

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 4, 2021

**Trecora Resources**

(Exact name of registrant as specified in its charter)

Delaware

1-33926

75-1256622

(State or other jurisdiction  
of incorporation)

(Commission File Number)

(IRS Employer  
Identification No.)

1650 Hwy 6 South, Suite 190

Sugar Land, Texas 77478

(Address of principal executive offices, including Zip Code)

(281) 980-5522

(Registrant's telephone number, including area code)

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)  
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))  
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	TREC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 1.01. Entry into a Material Definitive Agreement.**

On May 3, 2021, Texas Oil & Chemical Co. II, Inc. (the “Borrower”), a wholly-owned subsidiary of Trecora Resources (the “Company”), and certain of its subsidiaries, as guarantors (the “Guarantors”), entered into an Eighth Amendment to Amended and Restated Credit Agreement (the “Eighth Amendment”) related to the Amended and Restated Credit Agreement, dated as of October 1, 2014 (as amended, supplemented and modified prior to the date hereof, the “Credit Agreement”), among the Borrower, the Guarantors, the lenders from time to time party thereto, Citibank, N.A., as an L/C Issuer, and Bank of America, N.A., as Administrative Agent, Swingline Lender and L/C Issuer. Pursuant to the Eighth Amendment, the definition of “Consolidated EBITDA” for any Measurement Period (as defined in the Credit Agreement) (including any Measurement Period containing the quarter ended March 31, 2021) was amended to allow for certain add backs not to exceed \$5.0 million in the aggregate for the 2021 fiscal year related to charges, expenses and losses arising from or related to the prolonged period of sub-freezing temperatures and snow across the State of Texas and the region in February 2021.

The foregoing summary of the Eighth Amendment does not purport to be complete and is qualified in its entirety by reference to the Eighth Amendment, a copy of which will be filed with the Company’s Form 10-Q for the fiscal quarter ended March 31, 2021.

**Item 2.02. Results of Operations and Financial Condition**

The Company’s press release dated May 4, 2021, regarding its financial results for the quarter ended March 31, 2021, including consolidated financial statements for the quarter ended March 31, 2021, is Exhibit 99.1 of this Form 8-K.

The information in this Item 2.02, including the corresponding Exhibit 99.1, is being furnished with the Securities and Exchange Commission (the “Commission”) and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

**Item 7.01. Regulation FD Disclosure**

The slides for the Company’s first quarter 2021 earnings presentation on May 5, 2021, are Exhibit 99.2 to this Form 8-K.

The information in this Item 7.01, including the corresponding Exhibit 99.2, is being furnished with the Commission and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	<a href="#">Earnings Release of the Company, dated May 4, 2021</a>
99.2	<a href="#">Earnings Presentation of the Company, dated May 5, 2021</a>
104	Cover Page Interactive Data File (formatted as inline XBRL and included as Exhibit 101)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TRECORA RESOURCES

Date: May 5, 2021

By: /s/ Michael W. Silberman  
Michael W. Silberman  
General Counsel and Corporate Secretary



## **Trecora Resources Announces First Quarter 2021 Results**

- First quarter net loss and Adjusted EBITDA negatively impacted by the Texas freeze event in February 2021
- First quarter net loss from continuing operations of \$4.4 million compared to net income from continuing operations of \$5.9 million last year
- First quarter Adjusted EBITDA from continuing operations of \$(0.5) million
- First quarter launch of \$20 million share repurchase program
- Conference call at 10:00 am ET, May 5, 2021

SUGAR LAND, Texas, May 4, 2021 – Trecora Resources (“Trecora” or the “Company”) (NYSE: TREC), a leading provider of specialty hydrocarbons and specialty waxes, today announced financial results for the first quarter ended March 31, 2021.

### **Executive Commentary**

“Over the last year, we have been focused on strengthening our balance sheet and managing through the uncertainties and disruptions created by the COVID-19 pandemic, ensuring that Trecora emerged in a position of strength. In addition, prudent capital allocation has been at the forefront of our agenda, including returning value to our stockholders,” said Pat Quarles, Trecora's President and Chief Executive Officer.

“We entered the first quarter well-positioned to both benefit from the recovery and leverage our evolving growth portfolio. However, the February freeze event in Texas resulted in significant disruptions to our customers and supply chain, as well as damage to our plants, thus impacting our first quarter results.

“Following the freeze event, the Board authorized a \$20 million share repurchase program in March which reflects the resilience of our business, our strong balance sheet and ample liquidity. We also advanced our growth program by converting recent successful plant trials into new custom processing commitments. We remain committed to our goal of creating long-term value for our stockholders through growth and prudent capital allocation,” concluded Mr. Quarles.

Sami Ahmad, Trecora's Chief Financial Officer stated, “The Texas freeze event resulted in significant loss of sales as well as higher utility, repair and maintenance costs at both facilities. Net loss from continuing operations was \$4.4 million in the first quarter of 2021. We estimate the total impact to first quarter Adjusted EBITDA from continuing operations was between \$4.5 to \$5.0 million including higher costs of approximately \$1.9 million. While the impact of

\$4.5 to \$5.5 million, including higher costs of approximately \$1.5 million. While the impact of the Texas freeze event was largely confined to the first quarter, certain customer and suppliers

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continued to experience residual effects into the second quarter. Finally, our liquidity remains excellent with cash at the end of the quarter of \$53.0 million and an undrawn revolver. We believe we have financial flexibility for growth and are firmly positioned to manage market-related business disruptions,” concluded Mr. Ahmad.

### **First Quarter 2021 Financial Results**

Net loss in the first quarter of 2021 was \$4.4 million, or \$(0.18) per diluted share<sup>1</sup>, compared to net income of \$10.7 million, or \$0.42 per diluted share<sup>2</sup>, in the first quarter of 2020. Net loss from continuing operations in the first quarter of 2021 was \$4.4 million, or \$(0.18) per diluted share<sup>3</sup>, compared to net income from continuing operations of \$5.9 million, or \$0.23 per diluted share<sup>4</sup>, in the first quarter of 2020. Adjusted EBITDA from continuing operations was \$(0.5) million for the first quarter of 2021, compared with Adjusted EBITDA from continuing operations of \$5.5 million in the first quarter of 2020.

Total revenue in the first quarter of 2021 was \$54.6 million, compared to \$62.1 million in the first quarter of 2020. This 12.1% year-over-year decline was primarily due to lower sales volumes for prime products and by-products which were impacted by the Texas freeze event in February 2021 which resulted in widespread utilities failures and rolling blackouts across the state and region as well as the continued impact of the COVID-19 pandemic. This caused significant disruptions for our suppliers, customers and at our own facilities.

Gross profit in the first quarter of 2021 was \$2.3 million, or 4.3% of total revenues, compared to \$8.1 million, or 13.0% of total revenues in the first quarter of 2020. Operating loss in the first quarter of 2021 was \$5.2 million, compared to operating income of \$1.2 million for the first quarter of 2020.

### **Specialty Petrochemicals**

Specialty Petrochemicals net income was \$0.2 million in the first quarter of 2021, compared to net income of \$4.6 million in the first quarter of 2020. Specialty Petrochemicals volume in the first quarter of 2021 was 17.2 million gallons, compared to 22.1 million gallons in the fourth quarter of 2020 and 19.7 million gallons in the first quarter of 2020. Sales revenues for our Specialty Petrochemicals products decreased 11.4% year-over-year, primarily due to the Texas freeze event. This caused significant disruptions for our suppliers, customers and at our own facilities. In addition, sales were also generally weaker compared to the same period last year due to the continued impact of the COVID-19 pandemic and weaker oil sands demand.

Prime product volume in the first quarter of 2021 was 14.7 million gallons, compared to 17.6 million gallons in the fourth quarter of 2020 and 16.2 million gallons in the first quarter of 2020. By-product sales volume was 2.5 million gallons in the first quarter of 2021. Adjusted EBITDA

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<sup>1</sup> Based on 24.9 million shares outstanding

<sup>4</sup> Based on 25.3 million shares outstanding

<sup>3</sup> Based on 24.9 million shares outstanding

<sup>4</sup> Based on 25.3 million shares outstanding

from continuing operations for Specialty Petrochemicals in the first quarter of 2021 was \$2.6 million, compared to \$6.5 million in the first quarter of 2020.

	<b>THREE MONTHS</b>		
	<b>ENDED</b>		
	<b>MARCH 31,</b>		
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>% Change</u></b>
Product sales	\$44,658	\$50,386	(11.4%)
Processing fees	<u>1,254</u>	<u>1,244</u>	0.8%
Gross revenues	\$45,912	\$51,630	(11.1%)
Operating profit before depreciation and amortization	2,571	6,490	(60.4%)
Operating profit (loss)	(231)	3,872	(106.0%)
Net profit (loss) before taxes	(297)	2,942	(110.1%)
Depreciation and amortization	2,802	2,617	7.1%
Adjusted EBITDA	2,569	6,473	(60.3%)
Capital expenditures	3,567	1,601	122.8%

### **Specialty Waxes**

Specialty Waxes net loss was \$2.0 million in the first quarter of 2021, compared to net income of \$1.2 million in the first quarter of 2020. Specialty Waxes generated revenues of approximately \$8.7 million in the first quarter of 2021, a \$0.3 million decrease from \$9.0 million in the fourth quarter of 2020, and a \$1.8 million decrease from the first quarter of 2020. Revenue included approximately \$6.9 million of wax product sales in the first quarter of 2021, 1.6% higher than the same quarter last year, due to higher selling prices. Wax sales volumes decreased approximately 13.2%, or over 1.3 million pounds, from the first quarter of 2020. Despite utilizing existing inventories, wax sales volumes were depressed due to extended disruptions to feed supply and production limitations at our Pasadena facility resulting from the Texas freeze event.

Processing fees, which were approximately \$1.8 million in the first quarter of 2021, a decrease of 51.5%, or approximately \$1.9 million, from the first quarter of 2020, driven by lower demand resulting from the Texas freeze event in February 2021 and the resulting impacts on our customers. Adjusted EBITDA for Specialty Waxes in the first quarter of 2021 was \$(0.5) million, compared to \$1.1 million in the first quarter of 2020.





*Dollar amounts in thousands/rounding may apply*

**THREE MONTHS  
ENDED  
MARCH 31,**

	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>% Change</u></b>
Product sales	\$6,907	\$6,797	1.6%
Processing fees	<u>1,766</u>	<u>3,640</u>	(51.5%)
Gross revenues	\$8,673	\$10,437	(16.9%)
Operating profit (loss) before depreciation and amortization	(481)	1,066	(145.1%)
Operating loss	(1,957)	(262)	(646.9%)
Net loss before taxes	(1,954)	(242)	(707.4%)
Depreciation and amortization	1,476	1,328	11.1%
Adjusted EBITDA	(479)	1,104	(143.4%)
Capital expenditures	1,214	316	284.2%

## **Outlook**

“In the second quarter we are seeing several positive developments. The strength of the US economy is driving solid demand across all of our key end-uses. It is also supporting price increase initiatives in the market. We successfully increased solvent and wax prices recently and are seeing the aromatics market improve significantly, which benefits our by-product pricing. We are also seeing a step-up in our custom processing activities due to both demand from our pre-existing customers as well as new business from our growth program. Some headwinds remain in the quarter as several of our solvents customers continue to have production constraints due to the Texas freeze event and supply chain disruptions from the strengthening US economy generally are a challenge,” stated Mr. Quarles.

## **Earnings Call**

Tomorrow’s conference call, on May 5, 2021 at 10:00 am Eastern Time, will be simulcast live on the Internet, and can be accessed on the investor relations section of the Company's website at <http://www.trecora.com/> or at <https://edge.media-server.com/mmc/p/i4wzozbc>. A replay of the call will also be available through the same link.

To participate via telephone, callers should dial in at least ten to fifteen minutes prior to the 10:00 am Eastern Time start; domestic callers (U.S. and Canada) should call +1-866-417-5724 or +1-409-217-8234 if calling internationally, using the conference ID 5146023. To listen to the playback, please call 1-855-859-2056 if calling within the United States or 1-404-537-3406 if calling internationally. Use pin number 5146023 for the replay.



## **Use of Non-GAAP Measures**

This earnings press release includes non-GAAP financial measures of EBITDA from continuing operations and Adjusted EBITDA from continuing operations and also provides reconciliations from our most directly comparable GAAP financial measures to those measures.

We believe these financial measures provide users of our financial statements with supplemental information that may be useful in evaluating our operating performance. We also believe that such non-GAAP measures, when read in conjunction with our operating results presented under GAAP, can be used to better assess our performance from period to period and relative to performance of other companies in our industry, without regard to financing methods, historical cost basis or capital structure. These measures are not measures of financial performance or liquidity under GAAP and should be considered in addition to, and not as a substitute for, analysis of our results under GAAP.

We define EBITDA from continuing operations as net income (loss) from continuing operations plus interest expense, income tax expense (benefit), depreciation and amortization. We define Adjusted EBITDA from continuing operations as EBITDA from continuing operations plus share-based compensation, plus restructuring and severance expenses, plus impairment losses and plus or minus gains or losses on disposal of assets.

## **Forward-Looking Statements**

Some of the statements and information contained in this earnings press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements regarding the Company's financial position, business strategy and plans and objectives of the Company's management for future operations and other statements that are not historical facts, are forward-looking statements. Forward-looking statements are often characterized by the use of words such as "outlook," "may," "will," "can," "shall," "should," "could," "expects," "plans," "anticipates," "contemplates," "proposes," "believes," "estimates," "predicts," "projects," "potential," "continue," "intend," or the negative of such terms and other comparable terminology, or by discussions of strategy, plans or intentions.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions, and other important factors that could cause the actual results, performance or our achievements, or industry results, to differ materially from historical results, any future results, or performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and factors include, but are not limited to the impacts of the COVID-19 pandemic on our business, financial results and financial condition and that of our customers, suppliers, and other counterparties; general economic and financial conditions domestically and internationally; insufficient cash flows from operating activities; our ability to attract and retain key employees; feedstock and product prices; feedstock availability and our ability to access third party transportation; competition; industry cycles; natural disasters or other severe

weather events (including the Texas freeze event), health epidemics and pandemics (including the COVID-19 pandemic) and terrorist attacks; our ability to consummate extraordinary

transactions, including acquisitions and dispositions, and realize the financial and strategic goals of such transactions; technological developments and our ability to maintain, expand and upgrade our facilities; regulatory changes; environmental matters; lawsuits; outstanding debt and other financial and legal obligations (including having to return the amounts borrowed under the Paycheck Protection Program or failing to qualify for forgiveness of such loans, in whole or in part); difficulties in obtaining additional financing on favorable conditions, or at all; local business risks in foreign countries, including civil unrest and military or political conflict, local regulatory and legal environments and foreign currency fluctuations; and other risks detailed in our latest Annual Report on Form 10-K, including but not limited to, "Part I, Item 1A. Risk Factors" and "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" therein, and in our other filings with the SEC. Many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 pandemic and other natural disasters such as severe weather events (including the Texas freeze event).

There may be other factors of which we are currently unaware or deem immaterial that may cause our actual results to differ materially from the forward-looking statements. In addition, to the extent any inconsistency or conflict exists between the information included in this earnings release and the information included in our prior releases, reports and other filings with the SEC, the information contained in this earnings release updates and supersedes such information.

Forward-looking statements are based on current plans, estimates, assumptions and projections, and, therefore, you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.

### **About Trecora Resources (TREC)**

TREC owns and operates a specialty petrochemicals facility specializing in high purity hydrocarbons and other petrochemical manufacturing and a specialty wax facility, both located in Texas, and provides custom processing services at both facilities.

### **Investor Relations Contact:**

Jason Finkelstein

The Piacente Group, Inc.

212-481-2050

[trecora@tpg-ir.com](mailto:trecora@tpg-ir.com)

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TRECORA RESOURCES AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2021	December 31, 2020
<b>ASSETS</b>	<i>(thousands of dollars, except par value)</i>	
<b>Current Assets</b>		
Cash	\$ 53,026	\$ 55,664
Trade receivables, net	25,929	25,301
Inventories	11,739	12,945
Prepaid expenses and other assets	6,392	9,198
Taxes receivable	2,788	2,788
Total current assets	99,874	105,896
<b>Plant, pipeline and equipment, net</b>	187,923	187,104
<b>Intangible assets, net</b>	12,433	12,893
<b>Lease right-of-use assets, net</b>	9,757	10,528
<b>Mineral properties</b>	412	412
<b>TOTAL ASSETS</b>	310,399	316,833
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	16,584	14,447
Accrued liabilities	6,002	6,857
Current portion of long-term debt	4,194	4,194
Current portion of lease liabilities	3,219	3,195
Current portion of other liabilities	639	891
Total current liabilities	30,638	29,584
<b>CARES Act, PPP Loans</b>	6,123	6,123
<b>Long-term debt, net of current portion</b>	40,852	41,901
<b>Post-retirement benefit, net of current portion</b>	319	320
<b>Lease liabilities, net of current portion</b>	6,538	7,333
<b>Other liabilities, net of current portion</b>	637	648
<b>Deferred income taxes</b>	25,593	26,517
<b>Total liabilities</b>	110,700	112,426
<b>EQUITY</b>		
<b>Common stock</b> - authorized 40 million shares of \$0.10 par value; issued 25.0 million and 24.8 million and outstanding 24.9 million and 24.8 million in 2021 and 2020, respectively	2,490	2,483
<b>Additional paid-in capital</b>	61,692	61,311
<b>Treasury stock, at cost (0.1 million shares)</b>	(692)	-
<b>Retained earnings</b>	135,920	140,324
<b>Total Trecora Resources Stockholders' Equity</b>	199,410	204,118
<b>Noncontrolling Interest</b>	289	289
<b>Total equity</b>	199,699	204,407
<b>TOTAL LIABILITIES AND EQUITY</b>	310,399	316,833





TRECORA RESOURCES AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME

	<b>THREE MONTHS ENDED</b>	
	<b>MARCH 31,</b>	
	<i>(unaudited)</i>	
	<b>2021</b>	<b>2020</b>
	<i>(thousands of dollars, except per share amounts)</i>	
<b>Revenues</b>		
Product sales	\$ 51,565	\$ 57,183
Processing fees	3,020	4,884
	54,585	62,067
<b>Operating costs and expenses</b>		
Cost of sales and processing (including depreciation and amortization of \$4,055 and \$3,952, respectively)	52,240	53,989
Gross Profit	2,345	8,078
<b>General and Administrative Expenses</b>		
General and administrative	7,332	6,674
Depreciation	226	216
	7,558	6,890
Operating income (loss)	(5,213)	1,188
<b>Other income (expense)</b>		
Interest expense	(302)	(916)
Miscellaneous income (expense), net	110	(62)
	(192)	(978)
Income (loss) from continuing operations before income taxes	(5,405)	210
Income tax benefit	1,001	5,653
Income (loss) from continuing operations	(4,404)	5,863
Income from discontinued operations, net of tax	-	4,857
Net income (loss)	(4,404)	10,720
<b>Basic earnings (loss) per common share</b>		
Net income (loss) from continuing operations (dollars)	\$ (0.18)	\$ 0.24
Net income from discontinued operations, net of tax (dollars)	\$ -	\$ 0.20
Net income (loss) (dollars)	\$ (0.18)	\$ 0.43
Basic weighted average number of common shares outstanding	24,861	24,765
<b>Diluted earnings (loss) per common share</b>		
Net income (loss) from continuing operations (dollars)	\$ (0.18)	\$ 0.23
Net income from discontinued operations, net of tax (dollars)	\$ -	\$ 0.19
Net income (loss) (dollars)	\$ (0.18)	\$ 0.42
Diluted weighted average number of common shares outstanding	24,861	25,276



TRECORA RESOURCES AND SUBSIDIARIES

RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES

EBITDA from continuing operations and Adjusted EBITDA from continuing operations

(thousands of dollars; rounding may apply)

	THREE MONTHS ENDED				THREE MONTHS ENDED			
	3/31/21				3/31/20			
	SPEC. PETRO	SPEC. WAX	CORP	TREC	SPEC. PETRO	SPEC. WAX	CORP	TREC
NET INCOME (LOSS)	\$ 205	\$ (1,954)	\$ (2,655)	\$ (4,404)	\$ 4,596	\$ 1,214	\$ 4,910	\$ 10,720
Income from discontinued operations, net of tax	-	-	-	-	-	-	4,857	4,857
Income (loss) from continuing operations *	\$ 205	\$ (1,954)	\$ (2,655)	\$ (4,404)	\$ 4,596	\$ 1,214	\$ 53	\$ 5,863
Interest expense	302	-	-	302	915	-	1	916
Income tax benefit	(486)	-	(515)	(1,001)	(1,654)	(1,456)	(2,543)	(5,653)
Depreciation and amortization	200	23	3	226	186	24	6	216
Depreciation and amortization in cost of sales	2,602	1,452	-	4,054	2,431	1,305	-	3,736
EBITDA from continuing operations *	2,823	(479)	(3,167)	(823)	6,474	1,087	(2,483)	5,078
Share based compensation	-	-	571	571	-	-	390	390
(Gain) loss on disposal of assets	(254)	-	-	(254)	(1)	17	-	16
Adjusted EBITDA from continuing operations *	\$ 2,569	\$ (479)	\$ (2,596)	\$ (506)	\$ 6,473	\$ 1,104	\$ (2,093)	\$ 5,484

\* Discontinued Operations only applicable within the Corporate segment







# First Quarter 2021 Earnings



May 5, 2021

NYSE: TREC | [www.trecora.com](http://www.trecora.com)



# Forward Looking Statements

Forward-looking statements involve known and unknown risks, uncertainties, assumptions, and other important factors that could cause the actual results, performance or our achievements, or industry results, to differ materially from historical results, any future results, or performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and factors include, but are not limited to the impacts of the COVID-19 pandemic on our business, financial results and financial condition and that of our customers, suppliers, and other counterparties; general economic and financial conditions domestically and internationally; insufficient cash flows from operating activities; our ability to attract and retain key employees; feedstock and product prices; feedstock availability and our ability to access third party transportation; competition; industry cycles; natural disasters or other severe weather events (including the Texas freeze event), health epidemics and pandemics (including the COVID-19 pandemic) and terrorist attacks; our ability to consummate extraordinary transactions, including acquisitions and dispositions, and realize the financial and strategic goals of such transactions; technological developments and our ability to maintain, expand and upgrade our facilities; regulatory changes; environmental matters; lawsuits; outstanding debt and other financial and legal obligations (including having to return the amounts borrowed under the Paycheck Protection Program or failing to qualify for forgiveness of such loans, in whole or in part); difficulties in obtaining additional financing on favorable conditions, or at all; local business risks in foreign countries, including civil unrest and military or political conflict, local regulatory and legal environments and foreign currency fluctuations; and other risks detailed in our latest Annual Report on Form 10-K, including but not limited to, "Part I, Item 1A. Risk Factors" and "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" therein, and in our other filings with the SEC. Many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 pandemic and other natural disasters such as severe weather events (including the Texas freeze event).

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Forward-looking statements are based on current plans, estimates, assumptions and projections, and, therefore, you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.



# Non-GAAP Measures

This presentation includes non-GAAP financial measures of EBITDA from continuing operations and Adjusted EBITDA from continuing operations and provide reconciliations from our most directly comparable GAAP financial measures to those measures.

We believe these financial measures provide users of our financial statements with supplemental information that may be useful in evaluating our operating performance. We also believe that such non-GAAP measures, when read in conjunction with our operating results presented under GAAP, can be used to better assess our performance from period to period and relative to performance of other companies in our industry, without regard to financing methods, historical cost basis or capital structure. These measures are not measures of financial performance or liquidity under GAAP and should be considered in addition to, and not as a substitute for, analysis of our results under GAAP.

We define EBITDA from continuing operations as net income (loss) from continuing operations plus interest expense, income tax expense (benefit), depreciation and amortization. We define Adjusted EBITDA from continuing operations as EBITDA from continuing operations plus share-based compensation, plus restructuring and severance expenses, plus impairment losses and plus or minus gains or losses on disposal of assets.

# Q1 2021 Summary

- > \$4.5-\$5.0 million impact of Texas freeze event on net loss and Adjusted EBITDA from continuing ops
- > Net loss from continuing operations of \$4.4m; Adjusted EBITDA from cont. ops of \$(0.5)m
- > Launch of \$20m share repurchase program
- > Total consolidated cash: \$53m at end of March
- > Bank debt target leverage of 1.5x - 2.0x
- > Post-Q1 price increases for both solvents and wax

# Debt and Cash Summary

## Strong Balance Sheet

\$ millions	March 31, 2021	December 30, 2020
Total Bank Debt	\$45.0	\$46.1
PPP Loans	\$6.1	\$6.1
Total Debt	\$51.1	\$52.2
Cash on Balance Sheet	\$53.0	\$55.7
Total Debt Net of Cash	\$(1.9)	\$(3.5)

## Ample Liquidity

\$ millions	Pro Forma	Note
Cash Balance	\$53.0	As of March 31, 2021
Tax Refund (CARES Act)	\$2.4	Received April 1, 2021
Pro Forma Cash Balance	\$55.4	
Total Pro Forma Net Debt	\$(4.3)	

Total liquidity at the end of Q1, including availability under our undrawn revolver of \$52.6 million, stands at \$108 million.



# Q1 2021 Performance Summary

	Q1'21	Q4'20	Q3'20	Q2'20	Q1'20	FY'20	FY'19
Diluted EPS from continuing operations*	(\$0.18)	(\$0.01)	\$0.04	\$(0.07)	\$0.23	\$0.20	(\$0.52)
Net Income (Loss) from continuing operations*	(\$4.4)	(\$0.1)	\$1.1	\$(1.9)	\$5.9	\$5.0	(\$12.9)
Adjusted EBITDA from continuing operations* <sup>(1)</sup>	(\$0.5)	\$4.8	\$7.1	\$4.2	\$5.5	\$21.6	\$31.0
Gross Margin	4.3%	10.3%	17.7%	15.2%	13.0%	13.7%	14.9%
Cap Ex	\$4.8	\$3.1	\$2.7	\$5.7	\$1.9	\$13.4	\$10.1
Total Bank Debt	\$45.0	\$46.1	\$47.1	\$78.2	\$102.2	\$46.1	\$83.3

\* Includes the impact of the Texas freeze event on Q1 2021 of \$4.5 - \$5.0 million.

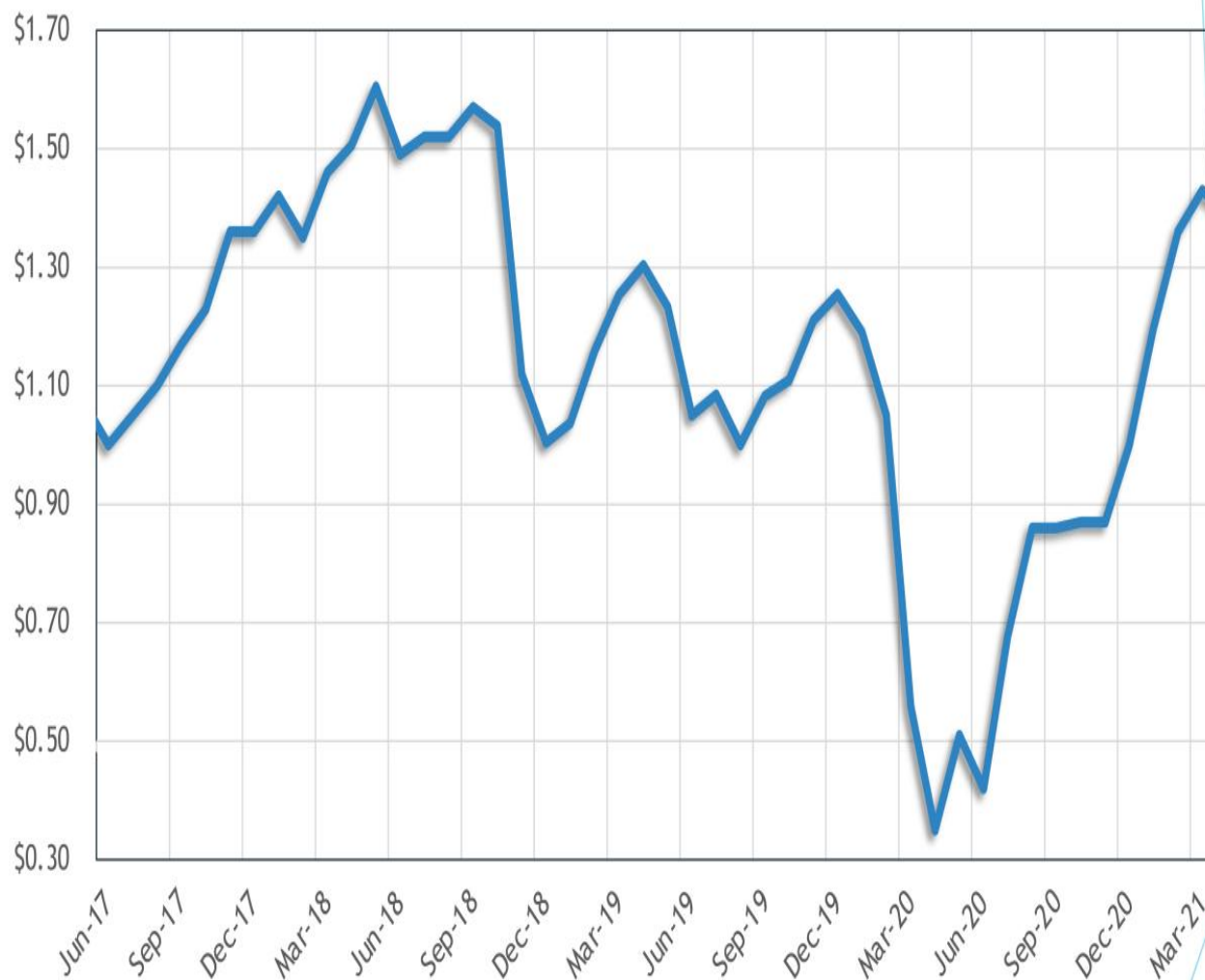
(1) See non-GAAP reconciliations included in the accompanying financial tables for the reconciliation of each non-GAAP measure to its more directly comparable GAAP measure.

# Q1 2021 Business Segment Performance Summary

	Specialty Petrochemicals Sales Volume (million gallons)				
	Q1'21	Q4'20	Q3'20	Q2'20	Q1'20
All Products	17.2	22.1	17.9	15.3	19.7
Prime Products	14.7	17.6	14.7	13.1	16.2
By-products	2.5	4.5	3.1	2.3	3.5

	Specialty Waxes				
	Q1'21	Q4'20	Q3'20	Q2'20	Q1'20
Wax Revenue (\$m)	\$6.9	\$7.1	\$6.0	\$5.5	\$6.8
Wax Sales Volume (m lbs)	8.8	9.0	8.8	8.4	10.2
Avg. Wax Sales Price (\$/lb)	\$0.78	\$0.78	\$0.68	\$0.65	\$0.66
Custom Processing Revenue (\$m)	\$1.8	\$2.0	\$2.5	\$2.8	\$3.6

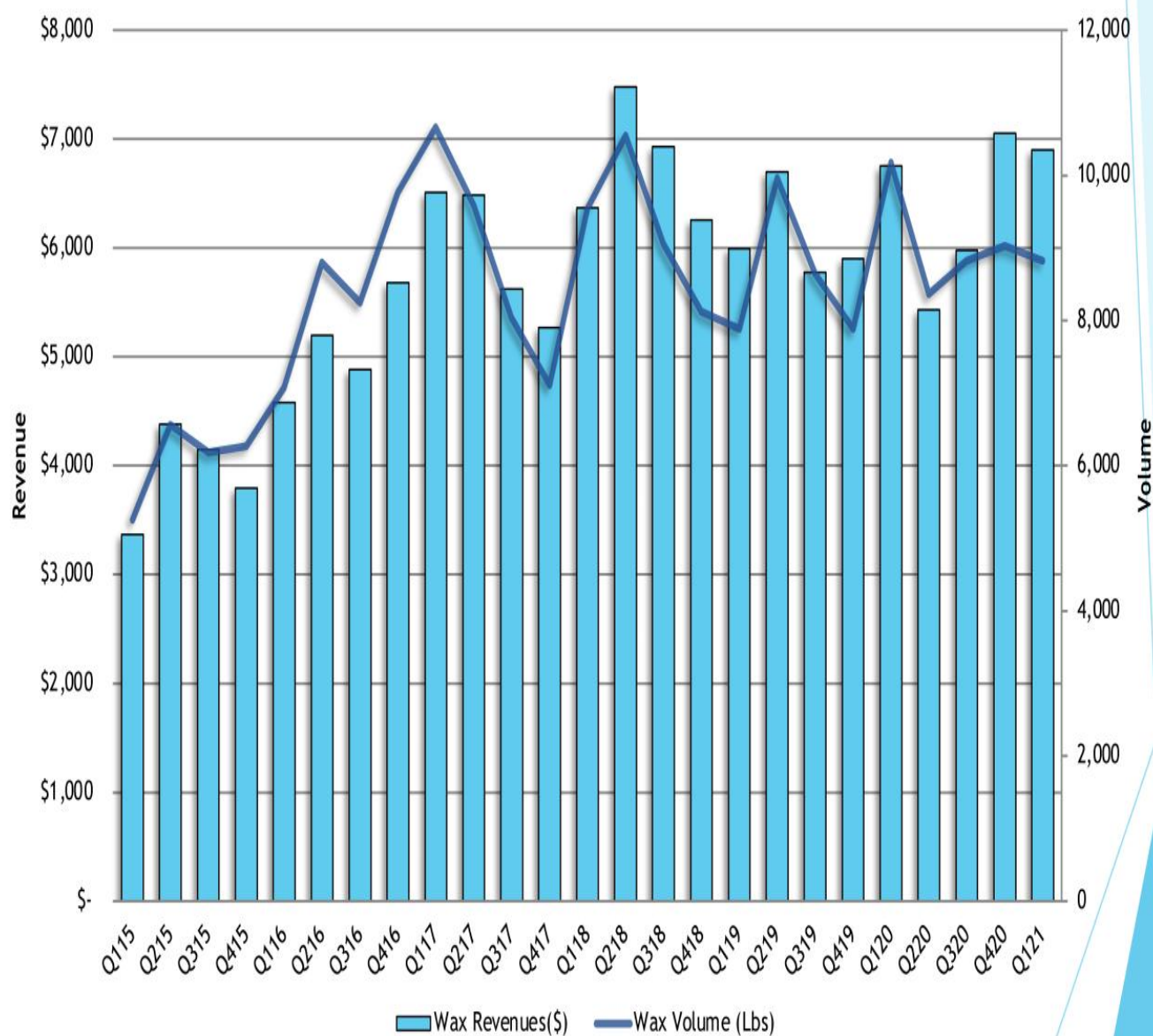
# Petrochemical Feedstock - Market Price of Natural Gasoline Per Gallon



(Source: OPIS)

# Specialty Waxes

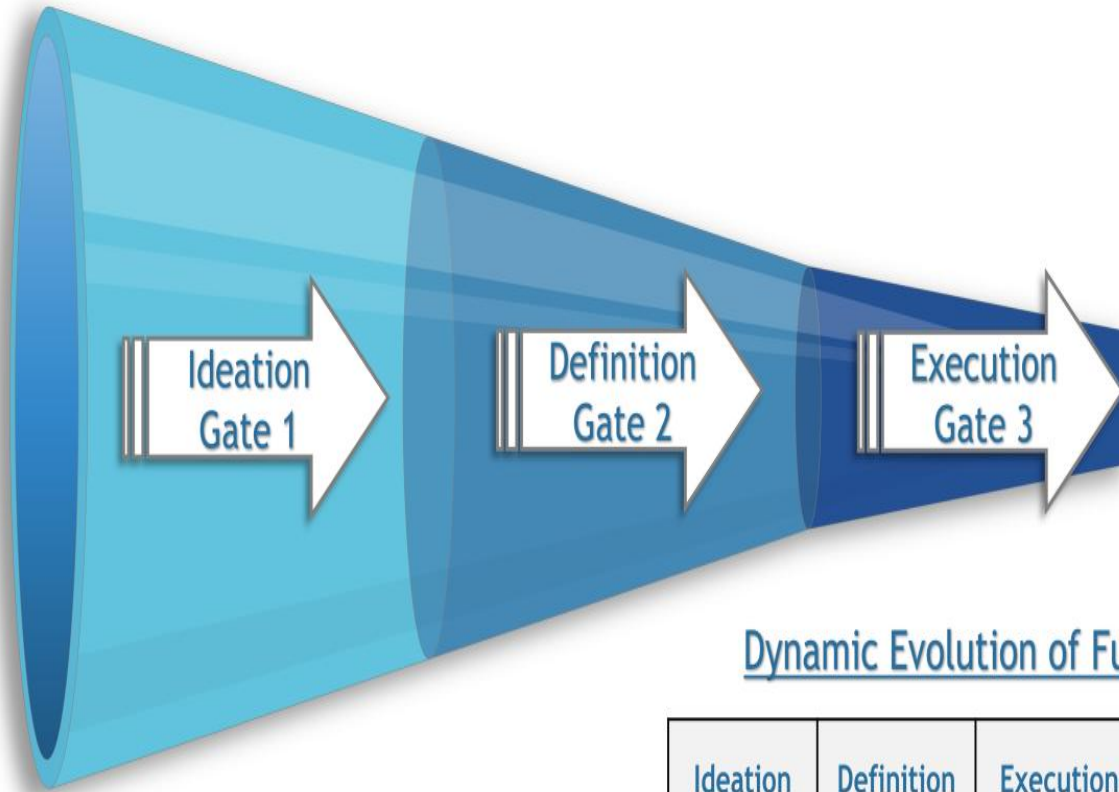
Wax Volume and Revenue  
(in thousands)





# Organic Growth Execution Funnel

- Current growth portfolio of 28 projects



## Dynamic Evolution of Funnel

### Current Project Categories

- New Markets/Products: 12
- Asset Utilization: 11
- Increasing Productivity: 5

	Ideation	Definition	Execution	Total # of Projects
Q1'21 # of Projects	10	6	12	28
Q4'20 # of Projects	12	9	14	35
Q3'20 # of Projects	16	6	11	33



**For more information,  
please visit our website:**

**<http://www.trecora.com>**

# Reconciliation Of Selected GAAP Measures To Non-GAAP Measures

	THREE MONTHS ENDED				THREE MONTHS ENDED			
	3/31/21				3/31/20			
	SPEC. PETRO	SPEC. WAX	CORP	TREC	SPEC. PETRO	SPEC. WAX	CORP	TREC
NET INCOME (LOSS)	\$ 205	\$ (1,954)	\$ (2,655)	\$ (4,404)	\$ 4,596	\$ 1,214	\$ 4,910	\$ 10,720
Income from discontinued operations, net of tax	-	-	-	-	-	-	4,857	4,857
Income (Loss) from continuing operations *	\$ 205	\$ (1,954)	\$ (2,655)	\$ (4,404)	\$ 4,596	\$ 1,214	\$ 53	\$ 5,863
Interest expense	302	-	-	302	915	-	1	916
Income tax benefit	(486)	-	(515)	(1,001)	(1,654)	(1,456)	(2,543)	(5,653)
Depreciation and amortization	200	23	3	226	186	24	6	216
Depreciation and amortization in cost of sales	2,602	1,452	-	4,054	2,431	1,305	-	3,736
EBITDA from continuing operations *	2,823	(479)	(3,167)	(823)	6,474	1,087	(2,483)	5,078
Share based compensation	-	-	571	571	-	-	390	390
(Gain) loss on disposal of assets	(254)	-	-	(254)	(1)	17	-	16
Adjusted EBITDA from continuing operations *	\$ 2,569	\$ (479)	\$ (2,596)	\$ (506)	\$ 6,473	\$ 1,104	\$ (2,093)	\$ 5,484
Revenue	45,912	8,673	-	54,585	51,630	10,437	-	62,067
Adjusted EBITDA Margin	5.6%	-5.5%	-	-0.9%	12.5%	10.6%	-	8.8%

\* Discontinued Operations only applicable within the Corporate segment

