Bri-Chem Announces 2024 Annual and Fourth Quarter Financial Results

Edmonton, Canada, March 31, 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 2024 annual and fourth quarter financial results.

	Three months ended December 31		Change		Twelve months ended December 31		Change	
(in '000s except per share amounts)	2024	2023	$	%	2024	2023	$	%
Financial performance								
Sales	**$ 20,618**	$ 26,775	$ (6,157)	(23%)	**$ 83,072**	$ 106,035	$ (22,964)	(22%)
Adjusted EBITDA[1]	**(1,174)**	1,938	(3,112)	(161%)	**(323)**	6,576	(6,900)	(105%)
As a % of revenue	**(6%)**	7%			**0%**	6%		
Operating (loss) / earnings	**(1,525)**	1,034	(2,559)	(248%)	**(816)**	4,731	(5,547)	(117%)
Adjusted net (loss) / earnings [1]	**(2,222)**	552	(2,774)	(503%)	**(5,121)**	1,364	(6,485)	(476%)
Net (loss) / earnings	**$ (1,589)**	$ 467	$ (2,056)	(440%)	**$ (3,851)**	$ 909	$ (4,761)	(524%)
Per diluted share								
Adjusted EBITDA [1]	**$ (0.04)**	$ 0.07	$ (0.11)	(151%)	**$ (0.01)**	$ 0.25	$ (0.26)	(105%)
Adjusted net (loss) / earnings [1]	**$ (0.08)**	$ 0.02	$ (0.10)	(481%)	**$ (0.19)**	$ 0.05	$ (0.24)	(467%)
Net (loss) / earnings	**$ (0.06)**	$ 0.02	$ (0.08)	(455%)	**$ (0.14)**	$ 0.03	$ (0.17)	(497%)
Financial position								
Total assets					**$ 58,166**	$ 68,372	$ (10,206)	(15%)
Working capital					**4,459**	15,927	(11,468)	(72%)
Long-term debt					**-**	6,731	(6,731)	(100%)
Shareholders equity					**$ 19,608**	$ 22,542	$ (2,935)	(13%)

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

Key Q4 2024 highlights include:

- Consolidated sales for the three months ended December 31, 2024 were $20.6 million, which is a 23% 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 December 31, 2024 decreased by $1.6 million 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 fourth quarter 2024 decreased by $3.1 million when compared to the same period in the prior year and operating earnings decreased by $2.6 million for the three months ended December 31, 2024 compared to the prior year due to decreased sales and increased bad debt expense.

- Adjusted net loss per diluted share for the three months ended December 31, 2024 was $0.08 per share compared to adjusted net earnings of $0.02 per diluted share for same period last year.

- Working capital, as at December 31, 2024, was $4.5 million compared to $15.9 million at December 31, 2023, a decrease of 72%. The decrease in working capital relates to a change in loan classification from long-term liabilities into current liabilities as the company was not in compliance with the term debt annual fixed charge coverage ratio at December 31, 2024. Effective March 24, 2025, the Company received a waiver from the lender for the covenant breach.

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Summary for the three months ended December 31, 2024:

Consolidated sales for the three months ended December 31, 2024 were $20.6 million compared to $26.8 million for the same period in 2023, representing a $6.2 million decrease over the comparable period. Revenue was negatively impacted by lower US drilling activity compared to 2023.

Bri-Chem's Canadian drilling fluids distribution division generated sales of $2 million for the three months ended December 31, 2024 compared to $3.9 million in the comparable prior period. The decrease in sales relates to the slowing of sales of select commodity items. The number of Canadian active operating land rigs in Q4 2024 averaged 193, compared to 181 in the same period last year representing an increase of approximately 7% (Source: Baker Hughes). Bri-Chem's United States drilling fluids distribution division generated sales of $12 million for the three months ended December 31, 2024 compared to sales of $16.1 million for the comparable period in 2023, representing a quarterly decrease of 26%. This decrease mainly relates to a decrease in the US rig count as the number of active operating land rigs in Q4 2024 averaged 569, compared to a 2023 Q4 average of 599 representing a decrease of approximately 5% (Source: Baker Hughes).

Bri-Chem's Canadian blending and packaging division generated sales of $4.7 million for the three months ended December 31, 2024 compared to Q4 2023 sales of $4.4 million, representing a quarterly increase of $360 thousand. The increase in sales relates to higher cementing and stimulation activities in Western Canada. US blending and packaging sales for the three months ended December 31, 2024 were $1.9 million compared to $2.4 million in the prior year. The $490 thousand decrease relates to the loss of commodity sales due to customer self supply initiatives.

Operating loss for the three months ended December 31, 2024 was $1.5 million which is a decrease from Operating earnings of $1 million in the same period in the prior year. Adjusted EBITDA was negative $1.2 million for Q4 2024 compared to $1.9 million for Q4 2023, the decrease is primarily driven by decreased margin due to lost sales, and a one-time write-off of $1.1 million bad debt expense. Adjusted EBITDA as a percentage of sales was negative 6% for the quarter, which is a decrease from the 7% achieved in Q4 2023. The Adjusted EBITDA as a percentage of sales decrease is primarily attributable to the decrease in margin during the quarter in tandem with an increase in bad debt expense.

OUTLOOK

The oil and gas industry continues to face a challenging environment marked by volatile commodity prices and restrained growth in North American drilling activity. The consequences of the 2024 presidential election in the US and the related changes in government policies, including potential tariffs on Canadian crude oil and natural gas exports to the US, as well as the impending change in Canadian government policies resulting from a federal election in 2025, creates uncertainty for the Canadian oil and gas industry. The exact duration and range of the potential adverse impacts remains uncertain at this time. Some optimism may arise from the US tariff threats, as it may help realign the Canadian provinces on the importance of independence from the US, which could result in more energy projects receiving approval in Canada. Looking ahead, if commodity prices stabilize for an extended period, we expect our US customers to strengthen their balance sheets, which would likely lead to increased drilling activity. Our approach will be to remain adaptable, closely monitoring market conditions, and adjusting our strategies accordingly. We will continue to focus on mitigating risks while also seeking out new opportunities that could arise from the evolving landscape.

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 Earnings, Adjusted Net Earnings per share, Adjusted EBITDA, and Adjusted EBITDA per share.

Adjusted Net Earnings are defined as net earnings/(loss) before non-recurring events, net of corporate income taxes ("**Adjusted Net Earnings**"). Adjusted Net Earnings per share is defined as Adjusted Net Earnings divided by diluted weighted average common shares. Management believes that in addition to net earnings, Adjusted Net Earnings and Adjusted Net Earnings per share are useful supplemental measures that represent normalized net 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 December 31		Twelve months ended December 31	
(in 000's)	2024	2023	2024	2023
Net (loss) / earnings	**$ (1,589)**	$ 467	**$ (3,851)**	$ 909
Less:				
Deferred tax (credit) / expense	**(633)**	85	**(1,270)**	454
Adjusted net (loss) / earnings	**(2,222)**	552	**(5,121)**	1,363
Add:				
Financing costs	**704**	1,001	**3,373**	3,881
Income tax expense / (recovery)	**31**	52	**147**	43
Depreciation and amortization	**313**	333	**1,278**	1,288
Adjusted EBITDA	**$ (1,174)**	$ 1,938	**$ (323)**	$ 6,576