

# Vertex Resource Group Ltd.

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2024, and 2023

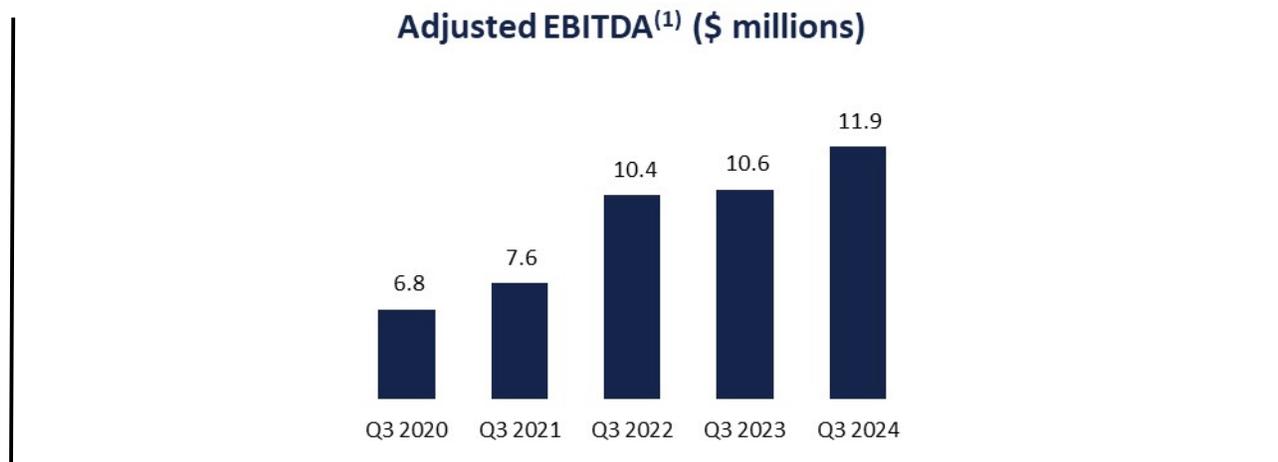


The following Management's Discussion and Analysis ("MD&A") is dated November 13, 2024, and is a discussion of the consolidated financial position and results of Vertex Resource Group Ltd. ("Vertex" or the "Company") for the three and nine months ended September 30, 2024 and 2023, and should be read together with Vertex's unaudited condensed consolidated interim financial statements and accompanying notes (the "Interim Financial Statements") for the three and nine months ended September 30, 2024, the annual audited consolidated financial statements and accompanying notes (the "Annual Financial Statements") for the year ended December 31, 2023 and the Company's Annual Information Form ("AIF") for the same year filed on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). All dollar amounts contained in tables in this MD&A are in thousands of Canadian dollars, except per share amounts or unless otherwise stated.

This MD&A and the Interim Financial Statements and 2023 comparative information have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board ("IASB"), which are also Generally Accepted Accounting Principles ("GAAP") for publicly accountable enterprises in Canada. This MD&A contains forward looking information and reference should be made to "Forward-Looking Information".

### Highlights

(in thousands of Canadian Dollars)	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<b>Gross revenue</b>	<b>62,405</b>	68,323	<b>179,295</b>	190,127
<b>Less flow through subcontractor costs</b>	<b>126</b>	1,518	<b>1,808</b>	4,211
<b>Net revenue</b>	<b>62,279</b>	66,805	<b>177,487</b>	185,916
<b>Profit margin</b>	<b>17,566</b>	17,321	<b>47,433</b>	49,328
Profit margin %	<b>28%</b>	26%	<b>27%</b>	27%
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>11,924</b>	10,589	<b>28,871</b>	30,160
Adjusted EBITDA % <sup>(1)</sup>	<b>19%</b>	16%	<b>16%</b>	16%
<b>Free cash flow <sup>(1)</sup></b>	<b>6,936</b>	5,381	<b>9,115</b>	13,892
<b>Adjusted EBITDA per share, basic and diluted <sup>(1)</sup></b>	<b>0.11</b>	0.09	<b>0.26</b>	0.26
<b>Earnings per share, basic and diluted</b>	<b>0.02</b>	0.01	<b>0.01</b>	0.03



(1) See "Non-IFRS Financial Measures"

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### Operational and Financial Highlights

Vertex achieved its highest level of activity for fiscal 2024 in the current quarter, reporting an adjusted EBITDA<sup>(1)</sup> of \$11.9 million, surpassing the previous company record by \$1.0 million. This milestone was primarily reached by multiple service lines working together to successfully complete a significant turnaround project.

#### Third quarter highlights:

- Vertex achieved record Adjusted EBITDA<sup>(1)</sup> for any quarter in company history
- Profit margin increased 2.3% compared to Q3 2023.
- Adjusted EBITDA<sup>(1)</sup> as a percentage of revenue increased 3.3% compared to Q3 2023.
- Free cash flow<sup>(1)</sup> increased to \$6.9 million compared to \$5.4 million in Q3 2023.
- Vertex executed the largest industrial cleaning project in company history generating revenue of \$11 million.

#### Nine months highlights:

- Amended the \$76.0 million Credit Facilities including extension of the maturity date to May 31, 2027, and an increase to the syndicate term loan of \$5.0 million.
- \$1.0 million spent on shares repurchased and cancelled during the Normal Course Issuer Bid.
- General and administrative expenses decreased to \$18.6 million from \$19.2 million in the same period of 2023.

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### Executive Overview

Vertex is a TSX Venture Exchange publicly traded environmental services company providing industry leading solutions to a diverse range of clients across Canada and within select regions of the United States. Vertex helps its clients achieve their developmental and operational goals through a versatile suite of integrated services. From initial site selection, consultation, and regulatory approval, through the construction, operation and maintenance phases, to conclusion and environmental cleanup, Vertex offers services throughout the life cycle of its clients' projects. The Company services a wide array of high-quality customers operating in numerous industries, and Vertex trades under the symbol "VTX".

The Company has two reportable segments:

#### *Environmental Consulting*

Through Vertex's Environmental Consulting segment, the Company provides a variety of services related to assisting its clients to meet internal environmental standards, environmental legislation, and related environmental compliance requirements. These services span multiple industries including energy, mining, utilities, forestry, private development, public infrastructure, telecommunications, and government. More specifically, these services include advisory services related to new capital expenditure and asset development, environmental consulting and monitoring on existing assets, emission management solutions, sub-surface engineering, facility engineering, asset retirement and land reclamation services.

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(1) See "Non-IFRS Financial Measures"

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### Environmental Services

Through Vertex's Environmental Services segment, the Company provides a variety of services related to transportation, removal, storage, disposal of materials, and maintenance of facilities in an environmentally safe manner. Services include fluid management and logistics, waste and recycling, industrial cleaning and maintenance, hydro-excavating, and site services for various industries including energy, telecommunications, public sector, utilities, mining, and agriculture.

### Result of Operations

	Three months ended		Nine months ended	
	September 30, 2024	2023	September 30, 2024	2023
<b>Gross revenue</b>	<b>62,405</b>	68,323	<b>179,295</b>	190,127
Less flow through subcontractor costs	<b>126</b>	1,518	<b>1,808</b>	4,211
<b>Net revenue</b>	<b>62,279</b>	66,805	<b>177,487</b>	185,916
Direct costs	<b>44,713</b>	49,484	<b>130,054</b>	136,588
<b>Profit margin</b>	<b>17,566</b>	17,321	<b>47,433</b>	49,328
General and administrative expenses	<b>5,642</b>	6,732	<b>18,562</b>	19,168
Depreciation and amortization	<b>6,994</b>	5,851	<b>19,290</b>	17,158
Finance costs	<b>2,894</b>	3,162	<b>8,482</b>	8,758
Share-based compensation	<b>59</b>	50	<b>178</b>	150
<b>Income before taxes</b>	<b>1,977</b>	1,526	<b>921</b>	4,094
Income tax expense	<b>464</b>	359	<b>216</b>	312
<b>Net income for the period</b>	<b>1,513</b>	1,167	<b>705</b>	3,782
<b>Other comprehensive loss</b>				
Foreign currency translation adjustment, net of tax	<b>(3)</b>	(4)	<b>(4)</b>	(4)
<b>Total comprehensive income for the period</b>	<b>1,510</b>	1,163	<b>701</b>	3,778
<b>Earnings per share</b>				
Basic and diluted	<b>0.02</b>	0.01	<b>0.01</b>	0.03
<b>ADJUSTED EBITDA <sup>(1)</sup></b>				
Environmental Consulting	<b>2,761</b>	2,747	<b>5,610</b>	5,751
Environmental Services	<b>10,815</b>	9,846	<b>28,370</b>	30,800
Corporate	<b>(1,652)</b>	(2,004)	<b>(5,109)</b>	(6,391)
	<b>11,924</b>	10,589	<b>28,871</b>	30,160

(1) See "Non-IFRS Financial Measures"

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### Outlook

Vertex does not anticipate any significant changes in the economic environment we operate in, in the foreseeable future. While adjustments to interest rates have occurred, it is too soon to tell how inflationary pressures will be impacted. To continue delivering results to our stakeholders, we remain focused on maintaining financial stability by closely monitoring our expenses and optimizing our operations.

As Vertex adjusts to customer and market needs, we continually evaluate the return on assets that we deploy to ensure we have a strong balance sheet that supports future strategic initiatives. Operational and administrative efficiencies are identified as key drivers for financial performance, with a clear aim to enhance adjusted EBITDA<sup>(1)</sup> and net income. The dedication to these strategic pillars is expected to support Vertex's journey through the final quarter of 2024 and into 2025.

### Results from Operations

#### Gross and net revenue

The following tables sets forth gross and net revenue by reportable operating segments for the following years:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Environmental Consulting	15,394	20,017	45,004	47,557
Environmental Services	49,020	49,329	137,892	145,510
Corporate	(2,009)	(1,023)	(3,601)	(2,940)
Gross revenue	62,405	68,323	179,295	190,127

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Environmental Consulting	15,268	18,499	43,196	43,346
Environmental Services	49,020	49,329	137,892	145,510
Corporate	(2,009)	(1,023)	(3,601)	(2,940)
Net revenue	62,279	66,805	177,487	185,916

Gross revenue for the three and nine-month periods ended September 30, 2024, decreased by \$5.9 million and \$10.8 million respectively.

Environmental Consulting segment experienced soft activity for services across most of its service lines as wet weather in the US in the quarter and reduced customer activity compared to Q3 2023 resulted in a decrease of \$4.6 million in gross revenue in the quarter and \$2.6 million decrease in the nine-month period to date. This decrease resulted in a \$3.2 million decrease in net revenue for the quarter and a \$0.2 million decrease in net revenue for the nine-month period as the impact of flow through subcontractor costs decreased from the 2023 comparative periods.

(1) See "Non-IFRS Financial Measures"

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Environmental Services segment successfully completed a large industrial cleaning turnaround project in the quarter which was muted by reduced activity in other service lines within the segment. This led to a decrease of both gross and net revenue of \$0.3M from Q3 2023 and \$7.6M for the nine-month period.

Net revenue for the Environmental Consulting segment decreased by 17.5% in the quarter and 0.3% in the nine-month period compared to 2023 while Environmental Services segment decreased by 0.6% in the quarter and 5.2% in the nine-month period.

### Profit Margin

	Three months ended		Nine months ended	
	September 30, 2024	2023	September 30, 2024	2023
Profit margin	17,566	17,321	47,433	49,328
Profit margin as a % of net revenue	28.2%	25.9%	26.7%	26.5%

Vertex realized a higher profit margin in the quarter despite decreases in revenue in both the Environmental Consulting and Environmental Services segments due to cost management and work being performed in higher margin service lines in the quarter. The result is a 2.3% increase in profit margin percentage. In the nine-month period a lower profit margin was realized as the decrease in revenue was too much for a modest increase in profit margin percentage to overcome. Cost containment and margin protection will continue to be a focus for management.

### General and Administrative Expenses (G&A)

	Three months ended		Nine months ended	
	September 30, 2024	2023	September 30, 2024	2023
G&A	5,642	6,732	18,562	19,168
G&A as a % of net revenue	9.1%	10.1%	10.5%	10.3%

G&A has decreased in both the three and nine-month periods as Vertex implemented cost cutting measures because of lower revenue. G&A as a % of net revenue decreased sharply in the quarter and was consistent between the comparative nine-month periods.

### Other Items

	Three months ended		Nine months ended	
	September 30, 2024	2023	September 30, 2024	2023
Depreciation and amortization	6,994	5,851	19,290	17,158
Finance costs	2,894	3,162	8,482	8,758
Share-based compensation	59	50	178	150
Total	9,947	9,063	27,950	26,066

(1) See "Non-IFRS Financial Measures"

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Depreciation and amortization increased by \$1.1 million from Q3 2023 as the Company has increased its depreciable assets. Finance costs have come down for the periods as higher levels of debt have been offset with interest rate reductions.

### Net Income for the Period

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net income for the period	1,513	1,167	705	3,782

Net income for the quarter ended September 30, 2024 was \$0.3 million higher than Q3 2023. Net income for the period ended September 30, 2024 was \$3.1 million lower than the comparable nine-month period of 2023. The decrease was due to the impact of reduced revenue on profit margin combined with increasing depreciation and amortization.

### Summary of Quarterly Results

Quarters Ended (\$000 except per share amounts)	2023	2024		
	Q4	Q1	Q2	Q3
Gross revenue	65,110	59,731	57,159	62,405
Net revenue	61,343	56,699	58,509	62,279
Net income (loss)	(1,324)	563	(1,371)	1,513
Basic and diluted income (loss) per share	(0.01)	(0.01)	0.00	0.02
Adjusted EBITDA <sup>(1)</sup>	7,772	10,047	6,900	11,924

Quarters Ended (\$000 except per share amounts)	2022	2023		
	Q4	Q1	Q2	Q3
Gross revenue	71,666	58,657	63,147	68,323
Net revenue	59,841	56,808	62,303	66,805
Net income (loss)	(1,295)	1,011	1,604	1,167
Basic and diluted income (loss) per share	(0.01)	0.01	0.01	0.01
Adjusted EBITDA <sup>(1)</sup>	7,556	8,615	10,956	10,589

(1) See "Non-IFRS Financial Measures"

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### Liquidity and Capital Management

The following table sets forth the Company's cash flow by activity for the following periods:

	Nine months ended September 30,	
	2024	2023
Cash provided by operating activities	29,781	38,772
Cash used in investing activities	(8,263)	(6,485)
Cash used in financing activities	(18,121)	(32,680)
	<b>3,397</b>	<b>(393)</b>

The Company expects to generate sufficient cash flows from operations and continues to access its credit facilities to meet contractual obligations, planned expenditures, and growth initiatives as they are required. At September 30, 2024, the Company had available committed operating loans and equipment lease lines which provide \$10.0 million to fund working capital requirements and planned expenditures.

#### Cash Provided by Operating Activities

Cash provided by operating activities was \$29.8 million, a decrease of \$9.0 million compared to 2023 when the conclusion of government led site rehabilitation programs, which were highly working capital intensive, unwound working capital committed to those programs.

#### Cash Used in Investing Activities

Cash used in investing activities was \$8.3 million during the period, an increase of \$1.8 million primarily due to lower disposal proceeds than the same period of 2023.

#### Cash Used in Financing Activities

Cash used in financing activities was \$18.1 million, \$14.6 million less than this time in 2023, as shifting working capital needs and net capital expenditures resulted in Vertex drawing on loan facilities compared to 2023 when excess working capital was used to pay down the facilities. In addition, Vertex used \$1.0 million in the first half of the year to buyback outstanding shares under the Normal Course Issuer Bid.

#### Adjusted Working Capital<sup>(1)</sup>

	September 30, 2024	December 31, 2023
Current assets	64,696	70,408
Current liabilities (excluding current portion of loans and borrowings, other liabilities, and lease liabilities)	34,334	42,215
Adjusted Working Capital <sup>(1)</sup>	<b>30,362</b>	<b>28,193</b>

Adjusted working capital<sup>(1)</sup> at September 30, 2024 was \$2.2 million higher than December 31, 2023 as working capital needs are higher based on work volume in the third quarter compared to the fourth quarter.

(1) See "Non-IFRS Financial Measures"

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### Credit Facilities

	September 30, 2024	December 31, 2023
Revolving and operating loans:		
Committed revolving and operating facilities	45,000	45,000
Drawn on revolving and operating facilities	40,000	32,500
Available revolving and operating facilities	5,000	12,500

On June 28, 2024, the Company amended and extended its secured credit facilities. The maturity date was extended from May 31, 2025 to the earlier of: (a) May 31, 2027 or (b) six months prior to the maturity of the Company's convertible debenture on March 7, 2027. The syndicate term loan was increased by \$5.0 million, and the accordion facility was reduced by \$5.0 million. Debt as of September 30, 2024, consisted of the items noted in Commitments and Contingencies.

### Debt Covenants

As of September 30, 2024, the Company complied with the terms and covenants of its Credit Facilities. Certain adjustments, as approved by the syndicate of lenders, are made to Adjusted EBITDA<sup>(1)</sup> to derive Bank EBITDA, which amounted to \$31.9 million for the trailing twelve months ending September 30, 2024. At September 30, 2024, the Company was in compliance with the terms and covenants of its lending agreements.

### Commitments and Contingencies

As part of the Company's normal operations, it often enters into contracts, such as leases and purchase contracts, which obligate the Company to make disbursements in the future. Contractual maturities for financial liabilities on an undiscounted basis, including interest and principal at September 30, 2024 are as follows:

Due Within	Accounts payable <sup>(2)</sup>	Loans and borrowings	Other liabilities	Convertible debenture	Lease liabilities	Total
One year	33,657	14,742	1,362	1,200	11,916	62,877
Two years	-	13,988	-	1,200	10,258	25,446
Three years	-	64,987	-	15,500	7,652	88,139
Four years	-	1,579	-	-	5,488	7,067
Five years	-	221	-	-	3,422	3,643
Thereafter	-	-	-	-	1,880	1,880
	33,657	95,517	1,362	17,900	40,616	189,052

(2) Accounts payable and accrued liabilities

### Legal Claims

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and other third parties. Management believes that adequate provisions have been made for potential claims in the Company's accounts. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the consolidated financial position of the Company.

(1) See "Non-IFRS Financial Measures"

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#### Off-Balance Sheet Arrangements

As at September 30, 2024, the Company did not have any off-balance sheet arrangements.

#### Capital Expenditures

The Company's gross capital expenditures for the nine-months ending September 30, 2024, were \$10.3 million compared to \$9.6 million in 2023. The company sold \$2.1 million worth of capital assets in the first nine months of 2024, compared to \$5.7 million in the same period of 2023. The Company's net capital expenditures are still expected to be in the range of \$12.0 million to \$14.0 million for the year with a drop off in the third and fourth quarters compared to the first and second. The maintenance and growth capital expenditures are not committed or required if factors related to economics, industry, and customer spending plans change.

#### Credit Risk

The Company's gross and net revenues are from a diverse customer base that includes the energy, telecommunications, public sector, real estate, utility, and mining industries in Canada and certain markets in the United States. The Company believes that there is no unusual exposure associated with the collection of accounts receivable outside of the normal risk associated with contract audits and normal trade terms common in the industry. The Company performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable. For the period ended September 30, 2024, the Company had one customer that accounted for more than 10% of the consolidated sales (2023 – one customer).

#### Outstanding Share Data

As of the date of this MD&A, the Company had 112,026,890 common shares outstanding. As of the same date, the Company had outstanding 4,065,000 stock options to purchase common shares.

On August 25, 2023, the Company announced that the TSX Venture Exchange approved a normal course issuer bid ("NCIB") permitting the repurchase for cancellation of up to 5,781,045 common shares. At September 30, 2024, the Company repurchased and cancelled 3,594,000 shares for a total of \$1,432. These shares had an average carrying value of \$0.80 for a total amount of \$2,872.

#### Transactions with Related Parties

All related party transactions are in the normal course of business and are on terms that are similar to those that would be adopted if the parties were dealing at arm's length. Related party transactions include transactions with private companies that are controlled by a director or officer.

Lease liabilities include \$2.9 million (2023 - \$3.6 million) relating to facility leases with an officer of the company. Principal payments of unsecured lease liabilities and associated interest accretion for the three-month period ended September 30, 2024 were \$0.2 million (three months ended September 30, 2023 - \$0.2 million) and for the nine-months ended September 30, 2024 were \$0.7 million (nine-months ended September 30, 2023 - \$0.7 million).

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### Critical Accounting Judgments, Estimates and Accounting Policy Developments

#### Critical Judgments and Estimates in Applying the Company's Accounting Policies

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and

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(1) See "Non-IFRS Financial Measures"

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liabilities at the date of the consolidated financial statements, the reported amounts of revenues and expenses during the reporting period, as well as the disclosures of contingent assets and liabilities. Accordingly, actual results could differ from these estimates and judgments.

The Company has:

- continuously refined and documented its management and internal reporting systems to ensure that accurate and timely internal and external information is gathered and disseminated. Management also regularly evaluates these estimates and assumptions, which are based on past experience and other factors that are deemed reasonable under the circumstances; and
- hired employees and consultants who have the skills required to make such estimates and ensure that employees or departments with the most knowledge of the activity are responsible for the estimates. Furthermore, past estimates are reviewed and compared to actual results, and actual results are compared to budgets in order to make more informed decisions on future estimates.

The Company's summary of material accounting policies, estimates and critical judgements are contained in notes 4, 5 & 6 to the Annual Financial Statements.

### Changes in Accounting Policies

On January 1, 2024, the Company adopted the amendments made to IAS 1 – Presentation of Financial Statements that clarifies how to classify debt and other liabilities as either current or non-current.

On January 1, 2024, the Company adopted the amendments made to IFRS 16 – Leases, that impact how a seller-lessee accounts for variable lease payments that arise in a sales and leaseback transaction.

There has been no material impact on the Company's Interim Financial Statements as a result of these amendments.

### Future Accounting Standard Pronouncements

The Company has reviewed new and revised standards and interpretation that have been approved by the IASB. There have been no new standards or interpretations issued that significantly impact the Interim Financial Statements.

### Financial Instruments

The Company considers managing risk as being an integral part of its development and diversification strategies. The Company uses a proactive and rigorous approach for management of the financial risks to which it is exposed.

The Company does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

The Company's most significant financial risk exposure and its financial risk management policies are discussed in Note 26 to the Annual Financial Statements.

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### 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

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(1) See "Non-IFRS Financial Measures"

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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-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.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
<b>Net income for the period</b>	<b>1,513</b>	1,167	<b>705</b>	3,782
<b>Add:</b>				
Depreciation and amortization	<b>6,994</b>	5,851	<b>19,290</b>	17,158
Finance costs	<b>2,894</b>	3,162	<b>8,482</b>	8,758
Share-based compensation	<b>59</b>	50	<b>178</b>	150
Income tax expense	<b>464</b>	359	<b>216</b>	312
<b>Adjusted EBITDA</b>	<b>11,924</b>	10,589	<b>28,871</b>	30,160

**"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.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Cash provided by operating activities	<b>9,700</b>	11,782	<b>29,781</b>	38,772
Changes in non-cash operating working capital items	<b>2,190</b>	(1,391)	<b>(1,026)</b>	(9,188)
Maintenance capex	<b>(2,297)</b>	(3,887)	<b>(12,390)</b>	(11,732)
Cash interest	<b>(2,224)</b>	(2,027)	<b>(6,357)</b>	(6,270)
Depreciation of right of use assets - real property	<b>(1,057)</b>	(1,326)	<b>(2,960)</b>	(3,404)
Proceeds from disposal of property and equipment	<b>624</b>	2,230	<b>2,067</b>	5,714
<b>Free cash flow</b>	<b>6,936</b>	5,381	<b>9,115</b>	13,892

(1) See "Non-IFRS Financial Measures"

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

	September 30, 2024	December 31, 2023
Current assets	64,696	70,408
Current liabilities, less	57,670	69,170
Current portion of loans and borrowings	(12,685)	(14,701)
Current portion of lease liabilities	(9,318)	(10,722)
Current portion of other liabilities	(1,333)	(1,532)
Current liabilities (excluding current portion of loans and borrowings, lease liabilities, and other liabilities)	34,334	42,215
<b>Adjusted working capital</b>	<b>30,362</b>	<b>28,193</b>

**"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.

### Forward-Looking Information

This MD&A contains forward-looking statements and information ("forward-looking statements") within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this MD&A are based on the expectations, estimates and projections of management of Vertex as of the date of this MD&A 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 MD&A contains forward-looking statements concerning anticipated financial performance; the outlook for 2024; 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

(1) See "Non-IFRS Financial Measures"

# Vertex Resource Group Ltd.

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2024, and 2023



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- Compliance with environmental laws risks
  - Cyber-security risks
  - Economy and cyclicalities
  - 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, 2023, which may be accessed on Vertex's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

The forward-looking statements contained in this MD&A 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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(1) See "Non-IFRS Financial Measures"