

Dear Fellow Shareholders,

Edmonton, Alberta--(Newsfile Corp. - January 13, 2026)

Fiscal 2026 marks a defining inflection point for Bri-Chem. Following the recent transition of our Board of Directors, the Company has embarked on a comprehensive strategic realignment designed to strengthen our competitive positioning, improve financial resilience, and restore disciplined operational execution across the organization.

Our reconstituted Board brings more than a century of combined technical, manufacturing, and operational experience in drilling chemicals and related technologies. This depth of expertise is already shaping a sharper strategic focus centered on internal manufacturing, commercial discipline, working capital efficiency, and improved returns on invested capital. The initiatives underway are deliberate, foundational, and aimed at building a stronger, more profitable, and more sustainable Bri-Chem.

A core pillar of our strategy is the optimization of our product portfolio and manufacturing platform. We are transitioning select third-party products to internal manufacturing, leveraging formulation expertise to recapture margin historically ceded to external suppliers while reducing supplier concentration risk. Private-label manufacturing will increasingly define our value proposition. While margin improvement will be gradual as customers qualify new products, this approach establishes a durable pathway to long-term profitability.

In parallel, we are undertaking a comprehensive product review to rationalize underperforming SKUs and introduce higher-performing chemistries, allowing us to capture greatly improved margin while expanding customer penetration and cross-selling opportunities.

Commercially, we are realigning our sales strategy to engage operators and service companies earlier in the well-planning process. This proven approach improves product pull-through and mitigates margin dilution associated with traditional selection practices. We are also pursuing disciplined expansion into adjacent markets such as cementing, frac chemicals, and selected industrial applications.

International market development is another strategic priority. We are laying the groundwork for expansion into the Middle East, Far East, Caribbean, and South America through targeted relationship building. These efforts represent modest near-term investment with the potential for significant long-term returns.

We have also made the deliberate decision to exit the oil-based mud business as a supplier of formulated oil-based mud. Capital and inventory will be redeployed toward internally manufactured, higher-margin technologies, resulting in expected improvement in overall profitability, particularly when financing costs and vendor terms are considered.

To reinforce commercial discipline, we are working to revise our customer return policy such that returns will no longer be unrestricted and will be limited to pre-approved circumstances, with

discretionary returns subject to a restocking fee. These changes reflect standard industry practice and are designed to reduce inventory volatility, handling costs, and margin erosion.

We are also rationalizing our operating footprint through the closure of underperforming facilities in both Canada and the United States, while maintaining a strategic presence in Houston. Workforce optimization, director compensation restructuring, and real estate consolidation—particularly in Alberta and Oklahoma—are expected to generate substantial and sustainable SG&A savings.

Taken together, these initiatives are expected to deliver measurable financial benefits, including gross margin expansion, reduced interest expense through improved working capital discipline, and more than \$1.6 million in annualized SG&A savings. More importantly, they position Bri-Chem with a simpler, more focused, and more resilient operating model.

The broader industry outlook for 2026 is stable to modestly improving, supported by LNG-driven gas demand, increased cementing activity, and a continued shift toward frac-based production. Our diversification into adjacent chemical markets further reduces exposure to drilling-cycle volatility. We do not anticipate material impact from tariff regimes, and where tariffs are unavoidable, we expect full cost recovery through pricing.

Change of this magnitude requires discipline, execution, and patience. The Board and management team are fully aligned in their commitment to restoring Bri-Chem's operational strength and unlocking long-term shareholder value. We believe the actions underway in Fiscal 2026 lay the foundation for a stronger company and improved returns in the years ahead.

Thank you for your continued support and confidence in Bri-Chem.

Sincerely,

Barry Huggins
Chief Executive Officer
Bri-Chem Corp.