

**Bri-Chem Announces 2022 First Quarter
Financial Results**

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Edmonton, Canada, Monday, May 16, 2022 – Bri-Chem Corp. ("Bri-Chem" or "Company") (TSX: BRY), a North American oilfield chemical distribution and blending company, is pleased to announce its 2022 first quarter financial results.

(in '000s except per share amounts)	Three months ended			
	2022	March 31 2021	Change	
			\$	%
Financial performance				
Sales	\$ 23,536	\$ 11,490	\$ 12,046	105%
Adjusted EBITDA ⁽¹⁾	2,442	851	1,591	187%
As a % of revenue	10%	7%		
Adjusted operating earnings	3,045	559	2,486	445%
Adjusted net earnings ⁽¹⁾	1,671	154	1,517	985%
Net earnings	\$ 7,772	\$ 141	\$ 7,631	5412%
Diluted per share				
Adjusted EBITDA	\$ 0.09	\$ 0.03	\$ 0.06	208%
Adjusted net earnings	\$ 0.06	\$ 0.01	\$ 0.05	532%
Net earnings	\$ 0.29	\$ 0.01	\$ 0.28	2837%
Financial position				
Total assets	\$ 58,375	\$ 27,737	\$ 30,638	110%
Working capital	6,581	9,888	(3,307)	(33%)
Long-term debt	6,621	7,216	(595)	(8%)
Shareholders equity	\$ 19,157	\$ 10,529	\$ 8,628	82%

Key Q1 2022 highlights include:

- Consolidated sales for the three months ended March 31, 2022 were \$23.5 million, an increase of 105% compared to the same period last year due to stronger performance in the fluids distribution divisions in Canada and the United States as the industry is facing a significant resurgence following the easing of global economic restrictions that were in place due to the coronavirus ("COVID-19") health pandemic, as well as continued supply constraints.
- Adjusted EBITDA for the first quarter 2022 was \$2.4 million versus \$851 thousand in Q1 2021, representing a 187% increase year over year. The increase is primarily related to increased sales over the prior year as well as an increase in consolidated gross margin as a percentage of sales.
- Adjusted operating earnings was \$3 million for the three months ended March 31, 2022 compared to operating earnings of \$559 thousand in the prior year comparable quarter, representing a 445% increase.
- Net earnings per diluted share for the three months ended March 31, 2022 was \$0.29 per share compared to \$0.01 per diluted share for same period last year. Net earnings increased in the first quarter of 2022 due to a significant resurgence of business activity following the easing of global economic restrictions, a \$5.2 million deferred tax asset recovery as the Company has determined the utilization of this deferred tax asset balance is more probable than not given strong activity levels in our US operations and an asset impairment reversal of \$893 thousand whereby the Company determined that the recoverable amount of these assets exceeded their present carrying value.
- Working capital, as at March 31, 2022, was \$6.6 million compared to \$9.9 million at March 31, 2021, a decrease of 33%. The decrease predominantly relates to reclassifying the term loan to current liabilities, offset by notable increases in accounts receivable and inventory balances in response to increasing market momentum.

- Subsequent to the end of Q1, 2022, the Company entered into a new 20 year mortgage term loan for \$6,000,000 with Canadian Western Bank to refinance its existing term loan. In addition, Company entered into an Amending Agreement with CIBC and the senior ABL Facility is now committed until October 31, 2024.

Summary for the three months ended March 31, 2022:

Consolidated sales for the three months ended March 31, 2022 were \$23.5 million compared to \$11.5 million for the same period in 2021, representing a \$12 million increase over the comparable periods. The increase is due to increased drilling activity across most operating regions within Canada and the United States.

Bri-Chem's Canadian drilling fluids distribution division generated sales of \$3.4 million for the three months ended March 31, 2022 compared to \$2.4 million in the comparable prior period. The increase in sales predominantly relates to the higher drilling activity levels in 2022 than 2021. The number of active operating land rigs in Q1 2022 averaged 198, compared to 138 in the same period last year amounting to an increase of 43.2% over Q1 2021 (Source: Baker Hughes). Bri-Chem's United States drilling fluids distribution division generated sales of \$14.5 million for the three months ended March 31, 2022 compared to sales of \$4.7 million for the comparable period in 2021, representing a quarterly increase of 210%. This increase relates to the corresponding increase in rig activity in Q1 2022. The number of active operating land rigs in Q1 2022 averaged 616, compared to a 2021 Q1 average of 386, representing an increase of 59.5%. (Source: Baker Hughes)

Bri-Chem's Canadian Blending and Packaging division generated sales of \$3.4 million for the three months ended March 31, 2022 compared to Q1 2021 sales of \$1.7 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 months ended March 31, 2022 were \$2.2 million compared to \$2.8 million in the prior year. The quarterly decrease in sales was a result of a short-term spike of higher cementing and stimulation work undertaken in Q1 2021.

Adjusted operating earnings for the three months ended March 31, 2022 was \$3 million compared to \$559 thousand during the same period last year. Adjusted EBITDA was \$2.4 million for Q1 2022 compared to \$851 thousand for Q1 2021. Adjusted EBITDA as a percentage of sales was 10% for the quarter. The increase is primarily related to increased drilling activity in most operating regions within Canada and the United States as well as an increase in consolidated gross margin as a percentage of sales.

OUTLOOK

During the fourth quarter of 2021 and into Q1 2022, global commodity prices have continued to strengthen and the North American outlook for industry drilling and completion activity in 2022 is expected to continue to increase throughout the year. The Company is well-positioned to benefit from the anticipated service-industry recovery cycle as management has proactively built up its inventory to continue to support its customers during this time of increased drilling activity, particularly in our southern USA regions which are experiencing above average activity growth. Challenges continue to persist in the North American market relating to available labor and supply of both domestic and foreign product, however, Bri-Chem has been productive in locating and validating additional sources of product supply in response to this realization. Bri-Chem remains focused on positioning the Company to capitalize on increased industry spending and is carefully assessing warehouse expansion opportunities that will provide stable returns on invested capital.

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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