



Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of the consolidated operations of Tornado Global Hydrovacs Ltd. ("TGHL" or the "Company") and its wholly-owned subsidiary Tornado Global Hydrovacs (North America) Inc. (together with TGHL, "Tornado NA"), and its wholly-owned subsidiaries Tornado Global Hydrovacs (Shanghai) Ltd. and Tornado Hydrovacs Asia Pacific Holdings Ltd. (together "Tornado China"), is supplemental to, and should be read in conjunction with the Company's interim unaudited condensed consolidated financial statements and related notes as at September 30, 2024 and for the three and nine months ended September 30, 2024 and 2023, and the audited consolidated financial statements and notes for the year ended December 31, 2023.

The interim unaudited condensed consolidated financial statements and accompanying notes of TGHL for the three and nine months ended September 30, 2024 have been prepared in conformity with International Financial Reporting Standards ("IFRS").

The interim unaudited condensed consolidated financial statements have been prepared by management and approved by TGHL's Board of Directors. These statements require management to make estimates and assumptions that affect amounts reported and disclosed in such financial statements and related notes. Actual results may differ materially. This MD&A contains forward-looking information and statements. At the end of this MD&A is an advisory on forward-looking information and statements. See "Forward Looking Information".

All amounts are reported in Canadian dollars unless specifically stated otherwise. Financial information disclosed in this MD&A is presented in thousands (000's) except for percentages and per share data.

Additional information on TGHL is available in Canada through the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.com and in the United States at www.otcmartets.com.

Disclosure contained in this document is current to November 15, 2024, unless otherwise stated.

Non-IFRS Financial Measures

In this MD&A, the Company uses certain financial management metrics and ratios that are not in accordance with IFRS, namely "EBITDAS" (earnings before interest, tax, depreciation, amortization, stock-based compensation, gain/loss on foreign exchange and change in fair value of derivative financial instruments), "EBITDAS %" (earnings before interest, tax, depreciation, amortization, stock-based compensation, gain/loss on foreign exchange and change in fair value of derivative financial instruments, divided by revenue), "EBITDAS per share (diluted)" (earnings before interest, tax, depreciation, amortization, stock-based compensation, gain/loss on foreign exchange and change in fair value of derivative financial instruments, divided by the total number of diluted common shares), "Gross profit %" (gross profit, divided by revenue) and "Income before tax %" (income before tax, divided by revenue). Because these terms are not defined by IFRS they cannot be formally presented in the consolidated financial statements. The Company's definition of EBITDAS, EBITDAS %, EBITDAS per share (diluted), Gross profit % and Income before tax % are not standardized financial measures under IFRS and may not be comparable to similar financial measures used by other companies. While not IFRS measures, EBITDAS, EBITDAS %, EBITDAS per share (diluted), Gross profit % and Income before tax % 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 these non-IFRS financial measures should not be considered to be more meaningful than net income determined in accordance with IFRS.

Business Description

TGHL designs, manufactures and sells hydrovac trucks for excavation service providers to the municipal market and the oil and gas industry. It operates through a production facility located in Red Deer, Alberta (the "Red Deer Facility") and a sales and head office located in Calgary, Alberta. Tornado China is principally used to source certain manufacturing inputs for Tornado NA.

Q3 Overview and Significant Developments

- Net income per share (diluted) of \$0.014 increased by \$0.007 (100.0%) compared to \$0.007 in Q3/2023. Net income of \$1,990 increased by \$1,046 (110.8%) compared to \$944 in Q3/2023. This increase was principally due to increased revenue and the associated increased EBITDAS⁽¹⁾.
- EBITDAS per share (diluted)⁽¹⁾ of \$0.023 increased by \$0.007 (43.8%) compared to \$0.016 in Q3/2023. EBITDAS⁽¹⁾ of \$3,090 increased by \$938 (43.6%) compared to \$2,152 in Q3/2023. This increase was principally due to increased revenue and the associated increased gross profit.
- Revenue of \$30,451 increased by \$3,370 (12.4%) compared to \$27,081 in Q3/2023 as a result of: (i) the positive impact of the four-year Product Supply and Development Agreement (the "Supply Contract") with Ditch Witch, a division of The Toro Company ("Ditch Witch"), which the Company entered into in 2022 for the co-development and supply of customized hydrovac trucks; (ii) the increase in sales from the sales arrangement with Custom Truck One Source, who is a single-source provider of specialized truck and heavy equipment solutions with over 40 locations across North America ("Custom Truck"); (iii) the increase in sales pricing of hydrovac trucks; (iv) the increase in the number of hydrovac trucks sold; and (v) the increase in demand for hydrovac trucks in North America.
- Gross profit of \$5,248 increased by \$1,279 (32.2%) compared to \$3,969 in Q3/2023 principally due to increased revenue and improved production efficiency at the Red Deer Facility.
- Selling and general administrative expenses of \$2,258 increased by \$359 (18.9%) compared to \$1,899 in Q3/2023. The increase was principally due to generally increased employee, sales and travel costs to handle present and anticipated growth.

(1) See "Non-IFRS Financial Measures".

2024 Year to Date Overview

- Net income per share (diluted) of \$0.051 increased by \$0.031 (155.0%) compared to \$0.020 in the same period in 2023. Net income of \$6,928 increased by \$4,145 (148.9%) compared to \$2,783 in the same period in 2023.
- EBITDAS per share (diluted)⁽¹⁾ of \$0.075 increased by \$0.032 (74.4%) compared to \$0.043 in the same period in 2023. EBITDAS⁽¹⁾ of \$10,302 increased by \$4,402 (74.6%) compared to \$5,900 in the same period in 2023. This increase was due to the factors discussed above.

- Revenue of \$98,778 increased by \$27,072 (37.8%) compared to \$71,706 in the same period in 2023 as a result of: (i) the positive impact of the Supply Contract with Ditch Witch and the sales arrangement with Custom Truck; (ii) the increase in sales pricing of hydrovac trucks; (iii) the increase in the number of hydrovac trucks sold; and (iv) the increase in demand for hydrovac trucks in North America.
- Gross Profit of \$17,224 increased by \$5,911 (52.2%) compared to \$11,313 in the same period in 2023 principally due to increased revenue and improved production efficiency at the Red Deer Facility.
- Selling and general administrative expenses of \$7,195 increased by \$1,556 (27.6%) compared to \$5,639 in the same period in 2023. The increase was principally due to generally increased employee, sales and travel costs to handle present and anticipated growth and non-recurring professional fees.

(1) See “Non-IFRS Financial Measures”.

Unless otherwise provided herein, the Company’s interim financial condition, and associated economic and industry factors, are substantially unchanged from the disclosure provided in the Company’s MD&A for the fiscal year end dated December 31, 2023. For a complete discussion on these items, please refer to the Company’s MD&A for the fiscal year end December 31, 2023 which can be found under the Company’s profile at www.sedarplus.com.

Selected Financial Information

	Three Months ended September 30		Nine Months ended September 30	
	2024	2023	2024	2023
Revenue	\$ 30,451	\$ 27,081	\$ 98,778	\$ 71,706
Cost of sales	25,203	23,112	81,554	60,393
Gross profit	5,248	3,969	17,224	11,313
Selling and general administrative expenses	2,258	1,899	7,195	5,639
Other (gain) loss - foreign exchange	(50)	(29)	(390)	49
Depreciation of property and equipment	183	68	432	274
Amortization of intangible assets	71	52	205	392
Finance costs	63	176	215	501
Stock-based compensation	157	637	550	864
Change in fair value of derivative financial instruments	(80)	-	(80)	-
Gain on disposal of fixed assets	-	-	(9)	-
Income before tax	2,646	1,166	9,106	3,594
Income tax expense	(656)	(222)	(2,178)	(811)
Net income	\$ 1,990	\$ 944	\$ 6,928	\$ 2,783
Comprehensive income	\$ 1,956	\$ 999	\$ 6,972	\$ 2,771
EBITDAS per share - diluted (1)	\$ 0.023	\$ 0.016	\$ 0.075	\$ 0.043
Net income per share - diluted	\$ 0.014	\$ 0.007	\$ 0.051	\$ 0.020
Total non-current financial liabilities	\$ 5,059	\$ 4,487	\$ 5,059	\$ 4,487
Total assets	\$ 59,091	\$ 47,291	\$ 59,091	\$ 47,291

Financial Results

	Three months ended September 30		Nine Months ended September 30	
	2024	2023	2024	2023
Revenues	\$ 30,451	\$ 27,081	\$ 98,778	\$ 71,706
Gross profit	5,248	3,969	17,224	11,313
Gross profit % (1)	17.2%	14.7%	17.4%	15.8%
EBITDAS (1)	3,090	2,152	10,302	5,900
EBITDAS % (1)	10.1%	7.9%	10.4%	8.2%
Income before tax	2,646	1,166	9,106	3,594
Income before tax % (1)	8.7%	4.3%	9.2%	5.0%
Net income	\$ 1,990	\$ 944	\$ 6,928	\$ 2,783

(1) See "Non-IFRS Financial Measures".

For the three and nine months ended September 30, 2024, gross profit of \$5,248 and \$17,224 increased by 32.2% and 52.2% respectively compared to the same periods in 2023. These increases were principally due to increased revenue resulting from an increase in the number of hydrovac trucks sold.

Outlook

In addition to other sections of the MD&A, this section contains forward-looking information and actual outcomes that may differ materially from those expressed or implied therein. For more information, see "Forward Looking Information" section below.

Management expects the Company's production and sales of hydrovac trucks and profitability to continue to grow in the remainder of 2024 and into 2025 for the following reasons:

- Expected continued spending on infrastructure in North America.
- The continuing addition of new and innovative products that will support the infrastructure, telecommunications and oil and gas industries.
- The anticipated increasing revenues and benefits from the Supply Contract with Ditch Witch.
- The anticipated increasing revenues and benefits from the sales arrangement with its US strategic partner, Custom Truck.
- The anticipated increase in production capacity and operating efficiencies resulting from the completion of the new building being constructed at the Red Deer facility, which is expected to be completed in Q2/2025.
- The Company's commitment to continuous improvement of its hydrovac truck design which in the Company's view will result in 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 supplier 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 serve customers better.

Limiting factors on the Company's ability to meet increased production, sales of hydrovac trucks and profitability are described in the "Risks and Uncertainties" section of the December 31, 2023 MDA.

Revenue

	Three Months ended September 30		Nine Months ended September 30	
	2024	2023	2024	2023
Hydrovac sales	\$ 27,943	\$ 24,755	\$ 93,309	\$ 66,227
Parts, services and rental	2,508	2,326	5,469	5,479
	\$ 30,451	\$ 27,081	\$ 98,778	\$ 71,706

During the nine months ended September 30, 2024, revenues were \$93,309 compared to \$66,227 in the same period of 2023. The increase reflects the current positive market environment, the increase in sales pricing to customers and increased sales of hydrovac trucks to Custom Truck and Ditch Witch, and an increase in demand for hydrovac trucks in North America.

During the three months ended September 30, 2024, revenues were \$30,451 compared to \$27,081 in Q2/2023. The increase reflects the factors discussed above.

The table below shows the geographical sales:

	Three Months ended September 30		Nine Months ended September 30	
	2024	2023	2024	2023
Canada	\$ 9,125	\$ 11,038	\$ 28,250	\$ 26,393
United States	21,326	16,043	70,528	45,313
	\$ 30,451	\$ 27,081	\$ 98,778	\$ 71,706

The increase in US sales was due to increased demand from the Company's strategic partner in the US and sales under the Supply Contract.

Changes in the exchange rate between Canadian dollar ("CAD") and US dollar ("USD") affect the Company's sales in the USA and are discussed in "Foreign Exchange Risk" in the December 31, 2023 MD&A. During the nine months ended September 30, 2024, the exchange rate between CAD and USD ranged from 1.33 (2023 – 1.31) to 1.39 (2023 -1.38), with an average of 1.36 (2023 – 1.35), and did not have a material impact on the Company's revenue.

Cost of Sales

	Three Months ended September 30		Nine Months ended September 30	
	2024	2023	2024	2023
Direct manufacturing costs	\$ 21,912	\$ 19,371	\$ 72,758	\$ 52,116
Indirect salaries and benefits	1,232	919	3,503	2,739
Indirect production costs	1,959	2,740	5,029	5,312
Depreciation of property and equipment	100	82	264	226
	\$ 25,203	\$ 23,112	\$ 81,554	\$ 60,393

For the nine months ended September 30, 2024, cost of sales was \$81,554 compared to \$60,393 in the same period of 2023. The increase in cost of sales was principally due to the sale of a larger quantity of hydrovac trucks.

For the three months ended September 30, 2024, cost of sales was \$25,203 compared to \$23,112 in Q3/2023. The increase reflects the factors discussed above.

Gross Profit

	Three Months ended September 30		Nine Months ended September 30	
	2024	2023	2024	2023
Gross profit	\$ 5,248	\$ 3,969	\$ 17,224	\$ 11,313

For the nine months ended September 30, 2024, gross profit was \$17,224 compared to \$11,313 in the same period of 2023. The increase was principally due to the increased quantity of hydrovac trucks sold.

For the three months ended September 30, 2024, gross profit was \$5,248 compared to \$3,969 in Q3/2023. The increase reflects the factors discussed above.

Selling, General and Administrative Expenses ("S,G&A")

	Three Months ended September 30		Nine Months ended September 30	
	2024	2023	2024	2023
Selling and General and Administrative expense	\$ 2,258	\$ 1,899	\$ 7,195	\$ 5,639

For the nine months ended September 30, 2024, SG&A expenses were \$7,195 compared to \$5,639, in the same period of 2023. The overall increase was principally due to non-recurring professional fees and increased employee, sales and travel costs to handle present and anticipated growth.

For the three months ended September 30, 2024, SG&A expenses were \$2,258 compared to \$1,899 in Q3/2023. The increase reflects the factors discussed above.

Other (Gain) Loss – Foreign Exchange

	Three Months ended September 30		Nine Months ended September 30	
	2024	2023	2024	2023
Other (Gain) Loss - Foreign Exchange	\$ (50)	\$ (29)	\$ (390)	\$ 49

For the nine months ended September 30, 2024, gain on foreign exchange was \$390 compared to a loss of \$49 in the same period of 2023. The overall increase was principally due to the strengthening of the US dollar relative to the Canadian dollar.

For the three months ended September 30, 2024, gain on foreign exchange was \$50 compared to \$29 in Q3/2023. The increase reflects the factors discussed above.

Stock Based Compensation

	Three Months ended September 30		Nine Months ended September 30	
	2024	2023	2024	2023
Stock Based Compensation	\$ 157	\$ 637	\$ 550	\$ 864

For the nine months ended September 30, 2024, stock-based compensation expense was \$550 (2023 - \$864) as a result of the grant of options in 2023.

For the three months ended September 30, 2024, stock-based compensation expense was \$157 (2023 - \$637). The decrease reflects the factors discussed above.

Income Tax Expense (Recovery)

	Three Months ended September 30		Nine Months ended September 30	
	2024	2023	2024	2023
Current income tax expense	\$ 722	\$ 241	\$ 2,320	\$ 875
Deferred income tax recovery	(66)	(19)	(142)	(64)
	\$ 656	\$ 222	\$ 2,178	\$ 811

During the nine months ended September 30, 2024, the Company recorded increased income tax expense of \$2,178 (2023 - \$811) due to the Company's increased profitability.

During the three months ended September 30, 2024, the Company recorded increased income tax expense of \$656 (2023 - \$222) due to the Company's increased profitability.

Net Income

	Three Months ended September 30		Nine Months ended September 30	
	2024	2023	2024	2023
Net income	\$ 1,990	\$ 944	\$ 6,928	\$ 2,783

For the nine months ended September 30, 2024, net income was \$6,928 compared to \$2,783, in the same period of 2023. The increase was principally due to increased EBITDAS, principally resulting from the sale of a larger quantity of hydrovac trucks.

For the three months ended September 30, 2024, net income was \$1,990 compared to \$944 in Q3/2023. The increase reflects the factors discussed above.

Inventory

	September 30, 2024	December 31, 2023
Work-in-process	\$ 6,760	\$ 4,783
Raw materials	27,187	17,788
	\$ 33,947	\$ 22,571

As of September 30, 2024, inventory increased to \$33,947 compared to inventory of \$22,571 as of December 31, 2023 due to increased activity and expected increased production levels for the remainder of 2024 and into 2025.

Quarterly Financial Information

	2024	2024	2024	2023	2023	2023	2023	2022
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	\$ 30,451	\$ 34,423	\$ 33,904	\$ 33,302	\$ 27,081	\$ 23,530	\$ 21,095	\$ 20,736
EBITDAS	3,090	3,779	3,433	6,582	2,181	2,011	1,659	938
Net income	1,990	2,511	2,427	4,559	944	1,054	785	575
Net income per share - basic	0.015	0.018	0.018	0.034	0.007	0.008	0.006	0.004
Net income per share - diluted	\$ 0.014	\$ 0.018	\$ 0.018	\$ 0.033	\$ 0.007	\$ 0.008	\$ 0.006	\$ 0.004

Factors That Have Caused Variations over the Quarters

Revenue

Revenue decreased in Q3/24 due to production capacity and resources being primarily allocated to finalize a new product under the Supply Contract. This reallocation of capacity, combined with preparation for the construction of our new facility, required adjustments to our production line, temporarily slowing overall production. Prior to this, since Q4/2022 revenue has increased each quarter due to increased demand for hydrovac trucks in North America, the sale of IP to Ditch Witch in Q4/2022 and Q4/2023 and due to the Supply Contract and sales to Custom Truck.

EBITDAS

EBITDAS⁽¹⁾ decreased in Q3/24 due to decreased revenue discussed above. Prior to this, EBITDAS increased each quarter compared to the most recently completed quarter except in Q1/2024, due to increased revenue and gross profit. Q2/2024 EBITDAS increased compared to Q1/2024 due to increased revenue and gross profit. Q1/2024 EBITDAS decreased compared to Q4/2023 due to the absence of any sale of IP. Q4/2023 EBITDAS was increased due to increased revenue and gross profit and the sale of IP to Ditch Witch. Q4/2022 EBITDAS was low due to inventory adjustments resulting from the year-end inventory count and warranty provisions and increased material and freight costs due to supply chain issues.

(1) See "Non-IFRS Financial Measures".

Net Income

Net income decreased in Q3/24 principally due to decreased revenue and decreased EBITDAS. Since Q4/2022 net income increased each quarter compared to the most recently completed quarter except in Q4/2022, Q3/2023 and Q1/2024 due to increased revenue and gross profit. Net income decreased in Q4/2022 due to inventory adjustments resulting from year-end inventory count and warranty provisions and increased material and freight costs due to supply chain issues. Net income increased in Q1/2023 and Q2/2023 due to increased revenue and gross profit due to the factors discussed above. Net income decreased in Q3/2023 due to increased stock based compensation resulting from an increase in the number of stock options granted in 2023. In Q4/2023 net income increased compared to Q3/2023 due to increased revenue and the sale of IP to Ditch Witch. In Q1/2024 net income decreased compared to Q4/2023 due to the absence of any sale of IP. In Q2/2024 net income increased compared to Q1/2024 due to increased revenue and gross profit.

Liquidity and Capital Resources

Liquidity

The Company had working capital of \$26,063 as at September 30, 2024 compared to working capital of \$18,976 as at December 31, 2023. The increase is principally due to increased EBITDAS, driven by increased sales of hydrovac trucks.

On July 14, 2021 the Company entered into a Credit Facility, amended on September 15, 2023, which consists of a \$4,875 term loan ("Term Loan") and an up to \$6,000 revolving operating line of credit ("Operating Line") with a Canadian Schedule I chartered bank (the "Lender"). The Credit Facility is secured by a first-ranking security interest in all of the present and future undertakings, property and assets of the Company and its subsidiary, Tornado Global Hydrovac (North America) Inc., and a first-ranking mortgage charge on the Red Deer Facility. The Term Loan bears interest at a fixed rate of 2.83%, with advances repayable, together with interest, on a monthly basis until maturity in July 2026.

Pursuant to the terms of the Operating Line, the Lender will advance up to \$6,000 based on the total of: (i) 90% of insured accounts receivable excluding statutory claims, customer deposits, accounts receivable aged greater than 90 days, and accounts receivable due from related parties, plus (ii)(A) 75% of other North American accounts receivable excluding statutory claims, customer deposits, accounts receivable aged greater than 90 days, and accounts receivable due from related parties; and (B) 50% of Canadian inventory excluding lienable supplier payables, priority claims, and work in process, up to maximum of \$3,000. The Operating Line bears interest at a floating rate equal to the prime rate per annum established by the Lender, currently at 5.95%, plus 0.75%. The Operating Line is uncommitted, made available at the Lender's discretion, and is not automatically available upon satisfaction of the terms and conditions, conditions precedent, or financial tests set out in the Credit Facility. Repayments under the Operating Line will be made on demand. As of the date of this MD&A, the Operating Line was unused and the Company is in compliance with the sole financial covenant ratio contained in the Credit Facility. Please refer to Note 8 of the September 30, 2024 interim unaudited condensed consolidated financial statements for additional information.

Apart from the sole financial covenant ratio and other standard positive, negative and reporting covenants associated with the Credit Facility, the Company does not have any externally imposed restrictions on its capital. TGHL manages its capital based on the projected needs of its operations.

Should the Company require additional external financing, TGHL expects to raise additional cash through either the issuance of additional equity, access to additional debt, or a combination thereof. As at September 30, 2024 TGHL had \$2,968 cash which together with the available line of credit, operating cash flow and anticipated proceeds from the Supply Contract are expected to meet the budgeted requirements for the next 12 months.

Capital Expenditures

During the nine months ended September 30, 2024, the Company incurred capital expenditures of \$1,460 (comprising machinery and equipment - \$517, rental equipment and vehicles - \$262, office equipment - \$327, building improvements - \$51 and computer software - \$303) compared to \$668 (comprising machinery and equipment - \$162, office equipment - \$190, vehicles - \$22, building improvements - \$79 and computer software - \$215) in the same period of 2023.

Contractual Obligations and Commitments

Lease Obligations

On March 28, 2024, the Company entered into a new office lease for its head office in Calgary. The lease payments commence on May 1, 2025 and expire on April 30, 2030 with payments totaling \$314 over the lease term.

On July 1, 2024, the Company entered into a facility lease for its production in Red Deer to handle current and expected increased production requirements as well as research and development needs. The second facility lease commenced on July 1, 2024 and expires on June 30, 2027 which provides for lease payments of \$105 in 2024 and \$527 over the remainder of the lease.

The Company's other lease liabilities have not changed materially since December 31, 2023.

Off Balance Sheet Arrangements

As at September 30, 2024 and the date of this MD&A, the Company had no off balance sheet arrangements.

Shareholders' Equity

Share Capital

The Company is authorized to issue an unlimited number of Class "A" Common Shares ("Common Shares").

As of September 30, 2024 and the date of this MD&A, there were 137,556,119 Common Shares outstanding. As of December 31, 2023, there were 135,871,119 Common Shares outstanding. The increase to the number of Common Shares outstanding was a result of stock options being exercised during 2024.

No dividends were declared during 2024.

Stock Options

As at September 30, 2024 and the date of this MD&A, there were 8,340,000 stock options outstanding. As at September 30, 2024, the outstanding stock options have a weighted average exercise price of \$0.47 per Common Share and have a weighted average remaining contractual life of 3.3 years.

Related Party Transactions

During the three and nine months ended September 30, 2024, \$nil (2023 - \$nil) and \$33 (2023 - \$14) respectively, of legal fees were incurred and paid to Dentons Canada LLP. Mr. George Tai, a director of the Company, is a Partner of Dentons Canada LLP.

These transactions were in the normal course of operations and were measured at the amount of consideration agreed to by the parties.

Reconciliation of Income before Taxes to EBITDAS

	Three months ended September 30		Nine Months ended September 30	
	2024	2023	2024	2023
Income before taxes	\$ 2,646	\$ 1,166	\$ 9,106	\$ 3,594
Depreciation and amortization	354	202	901	892
Finance costs	63	176	215	501
Stock based compensation	157	637	550	864
Other (gain) loss - foreign exchange	(50)	(29)	(390)	49
Change in fair value of derivative financial instruments	(80)	-	(80)	-
EBITDAS (1)	\$ 3,090	\$ 2,152	\$ 10,302	\$ 5,900
% of revenue	10.1%	7.9%	10.4%	8.2%

(1) See "Non-IFRS Financial Measures".

Financial Instruments and Risk Management

The Company's financial instruments recognized in the consolidated balance sheet consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, operating line and facility term loan. The carrying value of these

balance sheet items approximates their fair market value due to their short-term nature, with the exception of the facility term loan. The carrying value of the facility term loan as at September 30, 2024 was \$4,396 (December 31, 2023 – \$4,490). The estimated fair value of this facility term loan as at September 30, 2024 was \$3,476, determined on a discounted cash flow basis with a weighted average discount rate of 5.55 percent.

The risks associated with these financial instruments, including foreign currency risk, credit risk, interest rate risk, liquidity risk and commodity price risk, are discussed under “Risks and Uncertainties” section of the December 31, 2023 MDA. .

The Company may use foreign exchange contracts to hedge its USD revenues. As at September 30, 2024, the Company had \$4,000 USD forward contracts. As the date of this MD&A, the Company had USD forward contracts in the amount of \$5,000 USD.

Significant Judgements and Estimates

The preparation of the Company’s financial statements requires management to adopt accounting policies that involve the use of significant estimates and assumptions. These estimates and assumptions are developed based on the best available information and are believed by management to be reasonable under the existing circumstances. New events or additional information may result in the revision of these estimates over time. A summary of the critical estimates and judgements used by the Company can be found in Note 3 to the December 31, 2023 consolidated audited annual financial statements. There have been no changes to the Company’s significant accounting estimates and judgments as of September 30, 2024.

Internal Controls and Procedures

There have been no significant changes in TGHL’s internal controls over financial reporting during the three and nine months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect TGHL’s internal controls over financial reporting.

Forward Looking Information

This MD&A contains certain “forward-looking statements”. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding financial and business prospects and financial outlook) are forward looking statements. Such forward-looking statements may be identified by words such as “anticipate”, “will”, “intend”, “could”, “should”, “may”, “expect”, “forecast”, “plan”, “potential”, “project”, “estimate”, “assume”, “believe”, “shall”, “target”, “forward looking to”, and similar terms or the negatives thereof or other comparable terminology. Forward-looking statements include those statements with respect to:

- the Company’s outlook for the remainder of 2024 and into 2025 generally;
- the expectation that the Company’s production, sales of hydrovac trucks and profitability for the remainder of 2024 and into 2025 will continue to grow;
- the anticipation of increasing revenues and benefits from the Supply Contract with Ditch Witch.
- the anticipated increasing revenues and benefits from the sales arrangement with its US strategic partner, Custom Truck;
- anticipated increase in production capacity and operating efficiencies resulting from the completion of the new building being constructed at the Red Deer Facility, which is expected to be completed in Q2/2025;
- the expectation of continued spending on infrastructure in North America;

- the expectation of adding new and innovative products 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 which in the Company's view will result in 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 supplier relationships;
- management's belief in the positive impact of strengthened dealer relationships in both Canada and US to meet the expected demand increase;
- management's belief in the positive impact of expanded North American coverage for maintenance warranty and repair;
- the expected increased production levels for the remainder of 2024 and into 2025;
- management's belief that, should the Company require additional external financing, the Company expects to raise additional cash through either the issuance of additional equity, the acquisition of additional debt, or a combination thereof; and
- management's expectation that its cash, together with the available line of credit, operational cash flow and anticipated proceeds from the Supply Contract are expected to meet the budgetary requirements for the next 12 months.

These forward-looking statements reflect the current expectations or beliefs of the Company, based on information currently available to the Company. Forward-looking statements are subject to a number of risks, uncertainties and assumptions that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in general economic and market conditions, including restrictions on trade and tariffs, changes to regulations affecting the Company's activities, and uncertainties relating to the availability and costs of financing needed in the future. Any forward-looking statement represents the Company's expectations only as at the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such forward-looking statements due to the inherent uncertainty therein.

Risks and Uncertainties

Please refer to the Company's annual MD&A and audited consolidated financial statements for the year ended December 31, 2023, available on SEDAR+ at www.sedarplus.com and on the Company's web site at www.tornadotrucks.com for a discussion of the other risks and uncertainties associated with the Company's activities. There have been no significant changes in these risks and uncertainties during the three and nine months ended September 30, 2024.