

**Bri-Chem Announces 2020 Fourth Quarter and
Year End Financial Results**

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Edmonton, Canada, Wednesday, March 31, 2021 – Bri-Chem Corp. (“Bri-Chem” or “Company”) (TSX: BRY), a leading North American oilfield chemical distribution and blending company, is pleased to announce its 2020 fourth quarter and year end financial results.

(in '000s except per share amounts)	Three months ended				Twelve months ended			
	December 31		Change		December 31		Change	
	2020	2019	\$	%	2020	2019	\$	%
Sales	\$ 9,473	\$ 21,307	\$ (11,834)	(56%)	\$ 45,156	\$ 91,726	\$ (46,570)	(51%)
Adjusted EBITDA ⁽¹⁾	(461)	(38)	(423)	1113%	(1,267)	2,944	(4,211)	(143%)
Adjusted EBITDA as a % of revenue	(5%)	0%			(3%)	3.2%		
Adjusted operating loss ⁽¹⁾	(1,195)	252	(1,447)	(574%)	(2,762)	1,727	(4,489)	(260%)
Adjusted net loss ⁽¹⁾	(1,536)	(687)	(849)	124%	(5,017)	(1,215)	(3,802)	313%
Net loss	\$ (1,541)	\$ (3,104)	\$ 1,563	(50%)	\$ (5,148)	\$ (3,656)	\$ (1,492)	41%
Diluted per share								
Adjusted EBITDA	\$ (0.02)	\$ -	\$ (0.02)		\$ (0.05)	\$ 0.12	\$ (0.17)	(144%)
Adjusted operating loss	\$ (0.05)	\$ (0.03)	\$ (0.03)	100%	\$ (0.21)	\$ (0.05)	\$ (0.16)	319%
Net loss	\$ (0.06)	\$ (0.13)	\$ 0.07	(50%)	\$ (0.22)	\$ (0.15)	\$ (0.07)	43%
Total assets					\$ 26,289	\$ 45,198	\$ (18,909)	(42%)
Working capital					9,864	15,470	(5,606)	(36%)
Long-term debt					7,357	8,300	(943)	(11%)
Shareholders equity					\$ 10,558	\$ 15,998	\$ (5,440)	(34%)

Key Q4 2020 & YTD highlights include:

- Consolidated sales for the three months ended December 31, 2020 were \$9.5 million, a decrease of 56% from the comparable period last year. The decrease resulted from the significant economic downturn that resulted from the public health measures that were taken to limit the spread of the coronavirus (“COVID-19”) world pandemic. This downturn resulted in a corresponding reduction in global oil demand and the reduction in drilling and completion activity in North America.
- Adjusted EBITDA for the fourth quarter was negative \$461 thousand versus negative \$38 thousand over Q4 2019. The decrease is related to the overall weaker performance in all operating divisions due to the economic downturn.
- Adjusted operating loss was \$1.2 million for the three months ended December 31, 2020 in contrast to earnings of \$252 thousand from the comparable period last year;
- Net loss per diluted share for the three months ended December 31, 2020 was \$0.06 per share compared to a net loss of \$0.13 per diluted share for same period last year;
- As at December 31, 2020, working capital was \$9.9 million compared to \$15.5 million at December 31, 2019, a decrease of 36%. Management continues to ensure that prudent cash management practices are followed by reducing inventory to levels more appropriate to the current environment, and ensuring that collecting accounts receivable remains a priority. The Company successfully applied and received wage benefits in Q2, Q3 and Q4 of 2020 from federal government corporate COVID-19 relief subsidy programs both in Canada and the United States.
- During the year, the Company extended the term of its senior credit facility to October 31, 2021 and secured a \$6.25 million Business Credit Availability Program (“BCAP”) loan with its senior lender, CIBC.

The loan is 80% guaranteed by the Canadian Federal Government through Business Development Bank of Canada (“BDC”). The proceeds of the loan will assist funding current operations.

Summary for the three and twelve months ended December 31, 2020:

Consolidated sales for the three and twelve months ended December 31, 2020 were \$9.5 million and \$45.2 million respectively compared to \$21.3 million and \$91.7 million for the same periods in 2019, representing a \$11.8 million and \$46.6 million decrease over the comparable periods. The decrease in revenue is related to the pause in world economies in reaction to the COVID-19 pandemic and a significant reduction in drilling and completion activity in the Company’s North American operating regions.

Bri-Chem’s Canadian drilling fluids distribution division generated sales of \$2.0 million and \$7.0 million for the three and twelve months ended December 31, 2020 compared to \$3.8 million and \$17.1 million in the comparable prior periods. The Q4 and year to date sales were down significantly due to the overall decline in Canadian drilling activity as a result of the collapse of global oil prices and reduced demand due to the global COVID-19 pandemic. The number of wells drilled in Western Canada during the fourth quarter of 2020 was 719 compared to 1,175 in the same period last year, representing a decrease of 39% (Source: Petroleum Services Association of Canada “PSAC”). With less drilling activity than originally projected, the industry was overstocked with drilling fluids inventory which will be depleted as activity levels increase. Bri-Chem’s United States drilling fluids distribution division generated sales of \$3.8 million and \$23.7 million for the three and twelve months ended December 31, 2020 compared to sales of \$12.2 million and \$53.8 million for the same comparable periods in 2019, representing decreases of 69% and 56% respectively. The United States market declined rapidly as the average number of active rigs operating in the United States fell to 420 as at December 31, 2020 from 944 as at December 31, 2019, representing a 56% decline (Source: Baker Hughes). Regions such as Texas and Oklahoma experienced the largest declines in rig activity as a number of programs in the Permian and Woodford Basins were halted or deferred as a result of the decline in world oil demand and corresponding WTI prices.

Bri-Chem’s Canadian Blending and Packaging division generated sales of \$1.6 million and \$7.0 million for the three and twelve months ended December 31, 2020 compared to Q4 2019 sales of \$2.3 million and 2019 twelve months sales of \$9.3 million. The 30% decrease quarter over comparable quarter was the result of reduced demand for commodity toll packaging due to the significant decline in drilling activity. US Blending and Packaging sales for the three and twelve months ended December 31, 2020 were \$2.1 million and \$7.4 million respectively compared to sales of \$3.0 million and \$11.5 million for the comparable periods in 2019, decreases of \$950 thousand and \$4.1 million respectively.

Adjusted operating loss for the three months ended December 31, 2020 was \$1.2 million compared to adjusted operating income of \$252 thousand during the same period last year. The adjusted operating loss was offset by management’s effort to reduce work week schedules in certain divisions to four days a week with a corresponding 20% wage reduction in tandem with reducing the number of offices and warehouses within the United States. Adjusted EBITDA was negative \$461 thousand and negative \$1.3 million for the three and twelve months ended 2020 compared to adjusted EBITDA of negative \$38 thousand and \$2.9 million for the same comparable periods of 2019.

OUTLOOK

The Company expects to see modest drilling activity and energy demand increases throughout 2021 as global restrictions due to the COVID-19 health pandemic begin to lift and supplies of vaccine are distributed to the populations in existing markets. Recent changes to the political landscape in the United States have created further uncertainty to the level and magnitude of this recovery. The reductions to overhead made over the duration of 2020 will enable the Company to be nimble as it navigates the uncertainty regarding the timing and magnitude of economic recovery, and capitalize on the economic opportunities that present themselves in 2021. The Company continues to pursue emerging and expanded federal subsidy programs such as the Payroll Protection Program (“PPP”), the Canada Emergency Wage Subsidy (“CEWS”) and the Canada Emergency Rent Subsidy (“CERS”) to supplement its working capital positioning and maintain the appropriate levels of inventory to service its customer base.

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.sedar.com 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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