage subsidy"). Gross profit was also positively impacted by the increased benefits from cost savings on parts sourced from China during the quarter.
- EBITDAS of \$1,099, increased by \$759 compared to \$340 in Q1/2020, due to increased gross profit in North America and the wage subsidy of \$208.
- Net income of \$361, increased by \$470 compared to a net loss of \$109 in Q1/2020. This was due to the factors discussed above.

### Segmented information (in CAD \$000's)

Three months ended March 31, 2021	North America		China	Corporate		Total
Revenue	\$	7,978	\$	-	\$	7,978
Cost of sales		5,754		-		5,754
Selling and general administrative		882		71		1,125
EBITDAS	\$	1,342	\$	(71)	\$	1,099

Three months ended March 31, 2020	North America		China	Corporate		Total
Revenue	\$	11,838	\$	-	\$	11,838
Cost of sales		10,254		-		10,254
Selling and general administrative		1,000		127		1,244
EBITDAS	\$	584	\$	(127)	\$	340

### 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. Production at the facility located in Stettler, Alberta was reduced by approximately 60% for the second half of 2020 and 20% for Q1/2021. As at March 31, 2021, approximately 25% 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 put in place 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 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,

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.

Management believes the underlying fundamentals of the Company's business remain strong and 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:

- Expanded capacity and manufacturing and production efficiencies from the production facility located in Red Deer, Alberta ("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.
- 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.

#### **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](http://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) the Company's outlook for the 2021 fiscal year; (ii) 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; (iii) the expectation that the service and parts team will remain unaffected and can*

*continue to assist customers; (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 in the Red Deer Facility; and (xii) 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.***