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## VERTEX ENERGY, INC. ANNOUNCES FIRST QUARTER 2017 FINANCIAL RESULTS

### Revenue Increased 146% and Overall Volume Improved 43% Year-Over-Year

Conference Call to be held May 10, at 9:00 A.M. EDT

HOUSTON, TX – May 10, 2017 Vertex Energy, Inc. (NASDAQ:VTNR), a refiner and marketer of high-quality specialty hydrocarbon products, announced today its financial results for the three months ended March 31, 2017.

#### FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2017:

- Revenue was \$34.8 million, up 146% from a year ago
- Gross Profit was \$4.1 million, a 1,806% improvement from a year ago
- Gross Profit was 12% of revenue
- Overall volume improved 43% year-over-year
- Per barrel margin increased approximately 1,300%

#### DIVISION FINANCIAL HIGHLIGHTS FOR FIRST QUARTER ENDED MARCH 31, 2017

**Black Oil division**, which includes our Thermal Chemical Extraction Process (TCEP), and our Marrero and Heartland business units, is a collector, aggregator, logistics manager, and re-refiner of used motor oil which posted:

- Revenue of \$24.8 million, compared to \$10.1 million a year ago
- Gross profit of \$2.9 million, a 375% improvement from the same period a year ago
- Per barrel margins increased 280% over the same period a year ago

**Refining and Marketing**, which produces three distinct products from distressed hydrocarbon streams posted:

- Revenue of \$5.4 million, compared to \$2.6 million of revenue a year ago
- Gross profit of \$746 thousand, a 42% improvement from the same period a year ago
- Per-barrel margins increased 25% over the same period a year ago

**Vertex Recovery**, which is responsible for the proper recycling management of used oil and used oil-related products posted:

- Revenue of \$4.6 million, an increase of 233% from the same period a year ago
- Gross profit of \$388 thousand, a 28% improvement from the same period a year ago
- Per barrel margin declined 11% over the same period a year ago

Benjamin P. Cowart, Chairman and CEO of Vertex Energy stated, "We are very pleased with our success in the first quarter as we increased throughput at our facilities, which drove revenues meaningfully higher during the quarter on a sequential basis. Our work towards capturing operating leverage on our assets put us on track to meet goals we set in the beginning of the year despite market setbacks in the first quarter 2017. We believe that the increase in collected volume and the improvements at our refinery are positive indicators of the progress in our business."

Mr. Cowart added, "We remain optimistic with our business and guidance for 2017. The capital investments and improvements that were made in 2016 and continued in 2017 yielded encouraging results in the first quarter, and will have a positive impact for the year. Our volumes are in place for both refineries as we enter into the second quarter and for the rest of the year. This will allow us to maximize the fixed cost leverage on both refinery operations."

## **FIRST QUARTER 2017 FINANCIAL RESULTS CONFERENCE CALL**

Management will host a conference call today at 9 A.M. EDT. Those who wish to participate in the conference call may telephone 1-877-869-3847 from the U.S. and International callers may telephone 201-689-8261, approximately 15 minutes before the call. A webcast will also be available under the Investor Relations section at: [www.vertexenergy.com](http://www.vertexenergy.com).

A digital replay will be available by telephone approximately two hours after the completion of the call until September 30, 2017, and may be accessed by dialing 877-660-6853 from the U.S. or 201-612-7415 for international callers using conference ID #13660223.

## **ABOUT VERTEX ENERGY, INC.**

Vertex Energy, Inc. (VTNR) is a specialty refiner and marketer of high-quality hydrocarbon products. Our business divisions include aggregation and transportation of refinery feedstocks such as used motor oil and other petroleum and chemical co-products to produce and commercialize a broad range of high purity intermediate and finished products such as fuel oils, marine grade distillates and high purity base oils used for lubrication. Vertex operates on a regional model with strategic hubs located in key geographic areas in the United States. With its headquarters in Houston, Texas, Vertex Energy's processing operations are located in Houston and Port Arthur (TX), Marrero (LA), and Columbus (OH). For more information on Vertex Energy please contact Porter, LeVay & Rose, Inc.'s investor relations representative Marlon Nurse, D.M. at 212-564-4700 or visit our website at [www.vertexenergy.com](http://www.vertexenergy.com).

## **Forward-Looking Statements**

*This press release may contain forward-looking statements, including information about management's view of Vertex Energy's future expectations, plans and prospects, within the safe harbor provisions under The Private Securities Litigation Reform Act of 1995 (the "Act"). In particular, when used in the preceding discussion, the words "believes," "hopes," "expects," "intends," "plans," "anticipates," or "may," and similar conditional expressions are intended to identify forward-looking statements within the meaning of the Act, and are subject to the safe harbor created by the Act. Any statements made in this news release other than those of historical fact, about an action, event or development, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause the results of Vertex Energy, its divisions and concepts to be materially different than those expressed or implied in such statements. These risk factors and others are included from time to time in documents Vertex Energy files with the Securities and Exchange Commission, including but not limited to, its Form 10-Ks, Form 10-Qs and Form 8-Ks. Other unknown or unpredictable factors also could have material adverse effects on Vertex Energy's future results. The forward-looking statements included in this press release are made only as of the date hereof. Vertex Energy cannot guarantee future results, levels of activity, performance or achievements. Accordingly, you should not place undue reliance on these forward-looking statements. Finally, Vertex Energy undertakes no obligation to update these statements after the date of this release, except as required by law, and also takes no obligation to update or correct information prepared by third parties that are not paid for by Vertex Energy.*

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**Vertex Energy, Inc.**

**Reconciliation of Net Income (Loss) to Earnings Before Interest, Taxes,  
Depreciation and Amortization (EBITDA) and Adjusted EBITDA\***

|                               | <b>For the Three Months Ended March<br/>31, 2017</b> |
|-------------------------------|--|
| Net (loss) income             | \$ (3,187,800)                                       |
| Interest income               | \$ (1,952)   |
| Interest expense              | \$ 1,336,487   |
| Depreciation and amortization | \$ 1,600,060   |
| Tax (expense) benefit         | \$ -   |
| <b>EBITDA*</b>                | <b>(253,205)</b>                                     |
| Add (deduct):                 |  |
| Stock-based compensation      | \$ 148,736   |
| <b>Adjusted EBITDA*</b>       | <b>(104,469)</b>                                     |

\* EBITDA and adjusted EBITDA are non-GAAP financial measures. These measurements are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance.

EBITDA represents net income before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before unrealized losses (gains) on derivative contracts and stock-based compensation expense. EBITDA and adjusted EBITDA are presented because we believe they provide additional useful information to investors due to the various noncash items during the period. EBITDA and adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as substitute for analysis of our operating results as reported under GAAP. Some of these limitations are:

- EBITDA and adjusted EBITDA do not reflect cash expenditures, or future requirements for capital expenditures, or contractual commitments;
- EBITDA and adjusted EBITDA do not reflect changes in, or cash requirements for, working capital needs;
- EBITDA and adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt or cash income tax payments;
- Although depreciation and amortization are noncash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and adjusted EBITDA do not reflect any cash requirements for such replacements; and
- Other companies in this industry may calculate EBITDA and adjusted EBITDA differently than Vertex Energy does, limiting its usefulness as a comparative measure.

**VERTEX ENERGY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

|   | <b>March 31,<br/>2017</b>   | <b>December 31,<br/>2016</b> |
|---|-----------------------------|------------------------------|
|   | <u>                    </u> | <u>                    </u>  |
| <b>ASSETS</b>   |                             |                              |
| Current assets  |                             |                              |
| Cash and cash equivalents   | \$ 6,596                    | \$ 1,701,435                 |
| Escrow - current restricted cash                                    | 1,506,675                   | 1,504,723                    |
| Accounts receivable, net  | 7,017,873                   | 10,952,219                   |
| Inventory   | 4,739,939                   | 4,357,958                    |
| Prepaid expenses  | 1,395,345                   | 2,669,117                    |
| Total current assets  | <u>14,666,428</u>           | <u>21,185,452</u>            |
| Noncurrent assets   |                             |                              |
| Fixed assets, at cost   | 63,318,634                  | 62,316,808                   |
| Less accumulated depreciation                                       | (13,421,992)                | (12,286,874)                 |
| Fixed assets, net   | 49,896,642                  | 50,029,934                   |
| Intangible assets, net  | 15,133,428                  | 15,252,332                   |
| Other assets  | 771,250                     | 518,250                      |
| <b>TOTAL ASSETS</b>   | <u><u>\$ 80,467,748</u></u> | <u><u>\$ 86,985,968</u></u>  |
| <b>LIABILITIES, TEMPORARY EQUITY, AND EQUITY</b>                    |                             |                              |
| Current liabilities   |                             |                              |
| Accounts payable and accrued expenses                               | \$ 8,118,326                | \$ 9,440,696                 |
| Dividends payable   | 415,330                     | 504,474                      |
| Capital leases  | 84,046                      | 133,153                      |
| Current portion of long-term debt, net of unamortized finance costs | 1,255,787                   | 9,649,282                    |
| Revolving note  | 907,295                     | 2,726,039                    |
| Total current liabilities   | <u>10,780,784</u>           | <u>22,453,644</u>            |
| Long-term liabilities   |                             |                              |
| Long-term debt, net of unamortized finance costs                    | 10,873,343                  | 1,848,111                    |
| Derivative liability  | 3,445,320                   | 4,365,992                    |
| Total liabilities   | <u>25,099,447</u>           | <u>28,667,747</u>            |
| <b>COMMITMENTS AND CONTINGENCIES (Note 3)</b>                       |                             |                              |
|   | —                           | —                            |
| <b>TEMPORARY EQUITY</b>   |                             |                              |
| Series B Preferred Stock, \$0.001 par value per share;              |                             |                              |
| 10,000,000 shares designated, 3,327,028 and 3,229,409 shares issued |                             |                              |
| and outstanding at March 31, 2017 and December 31, 2016,            |                             |                              |
| respectively with a liquidation preference of \$10,313,787 and      |                             |                              |
| \$10,011,168 at March 31, 2017 and December 31, 2016, respectively. |                             |                              |
|   | 6,097,610                   | 5,676,467                    |

|  | <b>March 31,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|--|---------------------------|------------------------------|
| Series B-1 Preferred Stock, \$0.001 par value per share;<br>17,000,000 shares designated, 12,579,522 and 12,282,638 shares<br>issued and outstanding at March 31, 2017 and December 31, 2016,<br>respectively with a liquidation preference of \$19,624,054 and<br>\$19,160,915 at March 31, 2017 and December 31, 2016, respectively. | 14,327,186                | 13,927,788                   |
| <b>EQUITY</b>  |                           |                              |
| 50,000,000 of total Preferred shares authorized:   |                           |                              |
| Series A Convertible Preferred Stock, \$0.001 par value;<br>5,000,000 shares designated, 462,644 and 492,716 shares issued and<br>outstanding at March 31, 2017 and December 31, 2016, respectively<br>with a liquidation preference of \$689,340 and \$734,147 at March 31,<br>2017 and December 31, 2016, respectively.              | 463                       | 493                          |
| Series C Convertible Preferred Stock, \$0.001 par value;<br>44,000 shares designated, 31,568 and 31,568 shares issued and<br>outstanding at March 31, 2017 and December 31, 2016, respectively<br>with a liquidation preference of \$3,156,800 and \$3,156,800 at March<br>31, 2017 and December 31, 2016, respectively.               | 32                        | 32                           |
| Common stock, \$0.001 par value per share;<br>750,000,000 shares authorized; 32,148,099 and 33,151,391 shares<br>issued and outstanding at March 31, 2017 and December 31, 2016,<br>respectively, with zero and 1,108,928 shares held in escrow at March<br>31, 2017 and December 31, 2016, respectively.                              | 32,149                    | 33,151                       |
| Additional paid-in capital   | 66,837,299                | 66,534,971                   |
| Accumulated deficit  | (32,038,942)              | (27,958,578)                 |
| Total Vertex Energy, Inc. stockholders' equity   | 34,831,001                | 38,610,069                   |
| Non-controlling interest   | 112,504                   | 103,897                      |
| Total Equity   | <u>\$ 34,943,505</u>      | <u>\$ 38,713,966</u>         |
| TOTAL LIABILITIES, TEMPORARY EQUITY, AND EQUITY  | <u>\$ 80,467,748</u>      | <u>\$ 86,985,968</u>         |

**VERTEX ENERGY, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

|   | <b>Three Months Ended March 31,</b> |                       |
|---|-------------------------------------|-----------------------|
|   | <b>2017</b>                         | <b>2016</b>           |
| Revenues  | \$ 34,770,614                       | \$ 14,132,604         |
| Cost of revenues (exclusive of depreciation shown separately below) | <u>30,701,554</u>                   | <u>14,371,128</u>     |
| Gross profit (loss)   | 4,069,060                           | (238,524)             |
| Operating expenses:   |                                     |                       |
| Selling, general and administrative expenses                        | 5,229,837                           | 5,495,987             |
| Depreciation and amortization                                       | <u>1,600,060</u>                    | <u>1,642,960</u>      |
| Total operating expenses  | <u>6,829,897</u>                    | <u>7,138,947</u>      |
| Loss from operations  | <u>(2,760,837)</u>                  | <u>(7,377,471)</u>    |
| Other income (expense):   |                                     |                       |
| Interest income   | 1,952                               | 476                   |
| Gain (loss) on sale of assets                                       | (13,100)                            | 9,701,834             |
| Gain (loss) on change in value of derivative liability              | 920,672                             | (1,986,320)           |
| Gain (loss) on futures contracts                                    | —                                   | 55,916                |
| Interest expense  | <u>(1,336,487)</u>                  | <u>(1,915,492)</u>    |
| Total other income (expense)  | <u>(426,963)</u>                    | <u>5,856,414</u>      |
| Loss before income tax  | (3,187,800)                         | (1,521,057)           |
| Income tax benefit (expense)  | —                                   | 117,646               |
| Net loss  | (3,187,800)                         | (1,403,411)           |
| Net income (loss) attributable to non-controlling interest          | 8,607                               | —                     |
| Net loss attributable to Vertex Energy, Inc.                        | <u>\$ (3,196,407)</u>               | <u>\$ (1,403,411)</u> |
| Accretion of discount on Series B and B-1 Preferred Stock           | (433,201)                           | (386,658)             |
| Accrual of dividends on Series B and B-1 Preferred Stock            | <u>(417,636)</u>                    | <u>(373,705)</u>      |
| Net loss available to common shareholders                           | <u>\$ (4,047,244)</u>               | <u>\$ (2,163,774)</u> |
| Loss per common share   |                                     |                       |
| Basic   | <u>\$ (0.12)</u>                    | <u>\$ (0.07)</u>      |
| Diluted   | <u>\$ (0.12)</u>                    | <u>\$ (0.07)</u>      |
| Shares used in computing earnings per share                         |                                     |                       |
| Basic   | <u>32,953,812</u>                   | <u>29,304,722</u>     |
| Diluted   | <u>32,953,812</u>                   | <u>29,304,722</u>     |

**VERTEX ENERGY, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**THREE MONTHS ENDED MARCH 31, 2017 AND 2016 (UNAUDITED)**

|   | <b>Three Months Ended</b> |                           |
|---|---------------------------|---------------------------|
|   | <b>March 31,<br/>2017</b> | <b>March 31,<br/>2016</b> |
| Cash flows from operating activities                                      |                           |                           |
| Net loss  | \$ (3,187,800)            | (1,403,411)               |
| Adjustments to reconcile net loss to cash provided by (used in) operating |                           |                           |
| Stock based compensation expense  | 148,736                   | 124,599                   |
| Depreciation and amortization   | 1,600,060                 | 1,593,584                 |
| Rent paid by common stock   | —                         | 244,000                   |
| (Gain) Loss on sale of assets   | 13,100                    | (9,701,834)               |
| (Increase) Decrease in fair value of derivative liability                 | (920,672)                 | 1,986,320                 |
| Amortization of debt discount and deferred costs                          | 318,512                   | 1,291,870                 |
| Changes in operating assets and liabilities                               |                           |                           |
| Accounts receivable   | 3,934,346                 | 2,637,258                 |
| Inventory   | (381,981)                 | (1,016,556)               |
| Prepaid expenses  | 1,273,772                 | 428,958                   |
| Accounts payable and accrued expenses                                     | (1,322,370)               | (3,770,626)               |
| Deferred revenue  | —                         | 722,789                   |
| Other assets  | (253,000)                 | —                         |
| Net cash provided by (used in) operating activities                       | <u>1,222,703</u>          | <u>(6,863,049)</u>        |
| Cash flows from investing activities                                      |                           |                           |
| Acquisition of Acadiana   | (320,700)                 | —                         |
| Purchase of fixed assets  | (1,100,962)               | (1,216,916)               |
| Proceeds from sales of Bango assets                                       | —                         | 29,788,114                |
| Costs related to sale of Bango assets                                     | —                         | (10,792,446)              |
| Establish escrow account - restricted cash                                | (1,952)                   | (1,500,000)               |
| Proceeds from sale of fixed assets  | 62,594                    | 20,900                    |
| Net cash provided by (used in) investing activities                       | <u>(1,361,020)</u>        | <u>16,299,652</u>         |
| Cash flows from financing activities                                      |                           |                           |
| Payment of debt issuance costs  | (1,656,350)               | —                         |
| Line of credit (payments) proceeds, net                                   | (1,818,744)               | (1,193,664)               |
| Proceeds from sale of Series C Preferred Stock                            | —                         | 4,000,000                 |
| Proceeds from note payable  | 12,160,194                | 5,366,584                 |
| Payments on note payable  | (10,241,622)              | (16,592,492)              |
| Net cash used in financing activities                                     | <u>(1,556,522)</u>        | <u>(8,419,572)</u>        |
| Net change in cash and cash equivalents                                   | (1,694,839)               | 1,017,031                 |
| Cash and cash equivalents at beginning of the period                      | <u>1,701,435</u>          | <u>765,364</u>            |
| Cash and cash equivalents at end of period                                | <u>\$ 6,596</u>           | <u>1,782,395</u>          |

SUPPLEMENTAL INFORMATION

|  |                   |                   |
|--|-------------------|-------------------|
| Cash paid for interest                                     | \$ 260,352        | \$ 474,573        |
| Cash paid (received) for income tax expense (benefit)      | \$ —              | \$ (117,646)      |
| NON-CASH INVESTING AND FINANCING TRANSACTIONS              |                   |                   |
| Conversion of Series A Preferred Stock into common stock   | <u>30</u>         | <u>120</u>        |
| Conversion of Series B-1 Preferred Stock into common stock | \$ 119,440        | \$ —              |
| Accretion of discount on Series B and B-1 Preferred Stock  | <u>\$ 433,201</u> | <u>\$ 386,658</u> |
| Dividends-in-Kind accrued on Series B-1 Preferred Stock    | \$ 417,636        | \$ 373,706        |
| Return of common shares for sale escrow                    | <u>\$ 1,109</u>   | <u>\$ —</u>       |