



TORNADO GLOBAL HYDROVACS REPORTS RECORD THIRD QUARTER 2023 RESULTS

REVENUE INCREASED SIGNIFICANTLY BY 78% COMPARED TO Q3/2022

CALGARY, November 27, 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 and nine month periods ended September 30, 2023, with comparisons to the same periods 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.

Third Quarter 2023 Overview and Recent Developments

- The Company achieved record quarterly Sales, Gross Profit and EBITDAS. This is the sixth conservative quarter in which the company achieved record revenue.
- The hydrovac market continued to improve during Q3/2023 resulting in the improvement of 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 \$27,110 increased 77.5% in Q3/2023 compared to \$15,269 in Q3/2022 as a result of: (i) the positive impact of the Supply Contract with Ditch Witch; (ii) the increase in sales from the exclusive sales arrangement with the Company’s 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 that has an integrated network of 35 locations across North America; (iii) the increase in sales pricing to customers; and (iv) the increase in demand for hydrovac trucks in North America. Q3/2023 was a record for quarterly revenue for the Company.
- Gross Profit of \$4,080 increased by \$1,236 in Q3/2023 compared to \$2,844 in Q3/2022 principally due to increased revenue. Gross Profit was also positively impacted by the benefits from cost savings on parts sourced globally during Q3/2023. Nevertheless, this positive trend was partially offset by the increased costs associated with materials, and labour during Q3/2023.
- EBITDAS of \$2,181 increased 59.9% in Q3/2023 compared to \$1,364 in Q3/2022. This increase was due to the factors discussed above.

- The Company earned net income of \$944 in Q3/2023, which represents an increase of \$108 compared to net income of \$836 in Q3/2022. This increase was due to the factors discussed above. However, it was partially offset by an increase in stock based compensation to \$637 (2022 -\$20) as a result of options granted in Q3 and a higher income tax expense of \$222 (2022 - \$35).

¹ Gross Profit and EBITDAS (earnings (loss) before interest, tax, depreciation and amortization, non-cash impairment, gain/loss on disposal of fixed assets and stock-based compensation) are 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 expects the Company's production and sales of hydrovac trucks in North America to continue to grow in the remainder of 2023 and in 2024 for the following reasons:

- The positive impact of the Supply Contract with Ditch Witch including an anticipated total \$3 million USD sale of IP in Q4/2023 upon meeting certain milestones related to the transfer of IP.
- The anticipated increasing revenues and benefits from the exclusive sales arrangement with its US strategic partner, Custom Truck, that the Company entered into in 2019.
- Expected continued spending on infrastructure in North America.
- 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's ability to continue 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 at the chassis manufacturer level and other supply chain issues related to other key hydrovac components, 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 September 30		Nine Months ended September 30	
	2023	2022	2023	2022
Revenue	\$ 27,110	\$ 15,269	\$ 71,657	\$ 38,570
Cost of sales	23,030	12,425	60,167	30,549
Gross Profit (1)	4,080	2,844	11,490	8,021
Selling and general administrative expenses	1,899	1,480	5,639	4,491
Depreciation and amortization	202	342	892	955
Finance expense	176	131	501	214
Stock-based compensation	637	20	864	112
(Gain) on disposal of fixed assets	-	-	-	(136)
Income before tax	1,166	871	3,594	2,385
Income tax expense	(222)	(35)	(811)	(505)
Net income	\$ 944	\$ 836	\$ 2,783	\$ 1,880
Net income per share - basic	\$ 0.007	\$ 0.006	\$ 0.020	\$ 0.015
Net income per share - diluted	\$ 0.007	\$ 0.006	\$ 0.020	\$ 0.014
EBITDAS (1)	\$ 2,181	\$ 1,364	\$ 5,851	\$ 3,530
EBIT (1)	\$ 1,342	\$ 1,002	\$ 4,095	\$ 2,599
Total assets	\$ 47,291	\$ 33,217	\$ 47,291	\$ 33,217
Shareholders Equity	\$ 19,671	\$ 14,864	\$ 19,671	\$ 14,864

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 North America to safely excavate in urban areas and around critical infrastructure greatly reducing infrastructure damage and related fatalities.

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 an anticipated total \$3 Million USD revenue with respect to the sale of IP in Q4/2023 upon meeting certain milestones related to the transfer of IP;*
- *management’s belief in the increasing revenues and benefits from the exclusive sales arrangement with its US strategic partner;*
- *the anticipated development and supply of the customized hydrovac trucks to be delivered by the Company to Ditch Witch over a four-year period commencing in fiscal year 2022 and ending in fiscal year 2025;*
- *the expectation of continued spending on infrastructure in North America;*
- *the Company’s outlook for the remainder of 2023 and into 2024 generally;*
- *the expectation that the improving hydrovac market is expected to continue through the remainder of 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 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 at the chassis manufacturer level and other supply chain issues related to other key components, 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 \$44 million USD from the Supply Contract during the four year term and the \$3 million USD revenue with respect to sale of IP by the end of 2023 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.