Vertex Resource Group Ltd. Reports Fourth Quarter and Year End 2024 Results

Achieved annual results of $232.2 million of gross revenue and $35.9 million of adjusted EBITDA(1).

SHERWOOD PARK, AB, March 24, 2025 /CNW/ - (TSXV: VTX) - Vertex Resource Group Ltd. ("Vertex" or the "Company") reports its financial and operational results for the fourth quarter and year ended December 31, 2024. The following should be read in conjunction with the Management Discussion and Analysis ("MD&A") and the audited consolidated financial statements of Vertex for the year ended December 31, 2024, which are available on SEDAR+ at www.sedarplus.ca.

Vertex completed the fourth quarter consistent with expectations and prior year. Revenue declines compared to prior year are attributable to the completion of pipeline projects, including the TMX pipeline which was heavily subcontracted. Our ability to scale to customer demands without impacting margins has been a key factor in maintaining stability.

Key financial results for the three months and years ended December 31, 2024, and 2023 are as follows:

HIGHLIGHTS	Three Months ended December 31,		Years ended December 31,	
(in thousands of Canadian Dollars)	**2024**	2023	**2024**	2023
Gross revenue	**52,888**	65,110	**232,183**	255,237
Less flow through subcontractor costs	**408**	3,767	**2,216**	7,978
Net revenue	**52,480**	61,343	**229,967**	247,259
Profit margin	**12,860**	12,356	**60,293**	61,684
Profit margin %	**25 %**	20 %	**26 %**	25 %
Adjusted EBITDA (1)	**7,018**	7,772	**35,889**	37,932
Adjusted EBITDA %	**13 %**	13 %	**16 %**	15 %
Free cash flow (1)	**12,070**	4,042	**21,185**	17,810
Adjusted EBITDA per share, basic and diluted (1)	**0.06**	0.07	**0.32**	0.33
Earnings per share, basic and diluted	**(0.06)**	(0.01)	**(0.05)**	0.02

(1) See "Non-IFRS Financial Measures"

HIGHLIGHTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2024

- Profit margin increased 5.7% compared to Q4 2024.
- Free cash flow[1] generated was $12.1 million compared to $4.0 million in Q4 2023.
- Reduced loans and borrowings during the quarter by $13.5 million.

HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2024

- Profit margin as a % of net revenue increased to 26.5% compared to 24.9% in 2023
- Reduced loans and borrowings during the year by $5.7 million, and lease liabilities by $11.0 million.

- Free cash flow[1] generated was $21.2 million compared to $17.8 million in 2023.
- Repurchased common shares using the Normal Course Issuer Bid for consideration of $1.0 million. The total common shares repurchased and cancelled during the NCIB represent 3.2% of the total issued and outstanding common shares of the Company.
- Extended the maturity date of the Syndicate Credit Facilities.

OUTLOOK

2024 was a transitional year for Vertex. While revenues declined, margins increased due to our steadfast dedication to driving operational efficiencies. We expect our revenue for 2025 to be slightly less than in 2024, with margins remaining similar. There are no major turnaround projects scheduled for 2025, which have historically been executed in the second and third quarters. Our efforts will be concentrated on sustaining steady activity levels and capitalizing on ongoing maintenance and development opportunities across our operating segments.

Vertex will continue to prioritize providing a return on assets for our shareholders. This includes maximizing the effectiveness of our assets and ensuring that our investments generate strong returns. We are targeting a debt covenant ratio of 2.0x by the end of 2026. This goal aligns with our commitment to maintaining a healthy balance sheet by further reducing our debt levels, enhancing our capabilities for shareholder returns or future acquisitions.

The projected GDP growth of 1.8% for Canada in 2025, supported by increased household spending, business investment, and export growth, aligns with the Bank of Canada's outlook. Inflations is expected to remain close to the Bank of Canada's 2% target. However, the uncertainty around tariffs between the US and Canada is expected to impact businesses and consumers. Vertex is diligently monitoring the unfolding situation to ensure we remain nimble and can maneuver through any potential impacts effectively.

Overall, Vertex is well-positioned to navigate the challenges and opportunities of 2025 and beyond. Our unwavering focus on operational efficiencies, strategic asset management, and proactive response to market dynamics ensures that we remain resilient in the face of uncertainty. By continuously enhancing our service offerings and leveraging our expertise, we are committed to delivering exceptional value to our shareholders and driving sustainable growth. Vertex's strategic vision and adaptability will enable us to capitalize on emerging opportunities and maintain our leadership in the industry.

ABOUT VERTEX

Since 1962, Vertex has been a leading North American provider of environmental services. Headquartered in Sherwood Park, Alberta, Vertex employs a staff of approximately 1,000 employees and lease operators that provide services to help clients achieve their developmental and operational goals. From initial site selection, consultation and regulatory approval, through construction, operation and maintenance, to conclusion and environmental cleanup, Vertex provides a wide array of services to customers operating in industries such as energy, mining, utilities, private development, public infrastructure, construction, telecommunications, forestry, agriculture and government.

Vertex principally operates in Canada with select locations in the United States.

NON-IFRS FINANCIAL MEASURES

This release includes certain terms or performance measures that are not defined under

International Financial Reporting Standards ("IFRS"), including "Adjusted EBITDA". The data presented is intended to provide additional information that should not be considered in isolation or as a substitute measure of performance prepared in accordance with IFRS. The non-IFRS measures should be read in conjunction with the Company's financial statements and accompanying notes.

A) **"Adjusted EBITDA"** is a non-IFRS financial measure which is calculated by adjusting net income (loss) for the sum of income taxes, finance costs including interest accretion on lease liabilities, depreciation of property and equipment and right of use assets, amortization of intangible assets, share-based compensation, restructuring costs and impairment. The Company uses Adjusted EBITDA as an indicator of its principal business activities operational performance prior to consideration of how its activities are financed and the impact of taxation, non-cash depreciation and amortization, restructuring costs and other non-cash expenses such as impairments required under IFRS. Adjusted EBITDA does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures provided by other companies. Adjusted EBITDA is used by many analysts as an important analytical tool and the management of Vertex believes it is useful for providing readers with additional clarity on Vertex's operational performance. This measure is also considered important by the Company's lenders in determining compliance by the Company with the financial covenants under its lending arrangements.

B) **"Free cash flow"** is a non-IFRS financial measure. The most directly comparable GAAP measure for free cash flow is cash flow from operating activities. A summary of the reconciliation of cash flow from operating activities to free cash flow is set forth in the table below. Management uses the term "free cash flow" for its own performance measure and to provide shareholders and potential investors with a measurement of the Company's efficiency and its ability to generate the cash necessary to fund its future growth expenditures, to repay debt and provide shareholder returns.

C) **"Adjusted Working Capital"** is a non-IFRS financial measure which is calculated by reducing current liablities by the current portion of loans and borrowings, lease liablities and other liabilities. Adjusted working capital is used by Vertex to monitor its capital structure, liquidity, and it's ability to fund current operations.

D) "**Adjusted EBITDA per share, basic and diluted**" is a non-financial measure which is calculated by dividing adjusted EBITDA by the weighted average shares outstanding – basic and diluted.

Reconciliations of adjusted EBITDA, free cash flow and adjusted working capital are provided in the following tables.

ADJUSTED EBITDA	**Three months ended December 31,**		**Years ended December 31,**	
	2024	2023	**2024**	2023
Net (loss) income for the period	**(6,839)**	(1,324)	**(6,134)**	2,458
Add:				
Depreciation and amortization	**3,863**	6,461	**23,153**	23,619
Finance costs	**3,016**	2,728	**11,498**	11,486
Impairment	**6,000**	-	**6,000**	-
Share-based compensation	**68**	14	**246**	164
Income tax (recovery) expense	**910**	(107)	**1,126**	205
Adjusted EBITDA	**7,018**	7,772	**35,889**	37,932

FREE CASH FLOW	**Three months ended December 31,**		**Years ended December 31,**	
	2024	2023	**2024**	2023
Cash flows from operating activities	**14,561**	6,178	**44,342**	44,950
Changes in non-cash operating working capital items	**(7,351)**	2,409	**(8,377)**	(6,874)
Maintenance capex	**(3,143)**	(3,436)	**(15,533)**	(15,168)
Cash interest	**(2,348)**	(1,733)	**(8,705)**	(8,003)
Depreciation of right of use assets - real property	**(1,200)**	(1,332)	**(4,160)**	(4,860)
Cash taxes	**63**	(69)	**63**	26
Proceeds from disposal of property and equipment	**11,488**	2,025	**13,555**	7,739
Free cash flow	**12,070**	4,042	**21,185**	17,810

ADJUSTED WORKING CAPITAL	December 31,	
	2024	2023
Current assets	**64,767**	70,408

Current liabilities, less	**61,417**	69,170
Current portion of loans and borrowings	**(12,096)**	(14,701)
Current portion of lease liabilities	**(8,778)**	(10,722)
Current portion of other liabilities	**(1,000)**	(1,532)
Current liabilities (excluding current portion of loans and borrowings, lease liabilities, and other liabilities)	**39,543**	42,215
Adjusted working capital	**25,224**	28,193

Forward-Looking Information

This Press Release contains forward-looking statements and information ("forward-looking statements") within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this Press Release are based on the expectations, estimates and projections of management of Vertex as of the date of this Press Release unless otherwise stated. The use of any of the words "believe", "expect", "anticipate", "contemplate", "target", "plan", "outlook", "potential", "estimated", "intends", "continue", "may", "will", "should" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this Press Release contains forward-looking statements concerning anticipated financial performance; the outlook for 2025; the Company's ability to grow profitably; sufficiency of working capital; and with respect to Vertex's ability to meet evolving customer demands.

Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Investors are cautioned that forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the risks associated with the industries in which Vertex operates in general, such as:

- Ability to access sufficient capital from internal and external sources
- Ability to market to new customers
- Ability to obtain equipment in a timely and cost-efficient manner
- Ability to secure work
- Adjustments and cancellations of backlog
- Changes in legislation, including but not limited to tax laws and environmental regulations
- Collection of recognized revenue
- Commodity price, interest rate and exchange rate fluctuations
- Competition, ethics, and reputational risks
- Compliance with environmental laws risks
- Cyber-security risks
- Economy and cyclicality
- Geopolitical risks
- Global pandemics
- Health, safety and environmental risks
- Industry and inherent project delivery risks
- Insurance risk
- Joint venture risk
- Labour matters
- Litigation risk
- Loss of key management; ability to hire and retain qualified and capable personnel
- Maintaining safe worksites
- Operational risks
- Potential for non-payment and credit risk and ongoing financing availability

- Third party credit risk
- Unforeseen weather conditions
- Unanticipated shutdowns, work stoppages, and lockouts
- Volatility of market trading

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the parties, and the combined company are included in reports on file with applicable securities regulatory authorities, including but not limited to: Annual Information Form for the year ended December 31, 2024, which may be accessed on Vertex's SEDAR+ profile at *www.sedarplus.ca*.

The forward-looking statements contained in this Press Release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as, and to the extent required by applicable securities laws.

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