

Bri-Chem Announces 2021 Third Quarter Financial Results

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE U.S.

Edmonton, Canada, Monday, November 15, 2021 – Bri-Chem Corp. ("Bri-Chem" or "Company") (TSX: BRY), a North American oilfield chemical distribution and blending company, is pleased to announce its 2021 third quarter financial results.

(in '000s except per share amounts)	Three months ended September 30				Nine months ended September 30			
	2021	2020	Change		2021	2020	Change	
			\$	%			\$	%
Financial performance								
Sales	\$ 16,461	\$ 7,449	\$ 9,012	121%	\$ 41,861	\$ 35,683	\$ 6,178	17%
Adjusted EBITDA ⁽¹⁾	980	(765)	1,745	228%	2,534	(806)	3,340	414%
As a % of revenue	6%	-10%			6%	-2%		
Adjusted operating earnings/(loss)	772	(1,072)	1,844	172%	1,719	(1,567)	3,286	210%
Adjusted net earnings / (loss) ⁽¹⁾	347	(1,838)	2,185	119%	546	(3,481)	4,027	116%
Net earnings / (loss)	\$ 348	\$ (1,861)	\$ 2,209	119%	\$ 533	\$ (3,607)	\$ 4,140	115%
Diluted per share								
Adjusted EBITDA	\$ 0.04	\$ (0.03)	\$ 0.07	216%	\$ 0.10	\$ (0.03)	\$ 0.13	419%
Adjusted net earnings/(loss)	\$ 0.03	\$ (0.04)	\$ 0.07	165%	\$ 0.02	\$ (0.15)	\$ 0.17	114%
Net earnings / (loss)	\$ 0.01	\$ (0.08)	\$ 0.09	117%	\$ 0.02	\$ (0.15)	\$ 0.17	113%
Financial position								
Total assets					\$ 36,537	\$ 30,928	\$ 5,609	18%
Working capital					10,386	12,009	(1,623)	(14%)
Long-term debt					6,899	7,287	(388)	(5%)
Shareholders equity					\$ 10,997	\$ 12,754	\$ (1,757)	(14%)

Key Q3 2021 highlights include:

- Consolidated sales for the three months ended September 30, 2021 were \$16.5 million, an increase of 121% compared to the Q3 2020 due to stronger performance in the fluids distribution divisions in Canada and the United States as the demand for oil increased following the continued North American easements of health and travel restrictions related to the COVID-19 pandemic.
- Adjusted EBITDA for the third quarter was \$980 thousand versus a loss of \$765 thousand over Q3 2020, representing a 228% increase year over year. The increase is primarily related to increased sales over the prior year realized in tandem with management's cost saving initiatives and obtaining available government assistance programs.
- Adjusted operating earnings was \$772 thousand for the three months ended September 30, 2021 compared to a loss of \$1.1 million in the prior year comparable quarter, representing a 172% increase.
- Net earnings per diluted share for the three months ended September 30, 2021 was \$0.01 per share compared to net loss of (\$0.08) per diluted share for same period last year.
- Working capital, as at September 30, 2021, was \$10.4 million compared to \$12.0 million at September 30, 2020, a decrease of 14%. The decrease predominantly relates to large increases in accounts receivable balances bolstered by stronger than anticipated sales alongside increased utilization to the ABL facility for inventory stockpiling initiatives in strategic locations.

- During Q3 2021, Bri-Chem entered into an agreement with the Canadian Imperial Bank of Commerce (“CIBC”) to renew its senior credit facilities with a borrowing base of \$25 million. The ABL Facility is now committed until October 31, 2024, or six months prior to sub debt loan maturity if it’s not refinanced.

Summary for the three and nine months ended September 30, 2021:

Consolidated sales for the three and nine months ended September 30, 2021 were \$16.5 million and \$41.9 million respectively compared to \$7.4 million and \$35.7 million for the same periods in 2020, representing a \$9 million and \$6.2 million increase over the comparable periods. The increase is mainly due to a surge of new energy demand resulting from North American easements of health and travel restrictions related to the COVID-19 pandemic which increased rig count and well production across all operating regions within Canada and the United States.

Bri-Chem’s Canadian drilling fluids distribution division generated sales of \$3.5 million and \$7.6 million for the three and nine months ended September 30, 2021 compared to \$1.0 million and \$5.0 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 wells drilled in Western Canada for the third quarter of 2021 was 1417 compared to 361 in the same period last year which represents an increase of 293% (Source: Petroleum Services Association of Canada “PSAC”), the number of active operating rigs in Q3 2021 averaged 150, a increase of 220% over Q3 2020 (Source: Baker Hughes). Bri-Chem’s United States drilling fluids distribution division generated sales of \$9.5 million and \$22.6 million for the three and nine months ended September 30, 2021 compared to sales of \$3.5 million and \$19.9 million for the comparable periods in 2020, representing a quarterly increase of 174% and a year to date increase of 13%. Both of these events relate to the corresponding increase in rig activity in Q3 2021. The number of active operating rigs in Q3 2021 averaged 484, an increase of 102% over Q3 2020 (Source: Baker Hughes).

Bri-Chem’s Canadian Blending and Packaging division generated sales of \$1.8 million and \$4.9 million for the three and nine months ended September 30, 2021 compared to Q3 2020 sales of \$1.2 million and 2020 nine months sales of \$5.4 million. The quarterly increase in sales relates to increased cementing and stimulation activities in response to increased drilling. The decrease to annual sales relates to lost revenues associated with hand sanitizer packaging contracts awarded during the initial response to the COVID-19 pandemic. US Blending and Packaging sales for the three and nine months ended September 30, 2021 were \$1.7 million and \$6.8 million compared to \$1.7 million and \$5.3 million for the comparable period in 2020. The annual increase in sales predominantly relates to increased operating activity in 2021 for certain established customers.

Adjusted operating earnings for the three months ended September 30, 2021 was \$772 thousand compared to \$30 thousand operating loss during the same period last year. Adjusted EBITDA was \$980 thousand for Q3 2021 compared to a loss of \$765 thousand for Q3 2020. Adjusted EBITDA as a percentage of sales was 6% for the quarter. The increase is primarily related to increased rig count and well production across all operating regions within Canada and the United States in tandem with management’s cost saving strategies adopted early on during the pandemic.

OUTLOOK

Management is optimistic that drilling activity in both the Canadian and US markets will continue to increase from 2021 comparative periods throughout 2022, reinforced by stable commodity prices and low domestic levels of crude and fuel reserves. The Company continues to stockpile critical inventory items in anticipation of this market increase, while also being mindful surrounding the risks and complexities associated with the offshore supply chains. While capital and operating budgets of oil producers have not been returned to levels

realized pre-pandemic, management is comfortable that oil and natural gas prices will continue on a relatively healthy course for the short to intermediate term, which will continue to drive increased levels of activity. Continued market acceleration and realized profitability will enable management to consider 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.

For further information, please contact:

Tony Pagnucco CPA, CA
Bri-Chem Corp.

CFO

T: (780) 571-8587

E: tpagnucco@brichem.com

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, 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.