



Vertex Resource Group Ltd. Reports Third Quarter 2021 Results

Achieved record adjusted EBITDA of \$7.6 million in Q3 2021.

SHERWOOD PARK, AB, Nov. 12, 2021 /CNW/ - (TSXV: VTX) - Vertex Resource Group Ltd. ("Vertex" or the "Company") reports its financial and operational results for the three and nine months ending September 30, 2021. The following should be read in conjunction with the Management Discussion and Analysis ("MD&A") and the condensed consolidated interim financial statements of Vertex for three and nine months ended September 30, 2021, which are available on SEDAR at www.sedar.com.

Key financial results for the three and nine months ended September 30, 2021 are as follows:

HIGHLIGHTS

	Three Months ended September 30,			Nine months ended September 30,		
(in thousands of Canadian Dollars)	2021	2020	% Change	2021	2020	% Change
Revenue	42,284	32,067	32%	113,362	98,794	15%
Gross profit	12,082	9,558	26%	31,319	27,798	13%
Adjusted EBITDA ⁽¹⁾	7,633	6,822	12%	19,827	18,847	5%
Free cash flow ⁽¹⁾	7,094	6,591	8%	17,577	18,406	-5%
Adjusted EBITDA per share, basic and diluted	0.08	0.07	12%	0.22	0.21	5%

(1) See "Non-IFRS Financial Measures"

HIGHLIGHTS FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2021

Achieved record adjusted EBITDA of \$7.6 million compared to \$6.8 million in Q3 2020.

The Company generated \$42.3 million in revenues which was the highest revenue in the last eight quarters.

Net income of \$0.6 million in Q3 2021.

Free cash flow amounted to \$7.1 million compared to \$6.6 million in Q3 2020.

HIGHLIGHTS FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2021

Revenue increased 14.8% to \$113.4 million from \$98.8 million for the same period in 2020.

Adjusted EBITDA amounted to \$19.8 million for the nine months of 2021 compared to \$18.8 million in 2020.

Net income for the nine months ended September 30, 2021 was \$0.3 million compared to a net loss of \$4.8 million the prior year.

Free cash flow amounted to \$17.6 million (\$18.4 million – 2020) in the nine month period.

OUTLOOK

During the third quarter of 2021, Vertex achieved the highest quarterly adjusted EBITDA in our history. The positive momentum from the second quarter continued in Q3 and looks to continue for the rest of the year and throughout 2022. Our operations showed a significant improvement over the 2020-quarter and exceeded our expectations for 2021. Vertex's growing reputation, strong presence in various geographic areas, relationships with clients, and diversified complement of services have allowed us to withstand the economic pressures better than other service providers offering a single service or those that have operations in only one geographic region. Strong client relationships, effective safety programs, strong quality control, a reputation for meeting commitments, and various government support and stimulus programs mitigated the potential for material reductions in gross margins. Vertex continues to demonstrate the strength and resiliency of our business model and is in an enviable position to facilitate further growth as the economy continues to recover.

The remainder of 2021 is expected to see continued positive momentum for Vertex's services, above the levels experienced in 2020 due to various government programs for reclamation and abandonment of environmental liabilities, improved capital spending across multiple industries, unfettered access to work sites, recovery of energy production, increased natural gas developments and commodity prices, reinstatement of major customer maintenance programs, and continued diversification. As our activity levels increase, we remain focused on managing our growth to protect our balance sheet. Our cost management strategies resulted in positive earnings once again this quarter and we continue to focus on generating strong levels of free cashflow.

Federal, provincial, and state governments across North America have identified investment in infrastructure as a key component of their economic recovery plans which will include the maintenance, upgrade, and expansion of critical infrastructure. The new administration in the United States has pledged to enhance environmental and air quality regulations which should create further opportunities for our services. New legislation in Alberta establishes firm timelines to address environmental liabilities from dormant operations and introduce new mandatory closure spend targets for the oil and gas industry. Additionally, new opportunities in the telecommunications, utilities and renewable energy sectors are expected to grow based on increased capital investment plans by several of our key customers.

Our outlook for 2022 is that the North American economies will continue to recover from the adverse impact of the COVID-19 pandemic. Rising vaccination rates globally have aided economic growth and mobility, which has strengthened commodity prices and will provide certainty around the scheduling and execution of new infrastructure projects.

Vertex's vision of being a world leading environmental services company has not changed. As an Environmental Service business, we believe we are uniquely positioned for ESG performance. We understand that we have a responsibility to maximize our Internal ESG performance and have made a corporate commitment to do so. More substantially, we understand that our expertise and skillset positions us to support the ESG initiatives of our customers which have a significantly broader global impact than our Internal ESG performance. As such our ESG system design includes both an internal and supply chain focus. As our ESG journey evolves so too will our measurement and reporting, holding ourselves accountable to internal and supply chain metrics. Ultimately, our intent is to create business resiliency by becoming a primary source of executable ESG supply chain solutions for our customers.

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 750 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 news 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.

"Adjusted EBITDA" is a non-financial measure which is calculated by adjusting net (loss) income 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 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.

"Free cash flow" is a non-financial measure which is calculated by reducing adjusted EBITDA by maintenance capital expenditures net of disposal proceeds.

Reconciliations of Adjusted EBITDA and free cash flow are provided in the MD&A under the heading "7.0 Non-IFRS Financial Measures".

FORWARD-LOOKING INFORMATION

Any "financial outlook" or "future oriented financial information" in this press release, as defined by applicable securities laws, has been approved by management of Vertex. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other circumstances.

Certain statements contained in this news release constitute "forward-looking information". When used in this document or by any of the Company's management, the words "may", "would", "will", "intend", "plan", "propose", "anticipate" and "believe" are intended to identify forward-looking information. In particular, but without limiting the foregoing, this document contains forward-looking information and statements pertaining to the following: the Company's key strategies, objectives and competitive strengths; anticipated expenses; growth opportunities in the Company's reportable and operating segments in 2021; supply and demand for the Company's services; activity levels in the energy industry and other industries in which the Company operates; future development activities; and the Company's ability to retain existing clients and attract new business, particularly business outside of the energy industry. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's current views based on its experience and expertise with respect to future events, and are subject to certain risks, uncertainties, and assumptions.

The forward-looking information and statements contained in this document reflect several material factors and expectations and assumptions of the Company, including, without limitation: that the Company will continue to conduct its operations in a manner consistent with past operations; positive future trends in revenue, gross profit margin, Adjusted EBITDA, Bank EBITDA and net income; the general continuance of current or, where applicable, assumed industry conditions; the mix of revenue from non-energy customers in 2021; pricing of the Company's services; the Company's ability to market successfully to current and new clients; the Company's ability to obtain qualified personnel and equipment in a timely and cost-effective manner; the Company's future debt levels; the impact of competition on the Company; the Company's ability to obtain financing on acceptable terms; the general continuance of current or, where applicable, assumed industry conditions; the continuance of existing tax, royalty and regulatory regimes; the impact of seasonal weather conditions; client activity levels; anticipated market recovery; the Company's anticipated business strategies and expected success; the Company's ability to utilize its equipment; levels of deployable equipment; and future sources of funding for the Company's capital program.

Factors that could cause the forward-looking information in this news release to change or to be inaccurate include, but are not limited to: volatility of the energy industry and other industries; dependence on customer contracts and market acceptance; the Company's growth strategy may not achieve anticipated results; potential litigation claims; difficulty in attracting and retaining skilled personnel; adverse litigation judgments, settlements and exposure to liability resulting from legal proceedings could reduce profits or limit Vertex's ability to operate; the market for Vertex's products and services is subject to extensive government and regulatory approvals; health, safety and environment laws and regulations may require the Company to make substantial expenditures or cause it to incur substantial liabilities; the Company may fail to realize anticipated benefits of future acquisitions; Vertex's indebtedness may adversely affects its financial flexibility and competitive position; competition in the industries in which Vertex operates; downturns in general economic and market conditions; operational hazards and unforeseen interruptions for which Vertex may not be adequately insured; positive covenants in Vertex's material contracts could limit its ability to operate; third party credit risk; conservation measures and technological advances may reduce demand for hydrocarbons; loss of the Company's information and computer systems or cyber-attacks; director and officer conflicts of interest; a reassessment by tax authorities of Vertex's income calculations; volatility in the price of the Company's common shares; and the risk factors set forth under the heading "Risk Factors" in the Company's Annual Information Form filed under the Company's SEDAR profile at www.sedar.com. The Company undertakes no obligation to update these forward-looking statements, other than as required by applicable law.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.

SOURCE Vertex Resource Group Ltd.

 View original content to download multimedia:

<http://www.newswire.ca/en/releases/archive/November2021/12/c0834.html>

%SEDAR: 00036611E

For further information: Terry Stephenson, CEO, or Sherry Bielopotocky, CFO at 780-464-3295

CO: Vertex Resource Group Ltd.

CNW 06:42e 12-NOV-21