Bri-Chem Announces 2025 First Quarter Financial Results

Edmonton, Canada, May 15, 2025 – Bri-Chem Corp. ("Bri-Chem" or "Company") (TSX: BRY), a leading North American oilfield chemical distribution and blending company, is pleased to announce its 2025 first quarter financial results.

(in '000s except per share amounts)	Three months ended March 31 2025	2024	Change $	%
Financial performance				
Sales	**$ 19,908**	$ 21,371	$ (1,463)	(7%)
Adjusted EBITDA[1]	**465**	(443)	908	(205%)
As a % of revenue	**2%**	-2%		
Operating (loss)	**(23)**	(144)	121	(84%)
Adjusted net (loss) [1]	**(618)**	(1,767)	1,149	(65%)
Net (loss)	**$ (412)**	$ (1,506)	$ 1,094	(73%)
Per diluted share				
Adjusted EBITDA [1]	**$ 0.02**	$ (0.02)	$ 0.04	(240%)
Adjusted net (loss) [1]	**$ (0.02)**	$ (0.07)	$ 0.05	(75%)
Net (loss)	**$ (0.02)**	$ (0.06)	$ 0.04	(71%)
Financial position				
Total assets	**$ 54,247**	$ 66,224	$ (11,977)	(18%)
Working capital	**10,341**	14,666	(4,324)	(29%)
Long-term debt	**6,493**	6,668	(174)	(3%)
Shareholders equity	**$ 19,041**	$ 21,809	$ (2,767)	(13%)

[1] *Non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" in this press release.*

Key Q1 2025 highlights include:

- Consolidated sales for the three months ended March 31, 2025 were $19.9 million, which is a 7% decrease from the prior year. The decrease is primarily due to decreased US drilling activity, driven by a lower average rig count.

- Consolidated gross margin for the three months ended March 31, 2025 decreased by $385 thousand compared to the same period last year. The gross margin dollar decrease is primarily related to the decrease in sales in the fluid distribution division.

- Adjusted EBITDA for the first quarter 2025 increased by $908 thousand when compared to the same period in the prior year and operating earnings increased by $121 thousand for the three months ended March 31, 2025 compared to the prior year due to an increase in foreign exchange gain.

- Adjusted net loss per diluted share for the three months ended March 31, 2025 was $0.02 per share compared to adjusted net loss of $0.07 per diluted share for same period last year.

- Working capital, as at March 31, 2025, was $10.3 million compared to $14.7 million at March 31, 2024, a decrease of 29%. The decrease in working capital relates to a significant decrease in accounts receivables and inventory which was offset by increased bank indebtedness.

Summary for the three months ended March 31, 2025:

Consolidated sales for the three months ended March 31, 2025 were $19.9 million compared to $21.3 million for the same period in 2024, representing a $1.4 million decrease over the comparable period. Revenue was negatively impacted by lower US drilling activity compared to 2024.

Bri-Chem's Canadian drilling fluids distribution division generated sales of $2.7 million for the three months ended March 31, 2025 which was consistent to the comparable prior period. The number of Canadian active operating land rigs in Q1 2025 averaged 214, compared to 209 in the same period last year representing an increase of approximately 3% (Source: Baker Hughes). Bri-Chem's United States drilling fluids distribution division generated sales of $10.8 million for the three months ended March 31, 2025 compared to sales of $12.6 million for the comparable period in 2024, representing a quarterly decrease of 15%. This decrease mainly relates to a decrease in the US rig count as the number of active operating land rigs in Q1 2025 averaged 572, compared to a 2024 Q1 average of 605 representing a decrease of approximately 5% (Source: Baker Hughes).

Bri-Chem's Canadian blending and packaging division generated sales of $4.4 million for the three months ended March 31, 2025 compared to Q1 2024 sales of $4.6 million, representing a quarterly decrease of $136 thousand. The slight decrease in sales relates to lower cementing and stimulation activities in Western Canada. US blending and packaging sales for the three months ended March 31, 2025 were $2.0 million compared to $1.4 million in the prior year. The $552 thousand increase is due to an increase in cementing activities in the California region.

Operating loss for the three months ended March 31, 2025 was $23 thousand which is an increase from Operating loss of $144 thousand in the same period in the prior year. Adjusted EBITDA was $467 thousand for Q1 2025 compared to negative $433 thousand for Q1 2024. The increase is primarily driven by the foreign exchange gain. Adjusted EBITDA as a percentage of sales was 2% for the quarter, which is an increase from the negative 2% in Q1 2024. The Adjusted EBITDA as a percentage of sales increase is primarily attributable to the gain in foreign exchange.

OUTLOOK

During the first quarter of 2025, we observed continued volatility in commodity prices, alongside a restrained pace of new drilling activity across North America. These market dynamics, combined with the political and regulatory uncertainty stemming from both U.S. and Canadian election cycles, have contributed to a cautious outlook for the near term.

The outcome of the 2024 U.S. Presidential election has introduced policy shifts that has affected cross-border trade, including tariffs on Canadian crude oil and natural gas exports to the United States. Amidst this uncertainty, there are emerging signals Canada may strengthen collaboration on energy independence and infrastructure development which could pave the way for accelerated approvals of domestic projects and create longer-term growth prospects within Canada.

Looking ahead to the remainder of 2025, our rig count expectations reflect a cautiously optimistic view, contingent on sustained commodity pricing and improving customer balance sheets. Our approach remains focused on agility and resilience. We will continue to closely monitor macroeconomic, geopolitical, and industry-specific trends and adjust our strategies accordingly. Capital discipline, operational efficiency, and risk mitigation will remain our top priorities. At the same time, we will remain alert to strategic opportunities that could position us for new growth as the industry navigates this transitional period.

About Bri-Chem

Bri-Chem has established itself, through a combination of strategic acquisitions and organic growth, as the North American industry leader for wholesale distribution and blending of oilfield drilling, completion, stimulation and production chemical fluids. We sell, blend, package and distribute a full range of drilling fluid products from 25 strategically located warehouses throughout Canada and the United States. Additional information about Bri-Chem is available at www.sedarplus.ca or at Bri-Chem's website at www.brichem.com.

To receive Bri-Chem news updates send your email to ir@brichem.com.

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Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking information or forward-looking statements (collectively, "forward-looking statements"). These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking statements and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially.

Although the Company believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. By their nature, such forward-looking statements are subject to various risks and uncertainties, which could cause actual results to differ materially from the anticipated results or expectations expressed herein. These risks and uncertainties, include, but are not limited to general economic conditions, prevailing and anticipated industry conditions, access to debt and equity financing on acceptable terms, levels and volatility of commodity prices, maintained demand for drilling fluids, market forces, ability to achieve geographic expansion through new warehouse locations, anticipated impact of new warehouse locations, ability to obtain equipment from suppliers, ability to maintain negotiating power with suppliers and customers, ability to obtain and retain skilled personnel, competition from other industry participants and regulatory conditions. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in this press release or otherwise. Except as required by applicable law, the Company does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Non-GAAP Financial Measures

Bri-Chem uses certain measures in this press release which do not have any standardized meaning as prescribed by International Financial Reporting Standards (“**IFRS**”). These measures, which are derived from information reported in the Company’s financial statements, may not be comparable to similar measures presented by other reporting issuers. Investors are cautioned that these measures should not be construed as an alternative to net earnings and operating earnings determined in accordance with IFRS, and these measures should not be considered to be more meaningful than IFRS measures in evaluating the Company’s performance. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding the Company. These Non-IFRS measures are identified and defined as follows:

Adjusted Net (Loss) Earnings, Adjusted Net (Loss) Earnings per share, Adjusted EBITDA, and Adjusted EBITDA per share.

Adjusted Net (Loss) Earnings are defined as net earnings/(loss) before non-recurring events, net of corporate income taxes (“**Adjusted Net Earnings**”). Adjusted Net (Loss) Earnings per share is defined as Adjusted Net (Loss) Earnings divided by diluted weighted average common shares. Management believes that in addition to net earnings, Adjusted Net (Loss) Earnings and Adjusted Net (Loss) Earnings per share are useful supplemental measures that represent normalized net (loss) earnings from the business so that financial statement users can make insightful comparisons between current periods and historical results.

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, impairment charges, share-based payments, and non-recurring events (“**Adjusted EBITDA**”). Adjusted EBITDA per share is defined as Adjusted EBITDA divided by diluted weighted average common shares. Management believes that in addition to net earnings, Adjusted EBITDA and Adjusted EBITDA per share are useful supplemental measures of operating performance that normalize financing, depreciation, income tax, and other non-recurring charges which are not controlled at the operating level. The following table provides a reconciliation of Net Earnings under IFRS, as disclosed in the interim financial statements, to Adjusted Net Earnings and Adjusted EBITDA:

	Three months ended March 31	
(in 000's)	2025	2024
Net (loss) / earnings	**$ (412)**	$ (1,506)
Less:		
Deferred tax (recovery)	**(206)**	(261)
Adjusted net (loss) / earnings	**(618)**	(1,767)
Add:		
Financing costs	**726**	985
Income tax expense	**31**	7
Depreciation and amortization	**328**	332
Adjusted EBITDA	**$ 465**	$ (443)