

Bri-Chem Announces 2021 Annual and Fourth Quarter Financial Results

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Edmonton, Canada, Wednesday, March 30, 2022 – Bri-Chem Corp. ("Bri-Chem" or "Company") (TSX: BRY), a North American oilfield chemical distribution and blending company, is pleased to announce its 2021 annual and fourth quarter financial results.

| (in '000s except per share amounts) | Three months ended | | | | Twelve months ended | | | |
|---|--------------------|------------|----------|-------|---------------------|------------|-----------|-------|
| | December 31 | | Change | | December 31 | | Change | |
| | 2021 | 2020 | \$ | % | 2021 | 2020 | \$ | % |
| Financial performance | | | | | | | | |
| Sales | \$ 18,544 | \$ 9,473 | \$ 9,071 | 96% | \$ 60,405 | \$ 45,156 | \$ 15,249 | 34% |
| Adjusted EBITDA ⁽¹⁾ | 1,408 | (461) | 1,869 | 405% | 3,942 | (1,267) | 5,209 | 411% |
| As a % of revenue | 8% | -5% | | | 7% | -3% | | |
| Adjusted operating earnings | 1,143 | (30) | 1,173 | 3909% | 2,862 | (2,762) | 5,624 | 204% |
| Adjusted net earnings / (loss) ⁽¹⁾ | 784 | (1,536) | 2,320 | 151% | 1,330 | (5,017) | 6,347 | 127% |
| Net earnings / (loss) | \$ 784 | \$ (1,541) | \$ 2,325 | 151% | \$ 1,317 | \$ (5,148) | \$ 6,465 | 126% |
| Diluted per share | | | | | | | | |
| Adjusted EBITDA | \$ 0.06 | \$ (0.02) | \$ 0.08 | 404% | \$ 0.16 | \$ (0.05) | \$ 0.21 | 428% |
| Adjusted net / earnings | \$ 0.05 | \$ (0.00) | \$ 0.05 | 3896% | \$ 0.06 | \$ (0.21) | \$ 0.27 | 126% |
| Net earnings / (loss) | \$ 0.03 | \$ (0.06) | \$ 0.10 | 151% | \$ 0.05 | \$ (0.22) | \$ 0.27 | 125% |
| Financial position | | | | | | | | |
| Total assets | | | | | \$ 43,796 | \$ 26,289 | \$ 17,507 | 67% |
| Working capital | | | | | 5,150 | 9,864 | (4,714) | (48%) |
| Long-term debt | | | | | 6,764 | 7,357 | (593) | (8%) |
| Shareholders equity | | | | | \$ 11,716 | \$ 10,558 | \$ 1,158 | 11% |

Key Q4 2021 highlights include:

- Consolidated sales for the three months ended December 31, 2021 were \$18.5 million, an increase of 96% compared to the comparable period last year due to stronger performance in the fluids distribution divisions in Canada and the United States as the demand for oil increased following the continued worldwide easements of health and travel restrictions due to the COVID-19 pandemic.
- Adjusted EBITDA for the fourth quarter was \$1.4 million versus a loss of \$461 thousand over Q4 2020, representing a 405% increase year over year. The increase is primarily related to increased sales over the prior year realized in tandem with management's undertakings of cost saving initiatives and obtaining available government assistance programs.
- Adjusted operating earnings was \$1.1 million for the three months ended December 31, 2021 compared to a loss of \$30 thousand in the prior year comparable quarter, representing a 3909% increase.
- Net earnings per diluted share for the three months ended December 31, 2021 was \$0.03 per share compared to net loss of (\$0.06) per diluted share for same period last year.
- Working capital, as at December 31, 2021, was \$5.2 million compared to \$9.9 million at December 31, 2020, a decrease of 48%. The decrease predominantly relates to reclassifying the term loan to current liabilities, offset by notable increases in accounts receivable balances bolstered by stronger than anticipated sales in tandem with increased utilization to the ABL facility for stockpiling initiatives in strategic locations.

Summary for the three and twelve months ended December 31, 2021:

Consolidated sales for the three and twelve months ended December 31, 2021 were \$18.5 million and \$60.4 million respectively compared to \$9.5 million and \$45.2 million for the same periods in 2020, representing a \$9.5 million and \$15.2 million increase over the comparable periods. The sales growth is caused by increased rig count and well production across most operating regions within Canada and the United States.

Bri-Chem's Canadian drilling fluids distribution division generated sales of \$3.1 million and \$10.7 million for the three and twelve months ended December 31, 2021 compared to \$2.0 million and \$7.0 million in the comparable prior periods. The increase in sales predominantly relates to the higher drilling activity levels in 2021 than 2020. The number of active operating land rigs in Q4 2021 averaged 159, compared to 91 in the same period last year amounting to an increase of 75.4% over the Q4 2020 (Source: Baker Hughes). Bri-Chem's United States drilling fluids distribution division generated sales of \$11.1 million and \$33.6 million for the three and twelve months ended December 31, 2021 compared to sales of \$3.8 million and \$23.7 million for the comparable periods in 2020, representing a quarterly increase of 194% and a year to date increase of 42%. Both of these events relate to the corresponding increase in rig activity in Q4 2021. The number of active operating land rigs in Q4 2021 averaged 543, compared to a 2020 Q4 average of 295, representing an increase of 84.2%. (Source: Baker Hughes)

Bri-Chem's Canadian Blending and Packaging division generated sales of \$2.6 million and \$7.4 million for the three and twelve months ended December 31, 2021 compared to Q4 2020 sales of \$1.8 million and 2020 twelve months sales of \$7.0 million. The increase in sales relates to increased cementing and stimulation activities in response to increased drilling. US Blending and Packaging sales for the three and twelve months ended December 31, 2021 were \$1.8 million and \$8.6 million compared to \$2.1 million and \$7.4 million for the comparable period in 2020. The quarterly drop in sales was a result of the purchase of a major customer by their competitor through Chapter 11 proceedings, which ultimately delayed sales on a short-term basis. The annual increase relates to increased cementing activity in the California market.

Adjusted operating earnings for the three months ended December 31, 2021 was \$1.1 million compared to \$30 thousand operating loss during the same period last year. Adjusted EBITDA was \$1.4 million for Q4 2021 compared to a loss of \$461 thousand for Q4 2020. Adjusted EBITDA as a percentage of sales was 8% for the quarter. The increase is primarily related to increased rig count and well production across most operating regions within Canada and the United States in tandem with management's cost saving strategies and collecting on government assistance subsidies adopted early on in the pandemic.

OUTLOOK

While there are many positive market indicators, there are still challenges in the market relating to commodity availability, labour shortages or the emergence of a more concerning COVID-19 variant that could still materially impact the momentum in the oil and gas industry. Management will continue to be vigilant in these times and will cautiously look to ramp up operating overheads to increase cash flow with a renewed emphasis towards providing higher turnover on commonly consumed drilling fluids relative to specialty products with limited applications. Stockpiling initiatives will continue in the foreseeable future providing market conditions remain unchanged such that the business can adequately support the increasing activities of its customer base. Continued market acceleration and realized profitability will enable management to continue consideration of larger deployments of capital towards strategic initiatives with the aim of capturing additional market share, further reducing operational overheads and diversifying revenue streams.

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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Forward-Looking Statements

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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, market forces, ability to obtain equipment from suppliers, 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.