



TORNADO GLOBAL HYDROVACS REPORTS 2022 RESULTS INCLUDING RECORD REVENUE, EBITDAS, GROSS PROFIT AND NET INCOME

REVENUE INCREASED BY 80% COMPARED TO 2021

CALGARY, April 20, 2023 – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Company”) (TSX-V: TGH; OTCQX: TGHF) today reported its audited consolidated financial results for the quarter and year ended December 31, 2022. The audited consolidated financial statements and related management discussion and analysis are available on the Company’s issuer profile in Canada on SEDAR at www.sedar.com, the United States at www.otcmartets.com and on the Company’s website www.tornadotrucks.com. All amounts reported in this news release are in thousands (\$000’s CAD) except per share amounts.

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

	Three months ended December 31		Year ended December 31	
	2022	2021	2022	2021
Revenue	\$ 20,715	\$ 9,494	\$ 59,285	\$ 32,898
Cost of sales	17,846	9,649	48,395	26,902
Gross Profit (1)	2,869	(155)	10,890	5,996
Selling and general administrative expenses	1,931	2,283	6,422	6,056
Depreciation and amortization	358	364	1,313	1,575
Finance expense	254	69	468	210
Stock-based compensation	352	220	464	489
(Gain) on disposal of fixed assets	(83)	-	(219)	77
Impairment write-down	-	189	-	953
Accretion expense	-	78	-	153
Income (loss) before tax	57	(3,358)	2,442	(3,517)
Income tax (expense) recovery	518	517	13	302
Net income (loss)	\$ 575	\$ (2,841)	\$ 2,455	\$ (3,215)
Net income (loss) per share - basic	\$ 0.004	\$ (0.022)	\$ 0.019	\$ (0.025)
Net income (loss) per share - diluted	\$ 0.004	\$ (0.022)	\$ 0.019	\$ (0.025)
EBITDAS (1)	\$ 938	\$ (2,438)	\$ 4,468	\$ (60)
EBIT (1)	\$ 311	\$ (3,211)	\$ 2,910	\$ (3,154)
Total assets	\$ 40,505	\$ 28,158	\$ 40,505	\$ 28,158
Shareholders Equity	\$ 16,036	\$ 15,020	\$ 16,036	\$ 15,020

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.

2022 Overview

- In July 2022 the Company entered into a Product Supply and Development Agreement for the co-development and supply of customized hydrovac trucks (the “Supply Contract”) with Ditch Witch, a division of The Toro Company (NYSE: TTC) (“Ditch Witch”). The Supply Contract contains a commitment for the delivery of a number of innovative, proprietary hydrovac trucks to Ditch Witch that are estimated to generate minimum gross revenue for the Company in the amount of USD\$43,850 during the four year term. This strategic alliance brings together two strong brands with a collective purpose to better serve customers and meet future demand including the improved outlook on infrastructure spending and the effect this spending will have on hydrovac demand globally. The sale and delivery of the first customized hydrovac truck to Ditch Witch occurred in July 2022. In July and December of 2022 the Company received a total of \$3,915 with respect to the transfer of certain intellectual property rights (“IP”) relating to the proprietary hydrovac trucks developed for Ditch Witch.
- Revenue of \$59,285 increased 80.2% compared to \$32,898 in 2021 as customer demand continued to recover. Included in revenue was the sale of IP of discussed above.
- Gross Profit of \$10,890 increased by \$4,894 compared to \$5,996 in 2021 due to increased revenue and \$1,957 of profit on the sale of IP. Gross Profit was also positively impacted by the benefits from cost savings on parts sourced globally during 2022. In 2021, the Company recorded a number of one-time non-recurring items totalling \$1,226 which negatively impacted the Company’s 2021 Gross Profit, offset by \$646 of recoveries from the Canada Emergency Wage Subsidy (the “wage subsidy”) which was terminated in November 2021.
- EBITDAS of \$4,468 increased by \$4,528 compared to negative \$60 in 2021. This increase was principally due to increased revenue and the associated increased Gross Profit and the profit on the sale of the IP.
- Net income of \$2,455 increased by \$5,670 in 2022 compared to a net loss of \$3,215 in 2021. In 2021 the Company recorded an impairment write-down of \$953 related to certain non-core hydrovac equipment in North America.
- Earnings per share of \$0.019 increased by \$0.044 compared to 2021.
- In May 2022, the Company’s Class “A” Common Shares began trading on the OTCQX® Best Market under the symbol “TGHLF”. This is expected to make it easier for U.S. investors to invest in the Company by eliminating the requirement for a Canadian trading account and will also promote greater liquidity for the Company’s shares.
- In September 2022, the Company amended its Credit Facility, whereby the operating line of credit was increased from \$3 million to \$6 million with no changes to security or covenants. This increase provides additional financial flexibility to enable the Company to respond to an increase in the Company’s business.

4Q/2022 Overview

- Revenue of \$20,715, increased 118.2% compared to \$9,494 in Q4/2021 as customer demand continued to recover. The quarter was another record quarterly revenue for the Company. Q4/2022, revenue included the sale of IP relating to the proprietary hydrovac trucks for \$3,915 (Q4/2021 - \$Nil).
- Gross Profit of \$2,869, increased by \$3,024 compared to negative \$155 in Q4/2021 principally due to increased revenue and the sale of IP. Gross Profit in Q4/22 benefited from the Gross Profit on the sale of IP but was negatively impacted by inventory adjustments resulting from the year end inventory count and warranty provisions and increased material and freight costs due to supply chain issues. In Q4/2021, the Company recorded a number of one-time non-recurring items totalling \$1,122 which negatively impacted the Company’s Q4 results.

- EBITDAS of \$938, increased by \$3,376 compared to negative \$2,438 in Q4/2021, due to the factors discussed above.
- Net income of \$575 increased by \$3,416 compared to a net loss of \$2,841 in Q4/2021. This was principally due to the factors discussed above.

Segmented information (in CAD \$000's)

Year ended December 31, 2022	North America	Corporate	Total
Revenue	\$ 59,285	\$ -	\$ 59,285
Cost of sales	48,395	-	48,395
Selling and general administrative	5,101	1,321	6,422
EBITDAS	\$ 5,789	\$ (1,321)	\$ 4,468

Three months ended December 31, 2022	North America	Corporate	Total
Revenue	\$ 20,715	\$ -	\$ 20,715
Cost of sales	17,846	-	17,846
Selling and general administrative	1,437	494	1,931
EBITDAS	\$ 1,432	\$ (494)	\$ 938

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 2023 to continue to grow for the following reasons:

- The positive impact of the Supply Contract with Ditch Witch including an additional anticipated total \$3 million USD cash proceeds in 2023 from the sale of IP upon meeting certain milestones.
- Expected increased spending on infrastructure in North America, particularly in the USA as a result of the US Infrastructure Bill passed in late 2021.
- Expanded capacity and manufacturing and production efficiencies from the Red Deer Facility.
- The anticipated addition of new and innovative products to its product lines that will support the infrastructure, telecommunications and oil and gas industries.
- The Company's commitment to continuous improvement of its hydrovac truck design which in the Company's view will result in compelling advantages over other hydrovac trucks currently offered in the market.
- The Company has secured key manufacturing components, including chassis for customers, into future years through strategic relationships.
- The Company having strengthened its dealer relationships in both Canada and US to meet the expected demand increase.
- The Company anticipates increasing revenues and benefits from the exclusive sales agreement with its US strategic partner, Custom Truck One Source, who is a single-source provider of specialized truck and heavy equipment solutions including sales, rentals, and financing and has an integrated network of 35 locations across North America that the Company entered into in 2019.
- Increased sales pricing to customers to reflect changes in material and labour costs.
- Expanded North American coverage for maintenance warranty and repair to better serve customers.

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

hydrovac components caused by the pandemic including the recent COVID outbreaks in China, USA China tensions, and exacerbated by the Russian invasion of Ukraine, and tensions between China and Taiwan and general inflationary increases in components and labour. However, management believes that it will be able to manage these supply chain issues as a result of strategic decisions made by the Company.

About Tornado Global Hydrovacs Ltd.

Tornado is a pioneer and leader in the vacuum truck industry and has been a choice of utility and oilfield professionals with over 1,100 hydrovacs sold since 2005. 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:

- *the expectation that the Company's production and sales of hydrovac trucks in North America in 2023 will continue to grow;*
- *the expectation of a positive impact from the Supply Contract with Ditch Witch and receipt of an additional anticipated total \$3 Million USD cash proceeds in 2023 from the sale of IP;*
- *the Company's estimate of aggregate gross revenue in the amount of USD\$43,850,000 from the Supply Contract over the four years of the contract;*
- *the anticipated development and supply of the customized hydrovac trucks to be delivered by the Company over a four-year period commencing in 2022 and ending in 2025;*
- *the expectation that the Company will be able to capitalize on the significantly increased capacity of the Red Deer facility over the long term;*
- *the expectation that the US Infrastructure Bill will lead to an increase in infrastructure spending;*
- *the Company's outlook for the 2023 fiscal year generally;*
- *the expectation that the improving economic environment is expected to continue through 2023;*
- *the anticipated manufacturing and production efficiencies from the Red Deer Facility;*

- *the expectation of adding new and innovative products to its product lines that will support the infrastructure, telecommunications and oil and gas industries;*
- *management's belief that the Company's commitment to continuous improvement of its hydrovac truck design will continue to provide compelling advantages over other hydrovac trucks currently offered in the market;*
- *management's belief in the positive impact of securing key manufacturing components, including chassis, for customers into future years through strategic relationships;*
- *management's belief in the positive impact of strengthened dealer relationships in both Canada and US;*
- *management's belief in the increasing revenues and benefits from the exclusive sales agreement with its US strategic partner;*
- *management's belief in the positive impact of expanded North American coverage for maintenance warranty and repair;*
- *management's belief in the positive impact of increased sales pricing to customers to reflect changes in material costs;*
- *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. Management's belief that it will be able to manage these supply chain issues as a result of strategic decisions made by the Company; and*
- *management's belief that trading on OTCQX® will make it easier for US investors to invest in the Company and will promote greater liquidity for the Company's Shares.*

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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