BuildDirect Reports Fourth Quarter and Year Ended December 31, 2023 Financial Results

- *Delivered Adjusted EBITDA of $3.55 million, an increase of $2.27 million year-over-year.*
- *Operating activities provided cash of $4.0 million, an increase of $5.9 million year-over-year.*
- *Cash and cash equivalents as at December 31, 2023 was $2.6M, a decrease of $1.5 million year-over-year; although working capital as at December 31, 2023 was $2.8 million, an increase of $1.1 million, year-over-year.*
- *Company to host Fourth Quarter and Year Ended December 31, 2023 earnings conference call on April 29 ,2024 at 1:30 PM (PDT) / 4:30 PM (EDT)*

BuildDirect reports in US dollars and in accordance with IFRS.

Vancouver, British Columbia–(Newsfile Corp. – April 29, 2024) – BuildDirect.com Technologies Inc. (TSXV: BILD) ("**BuildDirect**" or the "**Company**") a leading omnichannel building material retailer, today announced its financial results for the Fourth Quarter ("**Q4 2023**") and full-year audited financial results for the year ended December 31, 2023 ("**FY 2023**").

"We are pleased to announce Q4 2023 results, which further solidifies the progress the team has made with respect to profitability and strategic growth," said Shawn Wilson, CEO of BuildDirect. "Overall, BuildDirect achieved strong financial performance as highlighted by its adjusted EBITDA of $3.55 million for the FY 2023, for an increase of $2.27 million as compared to the previous fiscal year."

Fourth Quarter and Full Year 2023 Financial Results Conference Call

BuildDirect will host a conference call to discuss the Company's financial results at **1:30 PM (PDT) / 4:30 PM (EDT)** on **Monday, April 29, 2024**. To access the conference call, participants need to register at https://builddirect.zoom.us/meeting/register/tZMvde-urTspH923SBVWLfM9dIxIM1a3s0jN

The replay will be available approximately 24 hours after the completion of the conference call. In addition, an archived replay will be available on the Investor Relations section of the Company's website at https://ir.builddirect.com/events-and-presentation.

Among other things, BuildDirect will discuss long-term financial outlook on the conference

call and related materials will be available on the Company's website at https://ir.builddirect.com/events-and-presentation. Investors should carefully review the factors, assumptions, risks and uncertainties included in such related materials concerning such long-term financial outlook.

Q4 2023 and FY 2023 Highlights:

1. Revenue:

	For the three months ended		% Change	For the three months ended December 31		% Change
In MM	**Q4 2023**	**Q3 2023**	**vs Q3 2023**	**2023**	**2022**	**vs 2022**
Revenue	**$ 16.9**	$ 18.4	-8.2%	**$ 16.9**	$ 21.7	-22.1%

		For the year ended December 31		% Change
In MM		**2023**	**2022**	**vs 2022**
Revenue		**$ 72.3**	$ 92.2	-21.6%

Total revenue was $16.9 million for Q4 2023, a decrease of 8.2% and 22.1% sequentially quarter-over-quarter and year-over-year, respectively. Overall, total revenue for FY 2023 was $72.3 million, a decrease of 21.6% from prior year ended December 31, 2022 ("**FY 2022**") revenue of $92.2 million. The decrease follows from our strategy to temporarily scale down E-commerce operations to facilitate our platform migration and enhancements initiative. This initiative lowered systems operating costs and helped to create positive adjusted EBITDA results to-date.

2. Gross margin:

	For the three months ended December 31		% Change	For the year ended December 31		% Change
In MM	**2023**	**2022**	**vs 2022**	**2023**	**2022**	**vs 2022**
Gross margin	**$ 6.0**	$ 7.9	-24.1%	**$ 27.8**	$ 32.0	-13.1%
Gross margin %	**35.2%**	36.4%	-1.2%	**38.5%**	34.7%	3.8%

Gross margin was $6.0 million and $27.8 million for Q4 2023 and FY 2023, respectively, representing a decrease of 24.1% and 13.1% from Q4 FY 2022 and FY 2022, respectively. The decrease can be attributed to our strategy noted in Revenue above. Although, gross margin as a percentage of revenue increased to 38.5% from 34.7% in FY 2023 from FY 2022, respectively, for an increase of 380 bps year-over-year. This can be attributed to our strategy noted in Revenue above and the Company's continued focus on the more profitable Pro customer base.

3. Adjusted EBITDA*:

	For the three months ended December 31	% Change	For the year ended December 31	% Change

In MM	2023	2022	vs 2022	2023	2022	vs 2022
Adjusted EBITDA	**$ 0.073**	$ 0.412	-82.3%	**$ 3.551**	$ 1.275	178.5%

Adjusted EBITDA was $.073 million and $3.55 million for Q4 2023 and FY 2023, respectively, representing eight (8) consecutive quarters of positive adjusted EBITDA. This can largely be attributed to the temporary scale-down of our E-commerce business, improved gross margins and lower operating expenses.

**Adjusted EBITDA is a non-IFRS measure. See the "Non-IFRS Measures" section and the reconciliation therein.*

4. **Working Capital**:**

In MM		As at December 31,		$ Change
Working capital:		**2023**	**2022**	**vs 2022**
Total current assets		$ 14.6	$ 17.0	
Total current liabilities		$ 11.8	$ 15.3	
Total working capital		**$ 2.8**	$ 1.7	$ 1.1

As at December 31, 2023, working capital was $2.8 million compared to $1.7 million as at December 31, 2022, for an increase of $1.1 million. This increase can largely be attributed to the increase in cash from operating activities.

***Working capital is a non-IFRS measure. It is calculated as noted above.*

5. **Loans Payable:**

On September 28, 2023, the Company announced the amendment of secured notes issued by BuildDirect Operations Limited, a wholly owned subsidiary of the Company ("**BuildDirect Operations**") to: (a) Deans Knight Capital Management Ltd. in its capacity as portfolio manager on behalf and for the benefit of two fully managed accounts in March 2018 (the "**2018 Notes**"); and (b) Pelecanus Investments Ltd., Lyra Growth Partners Inc. and Beedie Investments Ltd. in June 2022 (the "**2022 Notes**").

- The 2018 Notes were amended such that (a) the maturity date was extended to September 30, 2025 (b) the interest rate applicable to the 2018 Notes was decreased to 12% effective October 1, 2023; (c) BuildDirect Operations agreed to continue to make certain quarterly payments towards the aggregate outstanding principal amount of the 2018 Notes commencing December 31, 2023 (the "**Quarterly Principal Payments**") and (d) a fee in the amount of 6% of the aggregate outstanding principal amount of the 2018 Notes (after the payment of the September Principal Payment, described below) was added to the aggregate outstanding principal amount of the 2018 Notes and will be

paid by BuildDirect Operations as part of such principal amount in accordance with the 2018 Notes as amended. As conditions of the above noted amendments BuildDirect Operations also made the following payments to the Deans Knight Noteholders on or about September 30, 2023: (i) an approximately CAD $1.5 million payment toward the outstanding principal amount of the 2018 Notes (the "**September Principal Payment**"); and (ii) accrued quarterly interest on the 2018 Notes as of September 30, 2023; and (iii) a fee equal to 6% of the September Principal Payment.

- The 2022 Notes were amended such that (a) the maturity date of the 2022 Notes was extended to April 1, 2026 (b) the interest rate applicable to the 2022 Notes was decreased to 12% effective October 1, 2023 and (c) a commitment fee payable in relation to the 2022 Notes was, effective September 30, 2023, increased to a total of 2% of the aggregate principal amount of the 2022 Notes and which fee is payable upon repayment of the 2022 Notes.

2024 Outlook:

Currently, the Company remains focused on growth through the pursuit of strategic acquisitions of Pro and B2B-focused retailers. Post-acquisition, the Company aims to optimize operations and drive value through acquisitions by leveraging procurement and marketing synergies.

In addition, we are also piloting organic growth strategies through which we seed target markets through initial E-commerce expansion, deploy local in-market sales teams to solidify our presence and then establish new Pro Centers in-market while transitioning to local E-commerce fulfillment and potentially expanding our product offerings and services. As previously announced, the launch of the Company's Pro Center in Richmond, BC aims to serve as a blueprint for potential future BuildDirect Pro Centers across the US. By initiating with robust sales and localized service, these Pro Centers aim to enhance BuildDirect's engagement with professionals in each market.

As previously announced, the Company has also introduced value added service packages for Pro customers featuring customized E-commerce platforms, white-label branded flooring options, complimentary flooring samples, and tailored fulfillment services. These pilot initiatives open the path for BuildDirect to build a potential recurring revenue stream.

Further, actual results may differ materially from BuildDirect's financial outlook as a result of, among other things, the factors described under "Forward-Looking Statements" below. BuildDirect's audited consolidated financial statements for the years ended December 31, 2023 and December 31, 2022 and Management's Discussion and Analysis for the three and twelve months ended December 31, 2023 and 2022 are available on the Company's website

at www.BuildDirect.com and on the Company's SEDAR profile available at www.sedar.com.

About BuildDirect

BuildDirect (TSXV: BILD) is a growing omnichannel building material retailer. BuildDirect connects North American home improvement B2B and B2C organizations, and homeowners with quality building materials and services through its robust global supply chain network. BuildDirect's growth trajectory, strong product offering, and proprietary heavyweight delivery network are delivering value today, solidifying its position as an innovative player in the home improvement industry. For more information, visit www.BuildDirect.com.

Forward-Looking Information:

This press release contains statements which constitute "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking statements"), including statements regarding the plans, intentions, beliefs and current expectations of the Company with respect to future business activities and operating performance. Forward-looking statements are often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions. These statements reflect management's current beliefs and expectations and are based on information currently available to management as at the date hereof.

Forward-looking statements in this press release may include, without limitation, statements relating to pro customers as a profitable customer base, the Company's profitability and strategic growth, the Company's 2024 outlook and ability to achieve the items detailed in the "2024 Outlook" section, the Company's pursuit of strategic acquisitions and its ability to optimize operations and drive value through acquisitions by leveraging procurement and marketing synergies, the Company's ability to seed target markets through initial E-commerce expansion, deploy local in-market sales teams to solidify the Company's presence and then establish new Pro Centers in-market while transitioning to local E-commerce fulfillment and potentially expand its product offerings and services, the Company's initiation of robust sales and localized service and the ability of Company Pro Centers to enhance BuildDirect's engagement with professionals, and the Company's ability to build a recurring revenue stream from its value added service packages for Pro customers.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. Among those factors are changes in consumer spending, inflation, availability of mortgage financing and consumer credit, changes in the housing market, changes in trade policies, tariffs or other applicable laws and regulations both locally and in foreign jurisdictions, availability and cost of goods from suppliers, fuel prices and other energy costs, interest rate and currency fluctuations,

retention of key personnel and changes in general economic, business and political conditions and other factors referenced under the “Risks and Uncertainties” section of our MD&A. These forward-looking statements may be affected by risks and uncertainties in the business of the Company and general market conditions.

These factors should be considered carefully, and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this press release reflect the Company’s expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this press release, and BuildDirect assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

Reference is made in this press release to the following non-GAAP measures: Adjusted EBITDA and Working Capital. These non-GAAP measures are commonly used by investors and other interested parties to evaluate the Company’s financial performance and are employed by the Company to measure its operating and economic performance and to assist in business decision-making. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers. These measures are provided as additional information to complement those IFRS measures by providing further understanding of the results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the financial information reported under IFRS. Refer also to appendix tables, “Q4 2023 and FY 2023 Highlights” of this press release as well as our Management’s Discussion and Analysis for definitions and reconciliations of non-IFRS measures to the nearest IFRS measures.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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1. *Internal company estimates*

NON-IFRS MEASURES

This announcement refers to certain non-IFRS measures. These measures are not recognized

measures under IFRS, and do not have a standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS Accounting Standards measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS Accounting Standards. We use non-IFRS measures including "EBITDA" and "Adjusted EBITDA". Management uses these non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to determine components of management compensation. As required by Canadian securities laws, we reconcile these non-IFRS measures to the most comparable IFRS Accounting Standards measures in this announcement. See below regarding definitions and reconciliation of these non-IFRS measures to the relevant reported measures.

We define EBITDA as net income or loss before interest, income taxes and amortization. Adjusted EBITDA removes fair value adjustment of convertible debt and warrants, fair value adjustment of inventory, restructuring expenses, non-recurring bad debt expense, foreign exchange gains and losses, and share-based compensation items from EBITDA. We are presenting these measures because we believe that our current and potential investors, and many analysts, use them to assess our current and future operating results and to make investment decisions. Management uses these measures in managing the business and making decisions. EBITDA and adjusted EBITDA are not intended as substitutes for IFRS measures.

	For the three months ended December 31		For the year ended December 31	
Adjusted EBITDA	**2023**	**2022**	**2023**	**2022**
Income (Loss for the period	(1,971,942)	(4,658,265)	(3,772,200)	(7,870,427)
Income tax expense	(39,194)	(906,321)	279,172	(383,703)
Depreciation and amortization	914,646	1,016,120	3,677,512	4,069,070
Interest	339,195	580,450	1,952,325	2,034,932
EBITDA	**(757,295)**	**(3,968,016)**	**2,136,809**	**(2,150,128)**
EBITDA adjustments				
Stock-based compensation	(126,637)	71,547	202,171	266,817
Foreign exchange (gain)/loss	39,229	783,099	(21,988)	104,597
Fair value adjustment of warrants	30,626	(38,153)	46,842	(794,708)
Forgiveness of deferred consideration	(1,425,000)	–	(1,425,000)	–
Impact of fair value adjustment of Inventory in acquisition[1]	–	–	–	137,400
Software Implementation Expenses[2]	37,812	–	225,879	–
Restructuring[3]	–	70,277	102,415	218,374
Loss on extinguishment of debt[4]	145,000	107,524	154,574	107,524
Impairment loss on intangible assets and goodwill[5]	2,129,334	3,385,373	2,129,334	3,385,373
Adjusted EBITDA	**73,069**	**411,651**	**3,551,036**	**1,275,249**
Adjusted EBITDA %[6]	0%	2%	*5%*	*1%*

[1] *The adjustment for the impact of the fair value of FloorSource inventory relates to the impact on normal selling profit from the fact that IFRS Accounting Standards requires that the inventory be recorded at fair value on acquisition and not at FloorSource's historical cost. Earnings are impacted as this inventory was sold in the period.*

[2] *The adjustment is a non-recurring activity, associated with the implementation costs of our Enterprise Resource Planning integration project.*

[3] *The adjustment is a non-recurring activity, relating to severance costs associated with the company's restructuring activities.*

[4] *The adjustment relates to the requirement under IFRS 9 to recognize a gain or loss on extinguishment of a loan due to a significant modification to the 2018 Notes' terms.*

[5] *The impairment loss relates to impairment of goodwill and a portion of intangible assets related to the Superb CGU*

[6] *Adjusted EBITDA % is a ratio of Adjusted EBITDA divided by Total Revenue*

Consolidated Statements of Financial Position

(Expressed in United States dollars)

	As at December 31, 2023	As at December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 2,601,893	$ 4,107,754
Short-term investments	445,415	318,000
Trade and other receivables (note 3)	4,152,899	4,000,121
Income taxes receivable	–	171,502
Inventories (note 4)	6,174,201	6,657,450
Prepaid materials, expenses and deposits	1,229,526	1,696,828
Total current assets	14,603,934	16,951,655
Non-current assets:		
Property and equipment (note 5)	563,231	591,880
Intangible assets (note 6)	3,525,883	8,155,769
Right-of-use assets (note 8)	2,160,700	3,566,442
Non-current deposits	434,040	987,216
Goodwill (note 6)	2,530,622	2,530,622
Deferred tax asset (note 19)	1,539,299	1,207,110
Total non-current assets	10,753,775	17,039,039
Total Assets	$ 25,357,709	$ 33,990,694
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 9)	$ 5,895,863	$ 5,475,426
Income taxes payable	210,339	–
Current portion of lease liabilities (note 10)	1,319,526	1,441,420
Deferred revenue (note 11)	1,559,755	1,767,136
Loan payable (note 12)	982,912	3,691,672
Current portion of promissory note (note 14)	1,135,710	1,065,131
Current portion of deferred consideration payable (note 7)	675,000	1,903,731
Total current liabilities	11,779,105	15,344,516
Non-current liabilities:		
Deferred consideration payable (note 7)	–	701,611
Lease liabilities (note 10)	1,310,248	2,859,607
Loan payable (note 12)	6,514,693	4,974,463
Warrants (note 13)	75,224	28,382
Promissory note (note 14)	1,494,907	2,634,573
Total non-current liabilities	9,395,072	11,198,636
Shareholders' equity:		
Share capital (note 16)	123,109,599	122,803,204
Share based payment reserve	11,323,580	11,121,785
Deficit	(130,249,647)	(126,477,447)
Total Shareholders' equity	4,183,532	7,447,542
Total Liabilities and Equity	$ 25,357,709	$ 33,990,694

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in United States dollars)
Years ended December 31, 2023 and 2022

	2023	2022
Revenue (note 17)	$ 72,279,398	$ 92,150,276
Cost of goods sold (note 4)	44,432,069	60,181,861
Gross Profit	27,847,329	31,968,415

Operating expenses:		
Fulfillment costs	4,904,468	7,384,139
Selling and marketing	5,611,109	6,832,947
Administration	13,927,912	15,764,515
Research and development	466,629	1,341,668
Depreciation and amortization	3,677,512	4,069,070
Total operating expenses	28,587,630	35,392,339
Loss from operations	(740,301)	(3,423,924)
Other income (expense):		
Interest income	62,595	62,472
Interest expense	(2,014,920)	(2,097,405)
Rental income	246,680	225,887
Forgiveness of deferred consideration (note 7)	1,425,000	–
Fair value adjustment of warrants (note 13)	(46,842)	794,708
Foreign exchange gain (loss)	21,988	(104,597)
Restructuring costs	(102,415)	(218,374)
Loss on disposal of assets	(60,905)	–
Impairment loss on intangible assets and goodwill (note 6)	(2,129,334)	(3,385,373)
Loss on extinguishment of debt (note 12)	(154,574)	(107,524)
Total other income (expense)	(2,752,727)	(4,830,206)
Loss before income taxes	(3,493,028)	(8,254,130)
Income tax (expense) recovery (note 19)	(279,172)	383,703
Total loss and comprehensive loss for the year	$ (3,772,200)	$ (7,870,427)
Loss per share		
Basic and diluted loss per share (note 23)	$ (0.09)	$ (0.25)

Consolidated Statement of Cash Flows
(Expressed in United States dollars)

Years ended December 31, 2023 and 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Loss for the year	$ (3,772,200)	$ (7,870,427)
Add (deduct) items not affecting cash:		
Depreciation and amortization	3,677,512	4,069,070
Income tax expense	279,172	(383,703)
Share-based compensation expense	201,795	266,817
Loss on disposal of property and equipment	60,905	7,000
Interest paid on leases	201,222	284,868
Other interest and finance cost	1,813,698	1,812,537
Interest earned on lease receivables	(57,004)	(62,472)
Loss on extinguishment of debt	154,574	107,524
Impairment loss on intangible assets and goodwill	2,129,334	3,385,374
Fair value adjustment on warrants	46,842	(794,708)
Forgiveness of deferred consideration	(1,425,000)	–
Finance costs	20,133	86,447
Unrealized foreign exchange	(36,333)	44,991
Income taxes paid	(229,520)	(1,366,000)
Changes in non-cash operating working capital:		
Short term investments	(127,415)	(200,000)
Trade and other receivables	(519,686)	176,855
Inventories	483,249	795,120
Prepaid materials, expenses and deposits	1,020,478	860,959
Accounts payable and accrued liabilities	308,845	(973,665)
Deferred revenue	(207,381)	(2,107,609)
Total operating activities	4,023,220	(1,861,022)
Investing activities:		
Purchase of property and equipment	(42,756)	(47,256)
Principal received on lease receivables	266,908	244,019
Total investing activities	224,152	196,763
Financing activities:		

Subscription receipts proceeds	306,395	3,712,715
Subscription receipts issuance costs	–	(14,143)
Debt financing transaction costs	(20,133)	(50,174)
Interest paid	(1,132,383)	(1,092,438)
Principal lease payments	(1,431,970)	(1,338,882)
Proceeds from exercise of stock options	–	15,244
Promissory note repayment	(1,245,000)	(933,750)
Loan repayment	(1,555,568)	–
Deferred consideration repayment	(675,000)	(675,000)
Loan proceeds	–	4,500,000
Total financing activities	(5,753,659)	4,123,572
Effects of currency translation on cash and cash equivalents	426	(68,545)
Increase (decrease) in cash and cash equivalents	(1,505,861)	2,390,768
Cash and cash equivalents, beginning of year	4,107,754	1,716,986
Cash and cash equivalents, end of year	$ 2,601,893	$ 4,107,754

BuildDirect

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