Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and six months ended June 30, 2021 and 2020

The following Management's Discussion and Analysis ("MD&A") is dated August 10, 2021, and is a discussion of the consolidated financial position and results of Vertex Resource Group Ltd. ("Vertex" or the "Company") for the three and six months ended June 30, 2021 and 2020, 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 six months ended June 30, 2021, the annual audited consolidated financial statements and accompanying notes (the "Annual Financial Statements") for the year ended December 31, 2020 and the Company's Annual Information Form ("AIF") for the same year filed on the Company's SEDAR profile at www.sedar.com. 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 comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS"), 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 Section 8.0 Forward-Looking Information.

1.0 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 provides services in Canada where the level of operating activity is influenced by seasonal weather patterns. Certain project sites are located in remote areas that are inaccessible other than during the winter months as the ground surrounding the project sites makes the area inaccessible during warmer seasons. Seasonal factors and unexpected weather patterns may lead to declines in the demand for the services of the Company. Wet weather and the spring thaw can make the ground unstable; consequently, municipalities and provincial transportation authorities enforce road bans that restrict movement of vehicles and other heavy equipment, thereby reducing activity levels.

The Company operates in two 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.

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.

2.0 Operational and Financial Highlights

In the last three months, the global economy began to recover after continued global immunization efforts have resulted in the easing of the government-imposed lockdowns due to the third wave of COVID-19. The reopening of economies has resulted in increased access to work sites, increases in government spending on infrastructure as part of recovery initiatives, increased capital spending and the resumption of scheduled facility maintenance.

Vertex first quarter acquisition has resulted in volume increases in the second quarter and improvements in utilization of both personnel and equipment have made positive contributions to profitability relative to Q2 2020.

Second quarter highlights:

Historically high second quarter adjusted EBITDA of $7.5 million compared to $6.7 million in Q2 2020.

Historically high net income of $0.2 million in Q2 2021 compared to a net loss of $0.7 million in the same period of 2020.

The Company generated $38.1 million in revenues compared to $28.3 million in Q2 2020.

The Company extended the maturity date of its secured credit facilities by one year to May 31, 2023.

Free cash flow amounted to $6.5 million compared to $7.1 million in Q2 2020 (See Non-IFRS Financial Measures – Section 7.0).

First half highlights:

Revenue increased to $71.1 million from $66.7 million for the same period in 2020.

Adjusted EBITDA amounted to $12.2 million for the six months of 2021 compared to $12.0 million in 2020.

Net loss for the six months ended June 30, 2021 was $0.4 million compared to $6.3 million the prior year.

Free cash flow amounted to $10.5 million compared to $11.8 million in H1 2020.

2.1 Selected Financial Information

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Revenue	**38,130**	28,301	**71,078**	66,727
Direct costs	**26,927**	19,145	**51,841**	48,487
Gross profit	**11,203**	9,156	**19,237**	18,240
General and administrative expenses	**3,664**	2,454	**7,043**	6,215
Depreciation and amortization	**5,581**	4,811	**9,695**	10,851
Finance costs	**1,702**	1,727	**2,998**	3,086
Impairment and restructuring costs	**-**	954	**-**	5,248
Share-based compensation	**-**	45	**-**	88
Income (loss) before income taxes	**256**	(835)	**(499)**	(7,248)
Income tax expense (recovery)	**62**	(124)	**(122)**	(938)
Net income (loss) and comprehensive income (loss) for the period	**194**	(711)	**(377)**	(6,310)
Net income (loss) per share				
Basic and diluted	**0.00**	(0.01)	**(0.00)**	(0.07)
Weighted average number of shares outstanding for the purpose of calculating earnings per share				
Basic and diluted	**91,253,115**	91,253,115	**91,253,115**	91,253,115

ADJUSTED EBITDA [1]				
Environmental Consulting	**1,884**	2,083	**3,625**	3,939
Environmental Services	**6,622**	7,772	**10,685**	12,218
Other	**(967)**	(3,153)	**(2,116)**	(4,132)
	7,539	6,702	**12,194**	12,025

(1) See Non-IFRS Financials Measures - Section 7.0

3.0 Outlook

During the second quarter of 2021, we achieved the highest adjusted EBITDA and net earnings in our history for a Q2. The second quarter is typically the slowest of the year in Canada due to the spring break up period, however 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 it 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 are 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. 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.

Conservative private capital deployment and continued focus on debt reductions will likely delay the return to Pre-COVID activity until 2022 but activity in 2021 is expected to rebound from 2020. Consolidation of customers in the oil and gas sector is expected to continue and when combined with anticipated business failures, will provide further opportunities for Vertex to grow our market share.

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 Supply Chain opportunity to support the ESG initiatives of our customers has a significantly broader global impact. 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.

4.0 Results from Operations

4.1 Revenue

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	**2021**	2020
Environmental Consulting	**9,217**	7,261	**20,283**	18,468
Environmental Services	**27,765**	20,190	**48,852**	46,323
Other	**1,148**	850	**1,943**	1,936
Revenue	**38,130**	28,301	**71,078**	66,727

Second Quarter 2021 versus Second Quarter 2020

During the second quarter 2021, revenue increased across all segments, resulting in an overall increase in revenue of $9.8 million, or 34.7% from the same quarter ended June 30, 2020.

The revenue increase of $2.0 million, or 26.9%, in the Environmental Consulting segment was due to higher customer spending on environmental liabilities including government programs related to remediation.

Revenue in the Environmental Services segment was positively affected by the easing of COVID restrictions which resulted in additional customer spending on maintenance programs, combined with increased infrastructure and exploration activities due to higher sustained commodity prices in Q2 2021. Overall, this resulted in revenue of $27.8 million, an increase of 37.5% over the same six months ended June 30, 2020.

Six Months Ended June 30, 2021 versus Six Months Ended June 30, 2020

Revenue for the six months ended June 30, 2021 increased to $71.1 million, up by $4.4 million or 6.5%.

Revenue for the Environmental Consulting segment increased by $1.8 million compared to the same six months of 2020. The increase is due to the blended impact of COVID-19 from the third wave in Q1 to full reopening in mid Q2, along with projects executed for government programs related to remediation of environmental liabilities.

The Environmental Services segment generated higher revenues compared to the same six-month period of 2020 due to similar mix of external conditions in the environmental consulting segment. Despite the impact of COVID-19 in Q1, the segment sustained a more even level of revenues throughout the six months ending June 30, 2021, due to a strong activity boost in Q2 from the service lines which serve customer maintenance and infrastructure activities, along with the additional activity recognized from the completed acquisition in Q1.

4.2 Gross Profit

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	**2021**	2020
Gross profit	**11,203**	9,156	**19,237**	18,240
Gross profit as a % of revenue	**29.4%**	32.4%	**27.1%**	27.3%

The second quarter saw economies improve as they emerged from the COVID-19 shadow. These factors caused increased demand, pricing and improved utilization of personnel and equipment. Management continues to aggressively manage costs. Reported gross margin in the quarter ended June 30, 2021 reflects a decrease in CEWS received of $2.2 million while the reported gross margin for the six months ended June 30, 2021 reflects a decrease in CEWS received of $1.8 million.

4.3 General and Administrative Expenses (G&A)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
G&A	**3,664**	2,454	**7,043**	6,215
G&A as a % of revenue	**9.6%**	8.7%	**9.9%**	9.3%

The second quarter increase resulted from approximately $0.4 million of G&A costs related to the operations of the Q1 acquisition along with personnel additions where required to support increased volume.

G&A for the six months resulted from additional costs related to the operations of the new acquisition of approximately $0.5 million. In both periods of 2021, similar to gross profit, the CEWs subsidy received was lower than the comparable period of 2020 which contributed to increasing G&A period over period.

4.4 Adjusted EBITDA

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Environmental Consulting	**1,884**	2,083	**3,625**	3,939
Environmental Services	**6,622**	7,772	**10,685**	12,218
Other	**(967)**	(3,153)	**(2,116)**	(4,132)
Adjusted EBITDA	**7,539**	6,702	**12,194**	12,025
Adjusted EBITDA(1) as a % of revenue	**19.8%**	23.7%	**17.2%**	18.0%

(1) See Adjusted EBITDA definition Section 7.0.

Second Quarter 2021 versus Second Quarter 2020

Adjusted EBITDA achieved during the second quarter represents the highest Q2 results in Company history.

In both the Environmental Consulting segment and the Environmental Services segment Adjusted EBITDA increased due to positive economic activity and was offset with a reduction of CEWS benefit received by $2.6 million compared to Q2 2020 which resulted in a net decrease in the quarter of $0.2 million and $1.5 million respectively.

The "Other" segment is comprised of corporate costs and other minor operations. Adjusted EBITDA losses in this segment decreased due to stronger activity in this segment's operations in the current year and the absence of $2.0 million of one-time charges in Q2 2020 recorded as a result of the pandemic.

Six Months Ended June 30, 2021 versus Six Months Ended June 30, 2020

Similarly, Environmental Consulting Adjusted EBITDA decreased in the six month period ended June 30, 2021 by $0.3 million on a net basis and Environmental Services segment Adjusted EBITDA decreased on a net basis by $1.5 million for the same reasons as provided above for the quarter.

Adjusted EBITDA losses in the Other segment decreased from the prior year due to improved activity and absence of one-time charges referred to above.

4.5 Other items

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Depreciation and amortization	**5,581**	4,811	**9,695**	10,851
Finance costs	**1,702**	1,727	**2,998**	3,086
Impairment and restructuring costs	**-**	954	**-**	5,248
Share-based compensation	**-**	45	**-**	88
Total	**7,283**	7,537	**12,693**	19,273

Second Quarter 2021 versus Second Quarter 2020

Other items during the three months ending June 30, 2021 decreased to $7.3 million due to the non-recurring presence of restructuring costs in Q2 2020, which were offset by higher depreciation from the full quarter's impact of the Q1 acquisition.

Six Months Ended June 30, 2021 versus Six Months Ended June 30, 2020

Total other items during the six months ending June 30, 2021 decreased primarily due to $5.2 million of impairment charges restructuring costs in the first half of 2020. Finance costs were steady and amortization decreased modestly during the six months ending June 30, 2021 due to a reduction of depreciation resulting from slower replacement of fully depreciated fixed assets.

4.6 Net Income (Loss) and Comprehensive Income (Loss) for the Period

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Net income (loss) and comprehensive income (loss) for the period	**194**	(711)	**(377)**	(6,310)

Second Quarter 2021 versus Second Quarter 2020

Net income and comprehensive income for the quarter ended June 30, 2021 was $0.2 million.

Six Months Ended June 30, 2021 versus Six Months Ended June 30, 2020

Net loss and comprehensive loss for the six-month period decreased considerably by $5.9 million primarily due to the non-recurrence of the impairment charge and restructuring costs incurred in H1 2020.

4.7 Summary of Quarterly Results

($000 except per share amounts)	**2021**		2020				2019	
	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
Revenue	**38,130**	32,948	37,331	32,067	28,301	38,426	40,664	43,655
Net income (loss)	**194**	(571)	(859)	1,471	(711)	(5,599)	(8,871)	(552)
Basic and diluted income (loss) per share	**0.00**	(0.01)	(0.01)	0.02	(0.01)	(0.06)	(0.10)	0.00
Adjusted EBITDA[1]	**7,539**	4,655	5,617	6,822	6,702	5,323	4,472	6,475

(1) See Adjusted EBITDA definition Section 7.0.

5.0 Liquidity and Capital Management

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

	Six months ended June 30,	
	2021	2020
Cash provided by operating activities	**4,846**	8,169
Cash used in investing activities	**(7,050)**	(440)
Cash provided by (used in) financing activities	**2,543**	(6,238)
	339	1,491

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. The Company expects working capital investments will be required to support future revenue growth that is consistent with historical requirements. The Company typically utilizes its available committed operating loans and capital lease lines. The Company has a healthy liquidity position with access to in excess of $23 million to fund working capital requirements and planned expenditures.

5.1 Cash Generated from Operating Activities

The decrease in cash provided by operating activities was due to increased working capital needs during H1 as government led environmental and reclamation projects require vendor payments as a prerequisite to project billings.

5.2 Cash Used in Investing Activities

The primary increase in cash used in investing activities was net cash outlay for the acquisition of MAD of $4.4 million in Q1 2021. Net capital expenditures were $2.7 million in the first six months of 2021 up from $0.4 million in the same period in 2020.

5.3 Cash Provided by (Used in) Financing Activities

Cash provided by (used in) financing activities increased by $8.8 million due to the use of the Company's revolving loan to augment working capital needs and to fund the Q1 acquisition in the first six months of 2021 as mentioned above. Vertex is focused on reducing its loans and borrowings through scheduled and additional repayments in 2021.

5.4 Working Capital

	June 30, 2021	December 31, 2020
Current assets	**41,333**	38,809
Current liabilities (excluding current portion of loans and borrowings, other liabilities, and lease liabilities)	**16,871**	20,328
Working Capital	**24,462**	18,481

Working capital at June 30, 2021 increased from December 31, 2020 by $6.0 million, due to the higher activity levels in the quarter and the working capital from the acquisition in Q1 2021.

5.5 Credit Facilities

	June 30, 2021	December 31, 2020
Revolving and operating loans:		
Committed revolving and operating facilities	**35,000**	35,000
Drawn on revolving and operating facilities	**20,400**	7,153
Available revolving and operating facilities	**14,600**	27,847

Debt as of June 30, 2021, consisted of the items noted in Section 5.6 Commitment and Contingencies below.

In June 2021 additional amendments were made as outlined in the loans and borrowings note in the condensed consolidated interim financial statements for the quarter ended June 30, 2021.

Debt Covenants

As of June 30, 2021, 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 to derive Bank EBITDA, which amounted to $24.5 million for the trailing twelve months ending June 30, 2021.

5.6 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. The following table summarizes these future payments required in respect to the Company's contractual obligations:

Due Within	Operating loan [1]	Loans and borrowings	Other liabilities	Lease liabilities	**Total**
One year	15,577	12,475	1,605	7,849	**37,506**
Two years	-	58,941	1,511	6,765	**67,217**
Three years	-	4,194	825	4,720	**9,739**
Four years	-	2,787	-	2,495	**5,282**
Five years	-	1,524	-	1,646	**3,170**
Thereafter	-	-	-	1,750	**1,750**
	15,577	**79,921**	**3,941**	**25,225**	**124,664**

(1) Operating loan and 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.

Off-Balance Sheet Arrangements

At June 30, 2021, the Company did not have any off-balance sheet arrangements.

5.7 Capital Expenditures

The Company's gross capital expenditures for the first six months ending June 30, 2021 were $3.5 million compared to $1.3 million in the six months ended June 30, 2020. The Company undertakes to sell any under-utilized assets that cannot be redeployed in other geographical locations in order to improve utilization. The Company sold $0.8 million worth of capital assets in the first six months of 2021, compared to $0.9 million in the same period of 2020.

The 2021 net capital expenditures are expected to be in the range of $5.0 million to $6.0 million. The maintenance and growth capital expenditures are not committed or required if factors related to economics, industrial and customer spending plans change.

5.8 Credit Risk

The Company's revenues come from a diverse customer base that includes the energy, telecommunications, public sector, real estate, utility, and mining industries in Western Canada. 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 quarter ended June 30, 2021, the Company had no customer that accounted for more than 10% of the consolidated sales (year ended December 31, 2020 – nil). The aging analysis of accounts receivable is included in the following table.

	June 30, 2021	December 31, 2020
0 to 30 days	16,548	18,180
31 to 60 days	5,423	7,436
61 to 90 days	2,830	1,638
Over 90 days	2,666	1,952
Holdbacks	79	164
Trade accounts receivable	27,546	29,370
Allowance for expected credit losses	(737)	(688)
Trade receivables, net of allowance	26,809	28,682
Accrued receivables	5,155	3,701
Other receivables	79	46
	32,042	32,429

5.9 Outstanding Share Data

As of August 10, 2021, the Company had 91,253,115 Common Shares outstanding. As of the same date, the Company had outstanding 3,440,000 stock options to purchase Common Shares.

5.10 Transactions with Related Parties

All related party transactions are in the normal course of business materially under the same commercial terms and conditions as transactions with unrelated companies and are recorded at the exchange amount. Related party transactions include transactions with other private companies that are controlled by a director or officer.

At June 30, 2021, lease liabilities include $5.0 million (June 30, 2020 - $5.5 million) of liabilities relating to the leases with a related party and principal payments of unsecured lease liabilities and associated interest accretion for the six months ended June 30, 2021 were $0.5 million (six months ended June 30, 2020 - $0.5 million).

6.0 Critical Accounting Judgments, Estimates and Accounting Policy Developments

6.1 Critical Judgments 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 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 ensures 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 significant accounting policies, estimates and critical judgements are contained in note 5 to the consolidated financial statements.

6.2 Future Accounting Standard Pronouncements

The Company has reviewed new and revised standards and interpretations that have been approved by the IASB. There have been no new standards or interpretations issued during 2021 that significantly impact Vertex.

6.3 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 27 to the Annual Financial Statements.

7.0 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-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.

	Three months ended June 30,		**Six months ended June 30,**	
	2021	2020	**2021**	2020
Net income (loss) and comprehensive income (loss) for the period	**194**	(711)	**(377)**	(6,310)
Add:				
Depreciation and amortization	**5,581**	4,811	**9,695**	10,851
Finance costs	**1,702**	1,727	**2,998**	3,086
Impairment and restructuring costs	**-**	954	**-**	5,248
Share-based compensation	**-**	45	**-**	88
Income tax expense (recovery)	**62**	(124)	**(122)**	(938)
ADJUSTED EBITDA	**7,539**	6,702	**12,194**	12,025
Environmental Consulting	**1,884**	2,083	**3,625**	3,939
Environmental Services	**6,622**	7,772	**10,685**	12,218
Other	**(967)**	(3,153)	**(2,116)**	(4,132)
	7,539	6,702	**12,194**	12,025

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

Adjusted EBITDA	**7,539**	6,702	**12,194**	12,025
Maintenance capex	**(1,663)**	(425)	**(2,549)**	(1,111)
Proceeds from disposal of property and equipment	**643**	781	**838**	901
	6,519	7,058	**10,483**	11,815

8.0 Forward-Looking Information

Any “financial outlook” or “future oriented financial information” in this MD&A, 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 document 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; the Company's ability to integrate and capitalize on underutilized equipment through cross-selling opportunities across service lines and reducing redundant costs in 2021; growth opportunities in 2021; supply and demand for the Company's services; anticipated savings in 2021; activity levels in the oil and gas industry and other industries in which the Company operates; annual gross maintenance capital expenditures for 2021; future development activities; and the Company's ability to retain existing clients and attract new business, particularly business outside of the oil and gas 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-oil and gas 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.

The forward-looking information and statements included in this document are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements, including, without limitation: volatility of the oil and natural gas industry; 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 of 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 affect 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 part 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 Common Shares; and the risk factors set forth under the heading “Risk Factors” in the AIF.

Vertex's business is subject to a number of risks and uncertainties. Readers are encouraged to review and carefully consider the risk factors described in the AIF, which risk factors are specifically incorporated by reference herein.

The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A. The Company does not intend and does not assume any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, unless required by law.

9.0 Additional Information

Additional information, including the AIF, is available on SEDAR at www.sedar.com and the Company's website at www.vertex.ca.