



TORNADO GLOBAL HYDROVACS REPORTS RECORD SECOND QUARTER 2023 RESULTS

REVENUE INCREASED SIGNIFICANTLY BY 76% COMPARED TO Q2/2022

CALGARY, August 17, 2023 – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Company”) (TSX-V: TGH; OTCQX: TGHLF) today reported its unaudited financial and operating results for the three months period ended June 30, 2023, with comparisons to the same period last year. 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, the United States at www.otcmarkets.com and on the Company’s web site www.tornadotrucks.com. All amounts reported in this news release are in thousands (\$000’s CAD) except per share amounts.

Second Quarter 2023 Overview and Recent Developments

- The Company achieved record quarterly Sales, Gross Profit, EBITDAS and Net Income.
- The economic environment continued to improve during Q2/2023 resulting in the improvement of all key operating financial metrics compared to the same period in 2022.
- 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 (“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.
- Revenue of \$23,516 increased 76.0% in Q2/2023 compared to \$13,362 in Q2/2022 as a result of: (i) the positive impact of the Supply Contract with Ditch Witch; (ii) the increase in sales pricing to customers; and (iii) the increase in demand for hydrovac trucks in North America. The quarter was another record quarterly revenue for the Company.
- Gross Profit of \$3,962 increased by \$1,129 in Q2/2023 compared to \$2,833 in Q2/2022 principally due to increased revenue. Gross Profit was also positively impacted by the benefits from cost savings on parts sourced globally during Q2/2023. Gross Profit was negatively impacted by increased material, labour and freight costs in Q2/2023.
- The Company earned net income of \$1,054 in Q2/2023, which represents an increase of \$484 compared to net income of \$570 in Q2/2022.
- EBITDAS of \$2,011 increased 64.8% in Q2/2023 compared to \$1,220 in Q2/2022. This increase was due to increased revenue and Gross Profit.

¹ Gross Profit and EBITDAS are a non-IFRS financial measures and readers are cautioned that Gross profit and EBITDAS should not be considered to be more meaningful than Net Income 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 and capitalize on the significantly increased production capacity at its Red Deer facility over the long term 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 anticipated 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 continues to secure 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 caused by the COVID pandemic, the Russian 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.

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

	Three months ended June 30		Six Months ended June 30	
	2023	2022	2023	2022
Revenue	\$ 23,516	\$ 13,362	\$ 44,547	\$ 23,301
Cost of sales	19,554	10,529	37,137	18,124
Gross Profit (1)	3,962	2,833	7,410	5,177
Selling and general administrative expenses	1,951	1,613	3,740	3,011
Depreciation and amortization	358	306	690	613
Finance expense	164	38	325	83
Stock-based compensation	98	39	227	92
(Gain) on disposal of fixed assets	-	-	-	(136)
Income before tax	1,391	837	2,428	1,514
Income tax expense	(337)	(267)	(589)	(470)
Net income	\$ 1,054	\$ 570	\$ 1,839	\$ 1,044
Net income per share - basic	\$ 0.008	\$ 0.004	\$ 0.014	\$ 0.008
Net income per share - diluted	\$ 0.008	\$ 0.004	\$ 0.013	\$ 0.008
EBITDAS (1)	\$ 2,011	\$ 1,220	\$ 3,670	\$ 2,166
EBIT (1)	\$ 1,555	\$ 875	\$ 2,753	\$ 1,597
Total assets	\$ 45,766	\$ 29,866	\$ 45,766	\$ 29,866
Shareholders Equity	\$ 18,035	\$ 13,368	\$ 18,035	\$ 13,368

¹ Gross Profit, EBITDAS and EBIT are a non-IFRS financial measures and readers are cautioned that none of Gross Profit, EBITDAS or EBIT should be considered to be more meaningful than Net Income determined in accordance with IFRS.

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 or contact:

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Advisory

Certain statements contained in this news release constitute forward-looking statements and future oriented financial information. These statements relate to future events. All statements other than statements of historical fact are forward-looking statements or future oriented financial information. 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 or future oriented financial information. 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 or, as applicable, future oriented financial information. 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 and future oriented financial information 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 IP;*
- *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 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 of its continuing ability 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 caused by the COVID pandemic, the Russian 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.

The future oriented financial information regarding the Company's estimate of aggregate gross revenue in the amount of USD\$44 million from the Supply Contract contained in this news release was approved by management as of the date hereof and is based on certain assumptions that management believes are reasonable in the circumstances including (i) the demand for hydrovac trucks, (ii) the ability of the Company to fulfil its obligations under Supply Contract; and (iii) the anticipated purchase price to be paid for hydrovac trucks. The purpose of the future oriented financial information contained herein is to disclose the anticipated economic value of the Supply Contract and readers are cautioned that such information may not be appropriate for other purposes.

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.