Q4 2025 Management Discussion & Analysis

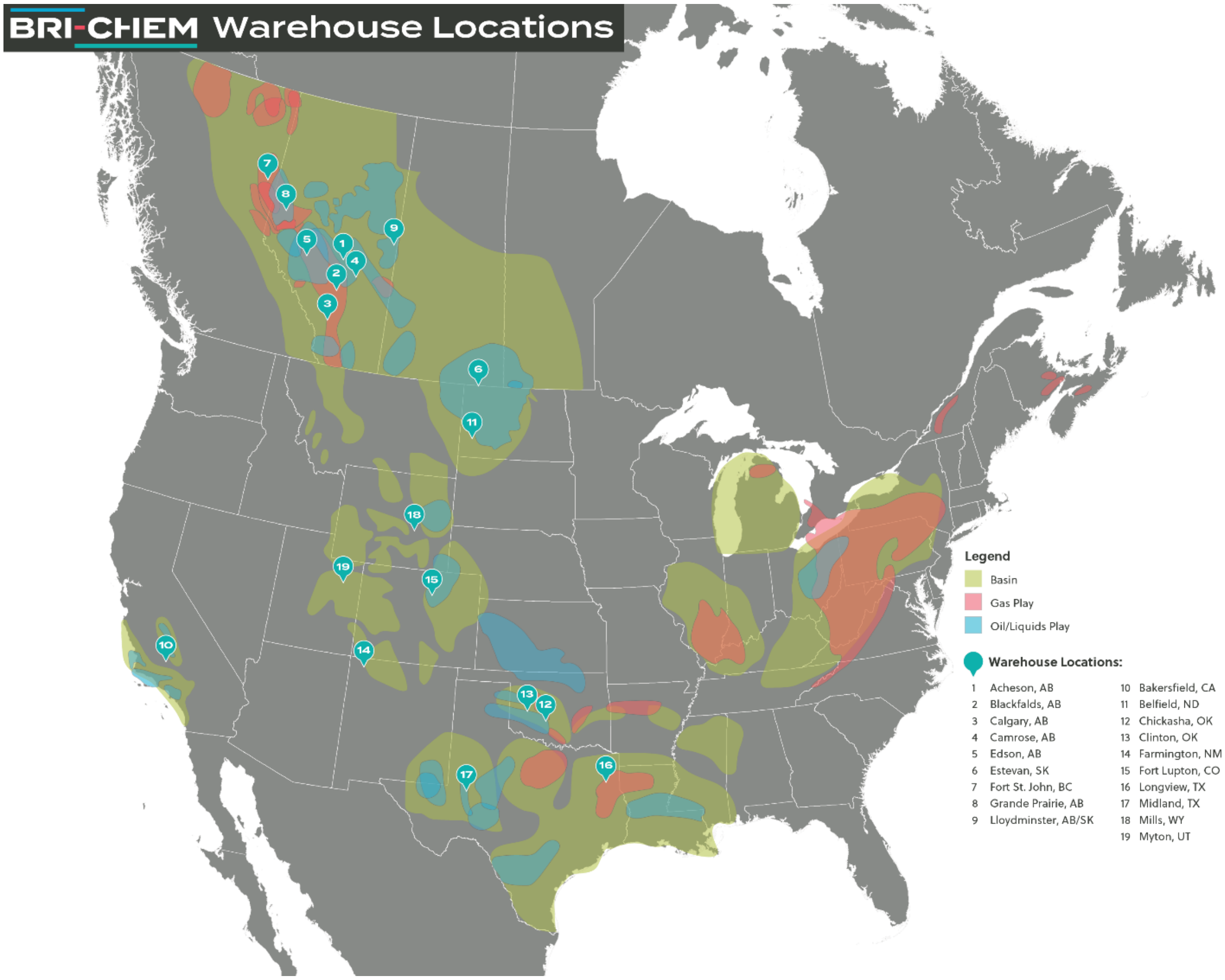
December 31, 2025 (Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") of Bri-Chem Corp. ("Bri-Chem" or the "Company") was prepared as at March 24, 2026 for the year ended December 31, 2025 and should be read in conjunction with the Company's December 31, 2025 and 2024 audited annual consolidated financial statements. The Company's consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and include the results of Bri-Chem Corp. and its subsidiaries, Bri-Chem Supply Ltd., Sodium Solutions Inc., Solution Blend Service Ltd., Bri-Corp USA, Inc., including its three subsidiaries Bri-Chem Supply Corp, LLC, Sun Coast Materials, LLC and Bri-Chem Logistics, LLC. All amounts presented in this MD&A are in Canadian dollars, except as otherwise noted. **Readers are encouraged to review the "Cautionary Statement Regarding Forward-Looking Information and Statements" and "Non-IFRS Measures" at the end of this document.**

BUSINESS OF BRI-CHEM

Bri-Chem, headquartered in Edmonton, Alberta, Canada, has established itself, through a combination of strategic acquisitions and organic growth, as a North American industry leader for the 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 19 strategically located warehouses throughout Canada and the United States. Bri-Chem has been operating in Canada since 1985, and we expanded into the United States in 2011 where we have successfully established 12 warehouse locations that are strategically located in major drilling regions throughout the USA. Bri-Chem's main business activity is to provide 24/7 coverage of oilfield chemicals in a wide variety of weights and clays, loss circulation materials and oil mud products to mud engineering companies who sell directly to drilling firms engaged by the oil and gas companies. Much of Bri-Chem's competitive advantage is attributed to its comprehensive network of 19 strategically placed and fully stocked warehouses throughout North America as mud engineering companies and drilling companies prefer to use one supplier of drilling fluids for all their widely dispersed drilling rig locations. Additional information about Bri-Chem is available at www.sedarplus.ca or at Bri-Chem's website at www.brichem.com.

A summary of the Company's distribution network is as follows:



Seasonality of Operations

Weather conditions can affect the sale of the Company's products and services. The ability to move heavy equipment in the Canadian oil and natural gas fields is dependent on weather conditions. As a result, there are three cycles of drilling activity in the Western Canada: Winter drilling season from November to mid-March is the period when most of the drilling activity takes place as much of the ground is frozen allowing equipment to move into hard to reach regions during colder periods. Spring break up traditionally occurs between mid-March to mid-May and is the period when drilling activity is at its lowest as regions thaw and have road bans making heavy equipment difficult to move. Summer and fall drilling season operates from mid-May to end of October which focuses on areas not accessible during the winter drilling season. Spring break-up has a direct impact on the Company's activity levels. The timing of freeze-up and spring break-up affects the ability to move equipment in and out of these areas. As a result, late March through May is traditionally the Company's slowest period in Canada.

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FINANCIAL AND OPERATING INFORMATION HIGHLIGHTS

(in '000s except per share amounts)	Three months ended December 31 2025	2024	Change $	%	Twelve months ended December 31 2025	2024	Change $	%
Financial performance								
Sales	**$ 16,963**	$ 20,618	$ (3,655)	(18%)	**$ 75,601**	$ 83,072	$ (7,471)	(9%)
Adjusted EBITDA (1)	**1,840**	(1,174)	3,014	(257%)	**4,186**	(323)	4,509	(1394%)
As a % of revenue	**11%**	(6%)			**6%**	0%		
Operating earnings / (loss)	**1,210**	(1,525)	2,735	(179%)	**2,535**	(816)	3,350	(411%)
Adjusted net earnings / (loss) (1)	**662**	(2,222)	2,884	(130%)	**120**	(5,121)	5,241	(102%)
Net earnings / (loss)	**$ 1,074**	$ (1,589)	$ 2,663	(168%)	**$ 979**	$ (3,851)	$ 4,830	(125%)
Per diluted share								
Adjusted EBITDA (1)	**$ 0.07**	$ (0.04)	$ 0.11	(261%)	**$ 0.16**	$ (0.01)	$ 0.17	(1396%)
Adjusted net earnings / (loss) (1)	**$ 0.02**	$ (0.08)	$ 0.10	(121%)	**$ 0.00**	$ (0.19)	$ 0.19	(99%)
Net earnings / (loss)	**$ 0.04**	$ (0.05)	$ 0.09	(164%)	**$ 0.04**	$ (0.14)	$ 0.18	(124%)
Financial position								
Total assets					**$ 43,356**	$ 58,166	$ (14,810)	(25%)
Working capital					**5,060**	4,459	601	13%
Long-term debt					**-**	-	-	0%
Shareholders equity					**$ 20,281**	$ 19,608	$ 674	3%

(1) Refer to the "Non-IFRS Measures" section for a definition of non-GAAP terms as well as reconciliations for Adjusted EBITDA and Adjusted Net (Loss) Earnings).

Key Q4 2025 highlights include:

- Consolidated sales for the three months ended December 31, 2025 were $17 million, representing an 18% decrease from the prior year. The decrease is primarily due to decreased sales in the United States after a customer was sold to a competitor and the subsequent discontinuation of services.

- Consolidated gross margin for the three months ended December 31, 2025 increased by $852 thousand compared to the same period last year. The gross margin dollar increase is primarily related to the increased realized margin in Canada for fluid distribution division.

- Adjusted EBITDA for the fourth quarter 2025 increased by $3 million when compared to the same period in the prior year and operating earnings increased by $2.7 million for the three months ended December 31, 2025 compared to the prior year due to a decrease in bad debt and foreign exchange expenses.

- Adjusted net earnings per diluted share for the three months ended December 31, 2025 was $0.02 per share compared to adjusted net loss of $0.08 per diluted share for same period last year.

- Working capital, as at December 31, 2025, was $5.1 million compared to $4.5 million on December 31, 2024, an increase of 13%. The increase in working capital relates to a decrease in accounts receivables and inventory which was offset by decreases in bank indebtedness and accounts payable.

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Summary for the three months ended December 31, 2025:

Consolidated sales for the three months ended December 31, 2025 were $17 million compared to $20.6 million for the same period in 2024, representing a $3.7 million decrease over the comparable period. Revenue was impacted by lower fluid distribution sales, arising from the sale of a United States customer to a competitor and the subsequent discontinuation of services.

Bri-Chem's Canadian drilling fluids distribution division generated sales of $3.2 million for the three months ended December 31, 2025, which was higher than the comparable prior period by 56%. The 1.1 million increase in sales quarter over quarter is the result of an improved customer mix in addition to favourable sales return allowance adjustments. Bri-Chem's United States drilling fluids distribution division generated sales of $7.3 million for the three months ended December 31, 2025, compared to sales of $11.9 million for the comparable period in 2024, representing a quarterly decrease of 39%. US fluids and distribution sales decreased, arising from the sale of a United States customer to a competitor and the subsequent discontinuation of services. The active number of US operating land rigs in Q4 2025 averaged 527, compared to a 2024 Q4 average of 569 representing a decrease of approximately 7% (Source: Baker Hughes).

Bri-Chem's Canadian blending and packaging division generated sales of $3.8 million for the three months ended December 31, 2025, compared to Q4 2024 sales of $4.7 million, representing a quarterly decrease of 19%. The decrease in sales relates to 3rd party contract work realized in 2024 that was diminished or discontinued in the current period. US blending and packaging sales for the three months ended December 31, 2025 were $2.7 million compared to $1.9 million in the prior year. The 37% increase is due to an increase in sales to new and returning customers.

Operating earnings for the three months ended December 31, 2025 was $1.2 million which is an increase from the operating loss of $1.5 million in the same period in the prior year. Adjusted EBITDA was $1.8 million for Q4 2025 compared to negative $1.2 million for Q4 2024. The increase is primarily driven by a lower expense realized across operating expenses as Management continues to streamline operations and reduce overhead. Adjusted EBITDA as a percentage of sales was 11% for the quarter, which is an increase from negative 6% in Q4 2024.

OUTLOOK

Bri-Chem delivered a strong operational performance in the fourth quarter, reflecting early progress on the strategic initiatives outlined in the 3rd quarter MD&A and in the January letter to shareholders. During the quarter, the Company took decisive steps to improve operational efficiency and strengthen its financial position, including the closure of several underperforming warehouse locations across Canada and the United States. These actions are expected to reduce fixed costs and better align Bri-Chem's distribution network with current market demand. The Company also initiated the start of its discontinuance of certain oil-based mud product lines that historically generated unfavorable margin contributions. This rationalization enables Bri-Chem to focus on higher-margin drilling fluid technologies and core chemical distribution products that support sustainable profitability. In parallel, management continued to streamline inventory levels across its warehouse network through enhanced procurement discipline and improved demand forecasting, resulting in more efficient working capital utilization.

Looking ahead, Bri-Chem anticipates a measured but gradually improving operating environment as the North American energy sector adjusts to commodity price volatility and cautious capital spending by producers. Industry forecasts suggest drilling activity in both Canada and the United States will remain relatively stable through the near term, with modest growth expected to emerge in early 2026 as commodity price stability supports incremental increases in drilling and completion programs.

Management remains committed to advancing the strategic priorities outlined earlier this year, including the ongoing review of all business units to ensure alignment with Bri-Chem's long-term profitability and growth objectives. With progress already achieved in optimizing its operating footprint, rationalizing product offerings, and improving working capital efficiency, Bri-Chem believes it is well positioned to build on the positive momentum generated in the fourth quarter as market conditions continue to stabilize through 2026.

DISCUSSION OF Q4 OPERATING RESULTS

Divisional Sales

	Three months ended	December 31	Change		Twelve months ended	December 31	Change	
(in 000's)	2025	2024	$	%	2025	2024	$	%
Fluids Distribution								
Canada	**$ 3,157**	$ 2,028	$ 1,129	56%	**$ 9,914**	$ 9,772	$ 142	1%
US	**7,341**	11,937	(4,596)	(39%)	**39,870**	47,679	(7,809)	(16%)
	10,498	13,965	(3,467)	(25%)	**49,784**	57,451	(7,667)	(13%)
Fluids Blending & Packaging								
Canada	**3,798**	4,711	(913)	(19%)	**15,927**	18,231	(2,304)	(13%)
US	**2,667**	1,942	725	37%	**9,890**	7,390	2,500	34%
	6,465	6,653	(187)	(3%)	**25,817**	25,621	197	1%
Consolidated sales	**$ 16,963**	$ 20,618	$ (3,655)	(18%)	**$ 75,601**	$ 83,072	$ (7,471)	(9%)
Geographic region								
Canada	**$ 6,955**	$ 6,739	217	3%	**$ 25,841**	$ 28,003	(2,162)	(8%)
US	**$ 10,008**	$ 13,879	(3,871)	(28%)	**$ 49,760**	$ 55,069	(5,309)	(10%)
Consolidated sales	**$ 16,963**	$ 20,618	(3,656)	(18%)	**$ 75,601**	$ 83,072	(7,471)	(9%)

Consolidated sales for the three months ended December 31, 2025 were $17 million compared to $20.6 million for the same period in 2024, representing a $3.7 million decrease. The decrease was primarily due to lower US fluid distribution sales, arising from the sale of a customer to a competitor and the subsequent discontinuation of services to the new group.

Fluids Distribution Divisions

Canadian sales increased in Q4 2025 when compared to the prior year, incurring an increase of 56%. The primary reason for the improvement is an increase in specific customer's activity during the quarter in tandem with favourable sales return allowance adjustments realized in the quarter.

Fluids Distribution Divisions

The US Fluids Distribution division generated sales of $7.3 million which was $4.6 million lower than the same period in 2024 representing a 39% decrease. The decrease was primarily due to the sale of a customer to a competitor and the subsequent discontinuation of services in tandem with a declining rig count. The active number of US operating land rigs in Q4 2025 averaged 527, compared to a 2024 Q4 average of 569 representing a decrease of approximately 7% (Source: Baker Hughes).

Fluids Blending & Packaging Division

The Canadian Fluids Blending and Packaging division recorded sales of $3.8 million for the three months ended December 31, 2025 compared to sales of $4.7 million for the comparable quarter in 2024. The decrease was due to lower customer activity during the quarter.

US Fluids Blending and Packaging sales for the three months ended December 31, 2025 were $2.7 million compared to $1.9 million for the same comparable period in 2024, an increase of $725 thousand. The increase is a result of returning customers in tandem with new business.

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Divisional Gross Margin

(in 000's)	Three months ended December 31 2025	%(1)	2024	%(1)	Change $	%	Twelve months ended December 31 2025	%(1)	2024	%(1)	Change $	%
Fluids distribution												
Canada	**$ 528**	16.7%	$ (314)	(15.5%)	$ 842	(268%)	**$ 1,404**	14.2%	$ 214	9.4%	$ 1,190	555%
US	**1,442**	19.6%	1,944	16.3%	(502)	(26%)	**7,320**	18.4%	8,281	18.5%	(961)	(12%)
	1,970	18.8%	1,630	11.7%	339	21%	**8,724**	17.5%	8,495	17.2%	228	3%
Fluids blending & packaging												
Canada	**1,168**	30.8%	1,018	21.6%	150	15%	**4,127**	25.9%	4,660	26.2%	(533)	(11%)
US	**421**	15.8%	59	3.1%	362	611%	**1,688**	17.1%	1,248	20.4%	440	35%
	1,589	24.6%	1,077	16.2%	512	48%	**5,815**	22.5%	5,908	24.5%	(93)	(2%)
Consolidated gross margin	**$ 3,559**	21.0%	$ 2,707	13.1%	$ 851	31%	**$ 14,539**	19.2%	$ 14,403	19.5%	$ 135	1%
Geographic region												
Canada	**1,696**	24.4%	704	10.5%	992	141%	**5,531**	21.4%	4,874	21.1%	657	13%
US	**1,863**	18.6%	2,003	14.4%	(140)	(7%)	**9,008**	18.1%	9,529	18.7%	(521)	(5%)
Consolidated gross margin	**$ 3,559**	21.0%	$ 2,707	13.1%	$ 852	31%	**$ 14,539**	19.2%	$ 14,404	19.5%	$ 136	1%

(1) Expressed as a percentage of divisional sales

Consolidated gross margins for the three months ended December 31, 2025, increased by $852 thousand compared to the same period last year. The gross margin dollar increase is primarily related to the improved margin on select commodities through prior year write downs. The gross margin averaged 21% for Q4 2025 compared to 13% in Q4 2024. The increase in gross margin percentage is due to a favourable change in product write-offs in the current year.

Fluids Distribution Division

Canadian Fluids Distribution gross margin averaged 17% for the fourth quarter ended December 31, 2025 compared to negative 16% for the same period last year. The increase relates to a favorable sales mix of higher margining commodity items in tandem with lower inventory write-offs in the current year.

US Fluids Distribution gross margin percentage for the three months ended December 31, 2025 increased to 20% in Q4 2025 from 16% in the comparable quarter in the prior year. Gross margin dollars decreased compared to the prior year due to the lower sales arising from the sale of a customer to a competitor and the subsequent discontinuation of services.

Fluids Blending & Packaging Division

Canadian Fluids Blending & Packaging division gross margin was 31% during the three months ended December 31, 2025, which is an increase over the 22% realized in the same period last year. The increase relates to a favourable change in product mix in the current period.

The US Fluids Blending & Packaging division gross margins were 16% for the fourth quarter of 2025 compared to 3% the same period in 2024. The increase is a result of prior year inventory adjustments not realized in the current period.

Salaries and Benefits

(in 000's)	Three months ended December 31 2025	2024	Change $	%	Twelve months ended December 31 2025	2024	Change $	%
Salaries and benefits	**$ 1,639**	$ 1,630	$ 9	1%	**$ 7,065**	$ 7,202	$ (137)	(2%)

Salaries and benefits increased by $9 thousand for the three months ended December 31, 2025 compared to the prior year as the Company due to an increase in group benefits expense offset by reduced headcount. The Company employed 55 (32 Canada and 23 US) employees at December 31, 2025 compared to 58 (33 Canada and 25 US) at December 31, 2024.

Selling, General, and Administration

(in 000's)	Three months ended December 31 2025	2024	Change $	%	Twelve months ended December 31 2025	2024	Change $	%
Selling	**$ 79**	$ 122	$ (43)	(35%)	**$ 330**	$ 435	$ (105)	(24%)
Professional and consulting	**127**	281	(154)	(55%)	**787**	886	(99)	(11%)
General and administrative	**(96)**	1,367	(1,463)	(107%)	**1,065**	3,554	(2,489)	(70%)
Rent, utilities, and occupancy costs	**348**	520	(172)	(33%)	**1,608**	1,865	(257)	(14%)
Total selling, general and administration	**$ 458**	$ 2,290	$(1,832)	(80%)	**$ 3,790**	$ 6,740	$(2,950)	(44%)

Selling expenses are related to meals and entertainment, transportation, and travel incurred by Bri-Chem's sales team. Selling expenses for the three months ended December 31, 2025 were 35% lower than the same period in 2024.

Professional and consulting fees experienced a decrease in Q4 of 2025 when compared to Q4 of 2024 which is primarily due to less internal requirements for such services.

General and administrative expenses decreased by $1.5 million in Q4 2025 compared to Q4 2024. The decrease is the result of a lower bad debt expense incurred.

Rent, utilities and occupancy costs decreased by $172 thousand in Q4 2025 compared to Q4 2024. The decrease is due lower expenses in warehouse and equipment repairs and maintenance as there were some costly breakdowns of equipment in the previous year, not realized in the current period.

Depreciation on Property and Equipment

(in 000's)	Three months ended December 31 2025	2024	Change $	%	Twelve months ended December 31 2025	2024	Change $	%
Depreciation on right of use	**$ 143**	$ 234	$ (91)	(39%)	**$ 574**	$ 665	$ (91)	(14%)
Depreciation on property and equipment	**109**	79	30	37%	**576**	613	(37)	(6%)
Total depreciation	**$ 252**	$ 313	$ (61)	(20%)	**$ 1,150**	$ 1,278	$ (128)	(10%)

Depreciation has been relatively consistent between periods due to management's discipline on capital spending initiatives.

Financing Costs

(in 000's)	Three months ended December 31 2025	2024	Change $	%	Twelve months ended December 31 2025	2024	Change $	%
Interest on short-term operating debt	**$ 739**	$ 580	$ 159	27%	**$ 2,337**	$ 2,844	$ (507)	(18%)
Interest on long-term debt	**95**	99	(4)	(4%)	**388**	401	(13)	(3%)
Interest on lease liabilities	**13**	9	4	40%	**50**	60	(10)	(17%)
Cash interest paid	**847**	688	158	23%	**2,775**	3,305	(531)	(16%)
Add non-cash interest expense:								
Amortization of deferred financing costs	**33**	17	16	98%	**57**	69	(12)	(17%)
Total interest expense	**$ 880**	$ 705	175	25%	**$ 2,832**	$ 3,374	(542)	(16%)

Interest on short-term operating debt increased by $159 thousand compared to the same period last year as the Company incurred a higher interest expense due to carrying a higher balance during Q4 2025. Interest on long term debt did not significantly change as there have not been any changes to long-term debt. Interest on lease liabilities remained relatively unchanged in the quarter.

Foreign Exchange Loss / (Gain)

(in 000's)	Three months ended December 31 2025	2024	Change $	%	Twelve months ended December 31 2025	2024	Change $	%
Foreign exchange loss / (gain)	**$ (378)**	$ (38)	$ (340)	890%	**$ (501)**	$ 786	$ (1,287)	(164%)

The Canadian dollar improved compared to the US dollar for the fourth quarter of 2025 which resulted in a foreign exchange loss for the quarter. This increase in the Canadian dollar exchange rate caused the Company to have a favourable position on certain net advances denominated in USD, which resulted in a foreign exchange gain in the quarter.

Income Tax (Recovery) Expense

(in 000's)	Three months ended December 31 2025	2024	Change $	%	Twelve months ended December 31 2025	2024	Change $	%
Current	**$ 46**	$ 31	$ 15	49%	**$ 84**	$ 147	$ (63)	(43%)
Deferred	**(411)**	(633)	222	(35%)	**$ (859)**	(1,270)	411	(32%)
Total income tax (recovery) / expense	**$ (365)**	$ (602)	$ 237	(39%)	**$ (775)**	$ (1,123)	$ 348	(31%)

The provision for income taxes for the three months ended December 31, 2025 is a recovery of $365 thousand as the Company leveraged loss carry forward balances from past years to reduce its tax expense. Deferred tax recovery was $411 thousand as the Company realized income in the quarter which reduced temporary differences between the tax and accounting base of US operations. Given current economic conditions and activity levels in the region, the Company has determined the utilization of deferred tax assets is more probable than not. Bri-Chem’s effective income tax rate was 23% in 2025 (2024 - 23%).

Adjusted EBITDA and Adjusted Net Earnings (Loss)

(in 000's)	Three months ended December 31 2025	2024	Twelve months ended December 31 2025	2024
Net earnings (loss)	**$ 1,074**	$ (1,589)	**$ 979**	$ (3,851)
Less:				
Deferred tax (recovery)	**(412)**	(633)	**(859)**	(1,270)
Adjusted net earnings (loss)	**662**	(2,222)	**120**	(5,121)
Add:				
Financing costs	**880**	704	**2,832**	3,373
Income tax expense	**46**	31	**84**	147
Depreciation and amortization	**252**	313	**1,150**	1,278
Adjusted EBITDA	**$ 1,840**	$ (1,174)	**$ 4,186**	$ (323)

Adjusted EBITDA was $1.8 million in the three months ended December 31, 2025 compared to negative $1.2 million in the same period last year. The adjusted EBITDA increase is primarily due to a decrease in SG&A expenses and an increase in foreign exchange gain. Fourth quarter adjusted EBITDA as a percentage of sales was 11% which is a slight increase over the prior year's negative 6%. Adjusted net earnings was $662 thousand for the three months ending December 31, 2025 compared to adjusted net loss of $2.2 million in the same period in the prior year. The increase is primarily due to a decrease in SG&A expenses and an increase in foreign exchange gain for the quarter.

SUMMARY OF QUARTERLY DATA

Bri-Chem's quarterly results are materially impacted by seasonality factors, particularly in its Canadian operations. Typically, the first quarter of the calendar year is very active, followed by a much slower second quarter due to spring breakup where provincial and county road bans restrict movement of heavy equipment which negatively impacts demand for the Company's drilling fluid products in Canada. The following is a summary of selected financial information for the last eight quarters:

(in 000's)	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Sales	**$ 16,964**	$ 18,194	$ 20,534	$ 19,909	$ 20,620	$ 21,975	$ 19,106	$ 21,371
Gross margin ($)	**3,559**	3,639	3,901	3,441	2,707	3,818	4,052	3,825
Gross margin (%)	**21.0%**	20.0%	19.0%	17.3%	13.1%	17.4%	21.2%	17.9%
Adjusted EBITDA(1)	**1,840**	836	1,045	465	(1,174)	587	707	(443)
Net earnings / (loss)	**$ 1,074**	$ 160	$ 157	$ (412)	$ (1,590)	$ (269)	$ (488)	$ (1,506)
Basic and diluted earnings per share	**$ 0.04**	$ 0.01	$ 0.02	$ (0.02)	$ (0.06)	$ (0.01)	$ (0.02)	$ (0.06)

1) Refer to the "Non-IFRS Measures" section for a definition of non-GAAP terms as well as reconciliations for EBITDA and adjusted net earnings.

Quarterly results generally reflect the seasonality factors discussed above. The slight gross margin dollar decrease in Q4 2025 is primarily related to the significant decrease in sales, which was offset by improved margin percentage in fluid distribution divisions. Net earnings in Q4 2025 increased significantly primarily due to a lower bad debt expense incurred in the quarter.

FINANCIAL CONDITION AND LIQUIDITY

The Company's primary liquidity needs are to fund ongoing operations, service existing debt obligations, and fund limited capital expenditures. Bri-Chem relies on cash from operations, bank indebtedness, long-term debt and equity financing.

The Company actively monitors its financing obligations to ensure that it has enough available funds to meet current and foreseeable future financial requirements at a reasonable cost. The Company mitigates liquidity risk by maintaining adequate Credit Facilities, and through the forecasting and management of its operational cash flows. Management of operational cash flows takes into consideration the Company's debt financing plans and covenant compliance.

The Company's liquidity relies heavily on sellable inventory and collectability of accounts receivable. The timing of collections could cause liquidity of the Company to tighten.

The Company's operating cash flow has historically been affected by the overall profitability of sales within the Company's segments, the Company's ability to invoice and collect from customers in a timely manner, and the Company's ability to efficiently manage its inventory and operating costs.

Working capital position (000's)	December 31 2025	December 31 2024
Current assets	**$ 27,890**	$ 42,699
Current liabilities	**22,829**	38,240
Working capital	**$ 5,060**	$ 4,459

As at December 31, 2025, the Company had positive working capital of $5.1 million compared to $4.5 million at December 31, 2024. The increase in working capital relates to a decrease in accounts receivables and inventory which was offset by larger decreases in bank indebtedness and accounts payable. The Company's current ratio (defined as current assets divided by current liabilities) was 1.22 to 1 at December 31, 2025 compared to 1.12 to 1 at December 31, 2024.

Summary of cash flows (000's)	December 31 2025	December 31 2024
Operating activities	**$ 11,037**	$ 10,387
Financing activities	**(10,568)**	(9,973)
Investing activities	**(469)**	(414)
Change in cash position	**$ -**	$ -

For the twelve months ending December 31, 2025, $11 million of cash was generated by operating activities compared to cash generated of $10.4 million for the same period in 2024. The increase in cash generated by operating activities was a result of higher non-cash working capital in 2025. Cash used by financing activities was $10.6 million for the twelve months ending December 31, 2025, compared to cash used of $10 million for the same comparable period. The increase in cash used by financing activities is a result of higher repayments on bank indebtedness and higher interest paid. Cash used in investing activities was $469 thousand for the year 2025 and $414 thousand used for the same comparable period as the Company had minimal capital expenditures in the period.

The ABL Facility requires the Company to maintain certain financial covenants which are monitored monthly. The Company must maintain a minimum budgeted cumulative EBITDA higher than the prescribed level. Additionally, The Company cannot realize capital expenditures in excess of 120% of its approved budget, tested monthly.

FINANCIAL CONDITION AND LIQUIDITY (CONT'D)

On July 16, 2020, the Company obtained a $6,250,000 loan under the Canadian government's Business Credit Availability Program ("BCAP"). The BCAP Loan, which is administered by CIBC, is backed by the Canadian Government under the BCAP. Pursuant to the program, 80% of the principal of the BCAP Loan is guaranteed by The Business Development Bank of Canada. The BCAP Loan bears interest at a rate of 2.25% above CIBC's prime lending rate. The term of the BCAP Loan is 10 years and is interest only for the first 12 months. Under the terms of BCAP, the proceeds of the BCAP Loan must be used to finance operations and can be used to make normally scheduled interest and principal payments, as well as ordinary-course debt payments. Proceeds from the BCAP Loan cannot be used to refinance existing debt.

On March 31, 2025, the Company amended the agreement with National Bank ("NB") to refinance its subordinated debt. The financing consists of a $6 million, 17-year fixed term loan and bears a current 5 year fixed interest rate of 5.61% per annum. The amendment for the purchase of a warehouse facility, located in Midland Texas, in the amount of $1,319,000, consisted of a change of interest rate of Prime plus 2% (original agreement at a fixed interest rate of 6.62%) for financing the remainder of the 17.5-year term loan. This loan is secured by a first demand collateral mortgage over all owned lands and premises; assigned by the Company to NB of all risk insurance in the amounts and from an insurer acceptable to NB, on all Company real property, without limitation lands, buildings, fixtures and equipment owned by the Company, showing NB as first loss payee. The NB Term Loan includes a tangible net worth covenant of $9,295,000 and a cash flow coverage ratio covenant of no less than 1.10, both tested annually.

The Company maintains an ABL Facility with a borrowing availability of $37,500,000. On May 15, 2024, the Company amended its ABL Facility agreement to implement a revised cumulative EBITDA covenant, in addition to increasing the availability block from $2.5M to $3.5M. As of December 31, 2025, the Company was in compliance with its covenant, tested monthly through the ABL facility. On October 9, 2024 the Company finalized a renewal of its senior credit facility. The ABL facility is now committed until April 30, 2026. The ABL facility bears interest either at the Canadian prime rate plus 2% or CORRA and SOFR rate plus 2%, has a standby fee of 0.25% on unused amounts of the ABL Facility and is secured by a general security agreement covering all present and after acquired inventory and accounts receivable balances and postponements of claims from related parties. Financial covenants are consistent with the previous agreement.

RISKS AND UNCERTAINTIES

The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with the detailed information appearing elsewhere in this MD&A and Bri-Chem's other public disclosure documents, including the Annual Information Form for the Company for the year ended December 31, 2025. These risks and uncertainties are not the only ones facing Bri-Chem. Additional risks and uncertainties not currently known to the Company or that the Company currently considers remote or immaterial, may also impair the operations of the Company. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of the Company could be materially adversely affected.

Volatility of Oil and Natural Gas Industry Conditions

The demand, pricing and terms for Bri-Chem's drilling fluid products depend upon the level of industry activity for oil and natural gas in the resource basins it serves. Industry conditions can be influenced by factors over which the Company has no control, including: oil and natural gas prices; expectations about future oil and natural gas prices; the cost of exploring for, producing and delivering oil and natural gas; the expected rates of declining current production; the discovery rates of new oil and natural gas; available pipeline and other oil and natural gas transportation capacity; demand for oil and natural gas; weather conditions; and political, regulatory and economic conditions in North America. Current global economic events and uncertainty have the potential to significantly impact commodity pricing. No assurance can be given that expected trends in oil and natural gas activities will continue or that demand for services provided by Bri-Chem will reflect the level of activity in the industry. Any prolonged substantial reduction in oil and natural gas would likely affect activity levels in these industries and therefore affect the demand of Bri-Chem's products.

Credit Risk

As a result of the continued volatility in the North American oil and natural gas markets, the Company is exposed to heightened credit risk because a substantial portion of the Company's dealings are with entities involved in the oil and gas industry. Regarding accounts receivable, the Company remains focused on actively managing credit risk. Management has remained diligent in assessing credit levels granted to customers, monitoring the aging of receivables and taking proactive steps to collect outstanding balances. The entity has a significant concentration of credit risk in its accounts receivable and revenue. As of the reporting date, 37% of the total trade receivables are due from the top five customers. Additionally, one customer represents 8.5% of the total revenue for the reporting period. For the twelve months ended December 31, 2025, revenue from one customer amounted to $6,525,166 (December 31, 2024 - $13,775,916), representing 8.5% (December 31, 2024 – 16.5%) of consolidated sales, and 16% (December 31, 2024 – 20%) of USA Fluid Distribution segmented sales. The Company does not usually enter into long-term contracts with its customers and there can be no assurance that the current customers will continue their relationships with the Company. The loss of one or more major customer, or any significant decrease in sales to a customer, or prices paid or any other changes to the terms of service with a customer, could have a material adverse impact on the financial results, cash flows, and overall financial condition of the Company. These events will have an impact on future revenues of the company and may accelerate financial conditions such as banking covenants in the foreseeable future. The Company has not yet experienced unexpected challenges with recoverability of accounts receivable balances and realization or inventory values on December 31, 2025 balances presented in these financial statements, however, uncertainty exists with respect to recoverability of accounts receivable and realization of inventories originated subsequent to the quarter.

Trade Relations and Tariffs

The US has imposed significant trade tariffs on Canada, and there remains significant uncertainty regarding the breadth, scope and timing of these tariffs. The Company is assessing the direct and indirect impacts to its business of such tariffs, retaliatory tariffs or other trade protectionist measures implemented as this situation develops, and such impacts could be material. US tariff policy and any resulting Canadian retaliatory tariffs or export restrictions may also impact the Company's customers should demand for Canadian oil and natural gas be impacted by such measures. This may limit demand for the Company's products and services or restrict the ability to pass on price increases to its Canadian customers that result from higher costs of inputs. At a more macro level, protectionist policies and retaliatory measures taken by other countries may also impact global economic growth which would in turn negatively impact demand for oil and gas resulting in reduced demand for the Company's products and services. Depending on the scope of US protectionist policies, as a foreign company with significant operations in the US, there could also be a negative impact on the Company and its ability to operate in the US. Any significant legislative or regulatory restrictions on foreign companies with US subsidiaries, or policies that restrict the ability to import or export products between Canada and the US could have a negative impact on the Canadian economy and on the businesses, financial condition, results of operations, prospects and the valuation of Canadian oil and gas companies, including the Company.

Transportation and Distribution Network Risk

The Company relies on a large distribution network to manage the sale of inventory from the point of initial material inventory purchase to final customer sale. Common to industry practice, the Company has no formal long-term contract with its major inventory storage and distribution supplier. A significant disruption to its transportation and distribution network could have a material adverse impact to the Company.

Inflation

If our development, operation or labour costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through corresponding increases in the costs of our products and services to our customers. Our inability or failure to do so could harm our business, financial condition and results of operations. Further, there can be no assurance that any governmental action to mitigate inflationary cycles will be taken or be effective. Central banks have increased interest rates in response to inflation, and additional rate increases are expected. Governmental action, such as the imposition of higher interest rates or wage controls, may also negatively impact the Company's costs and may magnify the risks identified in this MD&A and in the AIF. Continued inflation, any governmental response thereto, or the Company's inability to offset inflationary effects may have a material adverse effect on our business, results of operations, financial condition or value of our share price.

Cyber Security

Bri-Chem manages cyber security risk by ensuring appropriate technologies, processes and practices are effectively designed and implemented to help prevent, detect and respond to threats as they emerge and evolve. The primary risks to Bri-Chem include, loss of data, destruction or corruption of data, compromising of confidential customer or employee information, leaked information, disruption of business, theft or extortion of funds, regulatory infractions, loss of competitive advantage and reputational damage. Bri-Chem applies technical and process controls in line with industry-accepted standards to protect its information assets and systems. Data backup and recovery processes are in place to minimize risk of data loss and resulting disruption of business. As result of the unpredictability of the timing, nature and scope of disruptions from cyber-attacks, Bri-Chem could potentially be subject to: operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of its systems and networks or financial losses, any of which could have a material adverse effect on Bri-Chem's reputation and competitive position, financial condition or results of operations.

Government Regulation

Bri-Chem is subject to a variety of federal, provincial, state, and local laws in Canada and the US, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. Bri-Chem invests financial and managerial resources to ensure such compliance. Although such expenditures are generally not material to companies such as Bri-Chem, such laws or regulations are subject to change. Accordingly, it is impossible for Bri-Chem to predict the cost or impact of such laws and regulations on its future operations.

Climate Change

The Company is subject to climate change that relates to the consequences of a global transition to reduced carbon, including the risk of regulatory and policy change. Governments in Canada and around the world have responded to these shifting societal attitudes by adopting ambitious emissions reduction targets and supporting legislation, including measures relating to carbon pricing, clean energy and fuel standards, and alternative energy incentives and mandates. Concerns over climate change may result in additional or more stringent legislation. Such changes could impose higher standards or require significant reductions to green house gas emissions or setback requirements for facilities and wells, which could result in significant penalties for failure to comply, or increased capital expenditures, operating expenses, abandonment and reclamation obligations and distribution costs or the loss of operating licenses. All of which could impact the demand for the Company's products.

Seasonal Operations

Bri-Chem's Canadian operations are affected by the seasonality normally associated with the western Canadian oil and natural gas drilling industry. During the year, the busiest months are January through March and the slowest months are April through September when soft ground conditions hinder the movement of heavy equipment. Bri-Chem's US operations are not impacted by seasonality to the same degree as its Canadian operations.

OFF-BALANCE SHEET FINANCING

Bri-Chem has no off-balance sheet financing.

TRANSACTIONS WITH RELATED PARTIES

During the twelve months ended December 31, 2025 the Company incurred office sharing costs that were paid to a company over which a Director has control. A summary of these costs for the periods presented is as follows:

	Three months ended				Twelve months ended			
	December 31		Change		December 31		Change	
(in 000's)	2025	2024	$	%	2025	2024	$	%
Office sharing costs	**$ -**	$ 6	$ (6)	(100%)	**$ 16**	$ 24	$ (8)	(33%)

ACCOUNTING ESTIMATES

Bri-Chem's critical accounting estimates are discussed in Note 2 of its annual audited consolidated financial statements for the year ended and December 31, 2025. There have been no changes to the Company's critical accounting estimates as at December 31, 2025.

MATERIAL CHANGES IN ACCOUNTING POLICIES

Bri-Chem's accounting policies are discussed in Note 2 of the annual audited consolidated financial statements for the year ended December 31, 2025.

OUTSTANDING SHARES

As at December 31, 2025, the Company had 26,432,981 common shares issued and outstanding and no potentially dilutive shares. The Company had 100,000 dilutive stock options outstanding as at December 31, 2025.

NON-IFRS MEASURES

Bri-Chem uses certain measures in this MD&A which do not have any standardized meaning as prescribed by IFRS. These measures, which are derived from information reported in the annual consolidated financial statements, may not be comparable to similar measures presented by other reporting issuers. These measures have been described and presented in this MD&A in order to provide shareholders and potential investors with additional information regarding the Company. These Non-IFRS measures are identified and defined as follows:

Adjusted Net Earnings (Loss) and Adjusted EBITDA

Adjusted Net Earnings (Loss) are defined as net earnings before non-recurring events, net of corporate income taxes ("Adjusted Net Earnings (Loss)"). Management believes that in addition to net earnings, Adjusted Net Earnings (Loss) is a useful supplemental measure that represents normalized net earnings from the business so that financial statement users can make insightful comparisons between current period and historical results. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, impairment charges, share-based payments, and non-recurring events ("Adjusted EBITDA"). Management believes that in addition to net earnings, Adjusted EBITDA is a useful supplemental measure of operating performance that normalizes financing, depreciation, income tax, and other non-recurring charges which are not controlled at the operating level. The following table provides a reconciliation of net earnings under IFRS, as disclosed in the annual consolidated financial statements, to Adjusted Net Earnings (Loss) and Adjusted EBITDA:

	Three months ended December 31		Twelve months ended December 31	
(in 000's)	2025	2024	2025	2024
Net earnings (loss)	**$ 1,074**	$ (1,589)	**$ 979**	$ (3,851)
Less:				
Deferred tax (recovery)	**(412)**	(633)	**(859)**	(1,270)
Adjusted net earnings (loss)	**662**	(2,222)	**120**	(5,121)
Add:				
Financing costs	**880**	704	**2,832**	3,373
Income tax expense	**46**	31	**84**	147
Depreciation and amortization	**252**	313	**1,150**	1,278
Adjusted EBITDA	**$ 1,840**	$ (1,174)	**$ 4,186**	$ (323)

MANAGEMENT'S EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, together with management, have established and maintain disclosure controls and procedures ("DC&P") for the Company in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner, particularly during the period in which the annual filings are being prepared. The CEO and CFO, together with management, have evaluated the design and operating effectiveness of the Company's DC&P as of December 31, 2025 and, based on that evaluation, have concluded that these controls and procedures are effective in providing such reasonable assurance, except as noted below.

Internal controls over financial reporting ("ICFR")

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

The Chief Executive Officer and Chief Financial Officer have concluded, based on their assessment, that the design and implementation of the Company's disclosure controls and procedures and ICFR are not effective due to the material weaknesses in ICFR as described below. A material weakness is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

- Control limitations were identified relating to segregation of duties, review of journal entries and various IT related weaknesses around passwords and monitoring of user access in the accounting process. These situations are common to many small companies. While deficiencies in segregation of duties could lead to a material misstatement in the financial statements, other checks and balances including direct involvement of senior management in the day to day operations of the Company are in place, and no misstatement has occurred related to segregation of duties. However, these mitigating procedures may not be considered enough to reduce the likelihood that a material misstatement would be prevented or detected in the future.

As the Company grows, it plans to expand the number of individuals involved in the accounting function and to implement additional oversight and review type controls around the specific control deficiencies noted above.

Changes in ICFR

There were no changes in the Company's ICFR in 2025 that have materially affected, or that are reasonably likely to materially affect, its internal control over financial reporting. It should be noted that while the CEO and CFO believe that Bri-Chem Corp.'s disclosure controls and procedures and internal controls over financial reporting provide a reasonable level of assurance that they are effective, except as noted above, they do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain information and statements contained in this MD&A constitute forward-looking information, including the anticipated costs associated with the purchase of capital equipment, expectations concerning the nature and timing of growth within the various business divisions operated through affiliates of the Company, expectations respecting the competitive position of such business divisions, expectations concerning the financing of future business activities, and statements as to future economic and operating conditions. Readers should review the cautionary statement regarding forward-looking information that appears below.

The information and statements contained in this MD&A that are not historical facts are forward-looking statements. Forward-looking statements (often, but not always, identified by the use of words such as “seek”, “plan”, “continue”, “estimate”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “expect”, “may”, “anticipate” or “will” and similar expressions) may include plans, expectations, opinions, or guidance that are not statements of fact. Forward-looking statements are based upon the opinions, expectations and estimates of management as at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include, but are not limited to, such things as changes in industry conditions (including the levels of capital expenditures made by oil and gas producers and explorers), the credit risk to which the year ended December 31, 2025 which is available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedarplus.ca. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise. Company is exposed in the conduct of its business, fluctuations in prevailing commodity prices or currency and interest rates, the competitive environment to which the various business divisions are, or may be, exposed in all aspects of their business, the ability of the Company’s various business divisions to access equipment (including parts) and new technologies and to maintain relationships with key suppliers, the ability of the Company’s various business divisions to attract and maintain key personnel and other qualified employees, various environmental risks to which the Company’s business divisions are exposed in the conduct of their operations, inherent risks associated with the conduct of the businesses in which the Company’s business divisions operate, timing and costs associated with the acquisition of capital equipment, the impact of weather and other seasonal factors that affect business operations, availability of financial resources or third-party financing and the impact of new laws and regulations or changes in existing laws, regulations or administrative practices on the part of regulatory authorities, including without limitation taxation and environmental laws and regulations and changes in how such laws and regulations are interpreted and enforced. Forward-looking information respecting the anticipated costs associated with the purchase of capital equipment are based upon historical prices for various classes of equipment, expectations relating to the impact of inflation on the future cost of such equipment and management’s views concerning the negotiating position of the Company and its affiliates. Forward-looking information concerning the nature and timing of growth within the various business divisions is based on the current budget of the Company (which is subject to change), factors that affected the historical growth of such business divisions, sources of historic growth opportunities and expectations relating to future economic and operating conditions. Forward-looking information concerning the future competitive position of the Company’s business divisions is based upon the current competitive environment in which those business divisions operate, expectations relating to future economic and operating conditions, current and announced build programs and other expansion plans of other organizations that operate in the energy service business. Forward-looking information concerning the financing of future business activities is based upon the financing sources on which the Company and its predecessors have historically relied and expectations relating to future economic and operating conditions. Forward-looking information concerning future economic and operating conditions is based upon historical economic and operating conditions, opinions of third-party analysts respecting anticipated economic and operating conditions. Although management of the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Accordingly, readers should not place undue reliance upon any of the forward-looking information set out in this MD&A. All the forward-looking statements of the Company contained in this MD&A

are expressly qualified, in their entirety, by this cautionary statement. The various risks to which the Company is exposed are described in additional detail in this MD&A under the heading “Risk Factors and Risk Management” on page 19 and in the Company’s Annual Information Form (AIF) for the year ended December 31, 2025 which is available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedarplus.ca. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise.

Corporate Information

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President, CEO, and Chairman
Port Allen, Louisiana

Tony Pagnucco, CPA, CA
CFO
Edmonton, Alberta

John Cale[(1) (2)]
Director
Port Allen, Louisiana

Scott Gaudin[(1) (2)]
Director
Baton Rouge, Louisiana

Colby Swain[(1) (2)]
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(1) Member of Audit Committee
(2) Member of Compensation Committee

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Trading Symbol - BRYFF

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