



# TORNADO GLOBAL HYDROVACS REPORTS FIRST QUARTER 2023 RESULTS

## INCLUDING RECORD QUARTERLY REVENUE, GROSS PROFIT AND EBITDAS

### REVENUE INCREASED BY 112% COMPARED TO 2022

**CALGARY, May 25, 2023** – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Company”) (TSX-V: TGH; OTCQX: TGHLF) today reported its unaudited condensed consolidated financial results for the three months period ended March 31, 2023. The unaudited condensed 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](http://www.sedar.com), the United States at [www.otcmartets.com](http://www.otcmartets.com) and on the Company’s website [www.tornadotrucks.com](http://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 March 31	
	2023	2022
Revenue	\$ 21,031	\$ 9,939
Cost of sales	17,583	7,595
Gross Profit (1)	3,448	2,344
Selling and general administrative expenses	1,789	1,398
Depreciation and amortization	332	307
Finance expense	161	45
Stock-based compensation	129	53
(Gain) on disposal of fixed assets	-	(136)
Income before tax	1,037	677
Income tax expense	(252)	(203)
Net income	\$ 785	\$ 474
Net income per share - basic	\$ 0.006	\$ 0.004
Net income per share - diluted	\$ 0.006	\$ 0.004
EBITDAS (1)	\$ 1,659	\$ 946
EBIT (1)	\$ 1,198	\$ 722
Total assets	\$ 44,326	\$ 27,016
Shareholders Equity	\$ 16,998	\$ 12,703

<sup>1</sup> 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.

## First Quarter 2023 Overview and Recent Developments

- The economic environment continued to improve during Q1/2023 resulting in the improvement of several key operating financial metrics compared to the same period in 2022. The Company achieved its highest ever quarterly sales, Gross Profit and EBITDAS.
- Revenue of \$21,031 increased 111.6% in Q1/2023 compared to \$9,939 in Q1/2022 as customer demand continued to recover. The quarter was another record quarterly revenue for the Company.
- Gross Profit of \$3,448 increased by \$1,104 in Q1/2023 compared to \$2,344 in Q1/2022 due to increased revenue. Gross Profit was also positively impacted by the benefits from cost savings on parts sourced globally during Q1/2023. Gross Profit was negatively impacted by increased material, labour and freight costs in Q1/2023.
- General and administrative expense of \$1,789 in Q1/2023 increased by \$391 compared to \$1,398 in Q1/2022. The increase was principally due to general increased employee costs in North America incurred to handle present and anticipated growth.
- EBITDAS of \$1,659 increased 75.4% in Q1/2023 compared to \$946 in Q1/2022. This increase was due to the factors discussed above.
- 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 \$44 million USD during the four year term. In addition the agreement provides for the transfer and sale of certain intellectual property rights ("IP") relating to the proprietary hydrovac trucks developed for Ditch Witch. 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. In Q1/2023, twelve customized hydrovac trucks were sold and delivered to Ditch Witch.

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

Three Months ended March 31, 2023	North America	Corporate	Total
Revenue	\$ 21,031	\$ -	\$ 21,031
Cost of sales	17,583	-	17,583
Selling and general administrative	1,641	148	1,789
EBITDAS	\$ 1,807	\$ (148)	\$ 1,659

Three Months ended March 31, 2022	North America	Corporate	Total
Revenue	\$ 9,939	\$ -	\$ 9,939
Cost of sales	7,595	-	7,595
Selling and general administrative	1,181	217	1,398
EBITDAS	\$ 1,163	\$ (217)	\$ 946

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 anticipated total of \$3 million USD cash proceeds in 2023 upon meeting certain milestones related to the transfer of IP.
- The Company anticipates increasing revenues and benefits from the exclusive sales agreement with its US strategic partner, Custom Truck One Source ("Custom Truck"), 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.
- Expected increased spending on infrastructure in North America, particularly in the USA as a result of the US Infrastructure Bill passed in late 2021.
- 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 has strengthened its 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.
- Increased sales pricing to customers to reflect changes in material and labour costs.

Limiting factors on the Company's ability to meet increased demand include: (i) 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 exacerbated by the COVID pandemic, Russia's invasion of Ukraine and USA China tensions, Canada China relations, and China Taiwan tensions; and (ii) 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 1,200 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](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:*

- 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 anticipated total \$3 Million USD cash proceeds in 2023 upon meeting certain milestones related to the transfer of certain intellectual property rights relating to the proprietary hydrovac trucks;*
- management’s belief in the increasing revenues and benefits from the exclusive sales agreement with its US strategic partner;*
- the Company’s estimate of aggregate gross revenue in the amount of \$44 million USD from the Supply Contract;*
- the anticipated development and supply of the customized hydrovac trucks to be delivered by the Company over a four-year period commencing in fiscal year 2022 and ending in fiscal year 2025;*
- the expectation that the Company will be able to capitalize on the 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 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 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 and labour costs; and*
- the Company’s ability to meet increased demand may be limited by factors including (i) 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 exacerbated by the COVID pandemic, Russia’s invasion of Ukraine and USA China tensions, Canada China relations, and China Taiwan tensions; and (ii) general inflationary increases in components and labour. Management’s belief that it will be able to manage these supply chain issues as a result of strategic decisions made by the Company.*

*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.***