

Shareholders' Circular

Methanol Chemicals Company (Chemanol)

Methanol Chemicals Company's capital reduction from Six Hundred and Seventy-Four Million, Five Hundred and Eight Thousand, Six Hundred and Thirty (674,508,630) Saudi Riyals, representing Sixty-Seven Million, Four Hundred and Fifty Thousand, Eight Hundred and Sixty-Three (67,450,863) ordinary shares, to One Hundred and Fifty Million (150,000,000) Saudi Riyals, representing Fifteen Million (15,000,000) ordinary shares.

This reduction will be effected by cancelling Fifty-Two Million, Four Hundred and Fifty Thousand, Eight Hundred and Sixty-Three (52,450,863) ordinary shares, resulting in a reduction ratio of 77.76%, i.e., the cancellation of 0.7776 ordinary share for every 1 ordinary share held.

Shareholders' Circular Submitted to the Extraordinary General Assembly (the "Circular").

//1447H, corresponding to **/**/2026G

Financial Advisor



Important Notice

This Circular has been prepared by the Company in accordance with Article (61) of the Rules on the Offer of Securities and Continuing Obligations, to provide the necessary information to the Company's shareholders to enable them to make an informed and knowledgeable decision when voting on the proposed capital reduction at the Extraordinary General Assembly meeting.

Shareholders must read this Circular carefully and in its entirety before making their voting decision. The Company's shareholders are deemed to have knowledge and understanding of the information contained herein; consequently, their decisions and voting at the Extraordinary General Assembly regarding capital reduction will be treated as being based on the information provided in this Circular. This document can be obtained by visiting the website of the Capital Market Authority (CMA) or the Saudi Exchange (Tadawul).

Financial information and figures included in this Circular have been rounded. Consequently, in the event that figures in the tables are summed, minor differences may appear between the totals and the figures mentioned in the financial statements due to such rounding.

This Circular contains certain forward-looking statements and projections. These forward-looking statements and projections may be inferred from the use of future-tense words and phrases, including, but not limited to, "expects," "aims," "estimates," "intends," "plans," "will," "believes," "seeks," "may," "would," "can," or "should," or the negative forms of these words or other similar or equivalent terms. The forward-looking statements contained herein include, but are not limited to, the effects of the capital reduction, the anticipated dates thereof, and other matters. However, these statements are subject to change after the date of this Circular due to a number of factors that cannot be accurately estimated, such as future market conditions and the behavior of other market participants. Accordingly, the publication of this Circular does not necessarily mean that any of the facts and information relating to the Company will not change. Therefore, recipients of this Circular must read these projections and statements in this context and should not rely upon them as predictions regarding the future financial performance of the Company or any of its subsidiaries.

The information contained herein is of a general nature and has been prepared without considering the individual investment objectives, financial situation, or specific investment needs of any particular Shareholder. Accordingly, this Circular is not, and should not be construed as legal, financial, Zakat, or tax advice, and recipients of the Circular must seek specialized advice from their legal, tax, and financial advisors licensed by the Authority regarding these matters. Therefore, the Company and its Board of Directors emphasize the necessity for the Company's Shareholders to read and carefully study all the information contained in this Circular.

It should be noted that the Company has not authorized any person to provide any information or make any statements on behalf of its Board of Directors other than those disclosed in this Circular. Accordingly, no reliance should be placed on any information or statements issued by any other party.

Contents

| | |
|--|----|
| 1- Company, Financial Advisor, Legal Advisor, and Auditor Information..... | 5 |
| 1-1 Company Address..... | 5 |
| 1-2 Addresses of the Advisors and Auditor..... | 6 |
| 2- Terms and Definitions..... | 7 |
| 3 -Purpose of the Circular..... | 9 |
| 4 - Company Background..... | 10 |
| 4-1 Key Developments in the Company's Capital..... | 11 |
| 4-2 Members of the Board of Directors..... | 13 |
| 4-3 Senior Management..... | 15 |
| 4-4 Names and Ownership Percentages of the Company's Shareholders..... | 15 |
| 4-5 The Organizational Structure of the Company..... | 16 |
| 5- Capital Reduction..... | 17 |
| 5-1 Capital Reduction Procedures..... | 17 |
| 5-2 Structure of the Parties Involved in the Capital Reduction Process..... | 17 |
| 5-3 Developments in Accumulated Losses..... | 18 |
| 5-4 Company's Expected Future Plans and Corrective Steps Taken to Halt Losses..... | 20 |
| 5-5 General Structure of the Capital Reduction..... | 22 |
| 5-6 Reasons for the Capital Reduction, including Management's Discussion and Analysis.... | 23 |
| 5-7 Impact of Capital Reduction on Company Liabilities..... | 24 |
| 5-8 Impact of Capital Reduction on Shareholders' Equity..... | 24 |
| 5-9 Method for Calculating the Share Price Following the Capital Reduction..... | 26 |
| 6- Declaration of the Board of Directors..... | 28 |
| 7- Potential Risks Resulting from the Capital Reduction..... | 29 |
| 7-1 Risks Related to Forward-Looking Statements..... | 29 |
| 7-2 Risks Related to Company Reputation..... | 29 |
| 7-3 Risks Related to Capital Decrease..... | 29 |
| 7-4 Risks Related to Accumulated Losses..... | 30 |
| 7-5 Risks Related to the Going Concern Basis and the Qualified Opinion Disclosed in the Company's Financial Statements as of September 30, 2025..... | 30 |
| 7-6 Risks Related to Unexpected Events..... | 31 |
| 7-7 Risks Related to Share Price Volatility and Impact of Fractional Share Compensation.... | 31 |
| 7-8 Risks Related to Shareholders Owning Four Shares or Less..... | 31 |
| 7-9 Risks Related to the New Companies Law..... | 31 |

| | |
|---|----|
| 7-10 Risks Related to Non-Compliance with Existing and Emerging Regulations and Laws . | 32 |
| 7-11 Risks Related to Legal Proceedings | 33 |
| 7-12 Risks Related to Delays or Failure to Complete the Corrective Measures, Including the Issuance of Rights Shares | 34 |
| 8- Expected Timetable for the Capital Reduction Process..... | 35 |
| 9- Regulatory Approvals Required for the Capital Reduction..... | 37 |
| 10- Relevant Laws and Regulations | 38 |
| 11- Important Information | 39 |
| 12- Auditor's Report | 42 |
| 13- Documents Available for Inspection..... | 43 |
| 14- Appendices..... | 44 |
| Appendix (1-A): Statement Prepared by the Company's Board of Directors Regarding the Reasons for the Proposed Capital Reduction, the Company's Obligations, and the Impact of the Reduction on Their Fulfillment..... | 45 |
| Appendix (2): Copy of the Auditor's Report | 47 |
| Appendix (3): Proxy Form for Attending the Extraordinary General Assembly Meeting. | 50 |

1- Company, Financial Advisor, Legal Advisor, and Auditor Information

1-1 Company Address

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1-2 Addresses of the Advisors and Auditor

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Hamad Khalifa Al-Dossary Law Firm (Lawyer & Legal Consultations)

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Auditor for the Condensed Interim Financial Statements for the Nine-Month Period Ended September 30, 2025, and Issuer of the Limited Assurance Report on the Proposed Capital Reduction based on the Condensed Interim Financial Statements for the Nine-Month Period Ended September 30, 2025

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The advisors referred to above, as well as the preparer of the Limited Assurance Report on the capital reduction, have provided their written consent to the reference to their names and logos and to the inclusion of their statements or reports (as applicable) in the form and content set out in this Circular. None of them has withdrawn such consent as of the date of this Circular.

2- Terms and Definitions

| Term | Definition |
|---|--|
| The Company, the Issuer or Chemanol | Methanol Chemicals Company |
| The Board or the Board of Directors | Company's Board of Directors |
| The Kingdom | The Kingdom of Saudi Arabia |
| Extraordinary General Assembly | The Company's Extraordinary General Assembly of Shareholders |
| Capital Market Authority (CMA) or The Authority | The Capital Market Authority of the Kingdom of Saudi Arabia. |
| Saudi Tadawul Company | The Saudi Exchange Company, established pursuant to the Council of Ministers Resolution dated 29/02/1428H, corresponding to 19/03/2007G, in implementation of the Capital Market Law, which is a Saudi Closed Joint Stock Company and the sole entity licensed to operate as a securities market in the Kingdom of Saudi Arabia, listing and trading securities. |
| Capital Market or The Market or Tadawul | The Saudi Capital Market (for the trading of shares in the Kingdom of Saudi Arabia). |
| Edaa | The Securities Depository Center Company. |
| Ministry of Commerce | The Ministry of Commerce in the Kingdom of Saudi Arabia. |
| Companies Law | The Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H, corresponding to 30/06/2022G and any amendments thereto. |
| Capital Market Law | The Capital Market Law issued pursuant to Royal Decree No. M/30 dated 02/06/1424H, corresponding to 31/07/2003G, and any amendments thereto. |
| Rules on the Offer of Securities and Continuing Obligations | The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to Resolution No. 3-123-2017 dated 09/04/1439H, corresponding to 27/12/2017G, as amended by CMA Board Resolution No. 3-6-2026 dated 30/07/1447H, corresponding to 19/01/2026G, and any amendments thereto. |
| Listing Rules | The Listing Rules for Tadawul approved by the CMA Board Resolution No. 3-123-2017 dated 09/04/1439H, corresponding to 27/12/2017G, as amended by Resolution No. 1-46-2026 dated 13/10/1447H, corresponding to 01/04/2026G, and any amendments thereto. |
| Corporate Governance Regulations | Implementing Regulation of the Companies Law for Listed Joint Stock Companies issued by the Board of CMA pursuant to Resolution No. 8-127-2016 dated 16/01/1438H, corresponding to 17/10/2016G, based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H, corresponding to 30/06/2022G, and amended by Resolution of the Board of CMA No. 1-2-2026 dated 16/07/1447H, corresponding to 05/01/2026G, as amended from time to time. |

| | |
|--|--|
| Capital Reduction | The reduction of the Company's capital from Six Hundred and Seventy-Four Million, Five Hundred and Eight Thousand, Six Hundred and Thirty (674,508,630) Saudi Riyals, represented by Sixty-Seven Million, Four Hundred and Fifty Thousand, Eight Hundred and Sixty-Three (67,450,863) ordinary shares, to One Hundred and Fifty Million (150,000,000) Saudi Riyals, representing Fifteen Million (15,000,000) ordinary shares, by way of cancelling Fifty-Two Million, Four Hundred and Fifty Thousand, Eight Hundred and Sixty-Three (52,450,863) ordinary shares, with a reduction ratio of 77.76%, i.e., a cancellation rate of 0.7776 ordinary share for every (1) ordinary share. |
| Electronic Voting (E-Voting) | A free electronic service for companies listed on the Saudi Capital Market, providing shareholders with the opportunity to exercise their right to vote on the agenda items of the General Assemblies without attending in person, through the Tadawulaty platform affiliated with the Securities Depository Centre (Edaa). |
| Auditor's Report | The Limited Assurance Report on the Proposed Capital Reduction based on the condensed interim financial statements for the nine-month period ended September 30, 2025, which details the reasons for the capital reduction and its impact on the Company. |
| The Circular or Shareholders' Circular | The Shareholders' Circular prepared by the Company, addressed to its shareholders, and related to the Company's capital reduction. |
| The Shareholders | Holders of the Company's shares |
| Eligible Shareholders | Shareholders owning shares at the end of trading on the day of the Extraordinary General Assembly convened for the capital reduction, and whose ownership is registered in the Company's shareholders register with the Depository Centre at the end of the second trading day following the day of the Extraordinary General Assembly for the capital reduction on **/**/1447H, corresponding to **/**/2026G. |
| H | The Hijri date. |
| G | The Gregorian date. |

3 -Purpose of the Circular

This Circular has been prepared by the Company in accordance with Article (61) of the Rules on the Offer of Securities and Continuing Obligations, to provide the necessary information to the Company's shareholders to enable them to vote on the proposed capital reduction at the Extraordinary General Assembly meeting based on full understanding and knowledge. A shareholder must read this Circular carefully and in full before making their voting decision.

4 - Company Background

Methanol Chemicals Company was established as a Ltd. Liability Company under the commercial name Saudi Formaldehyde Chemicals Company Ltd., pursuant to Commercial Registration No. (2055001870) dated 28/12/1409H, corresponding to 31/07/1989G, issued in Jubail Industrial City.

On 20/07/1427H, corresponding to 14/08/2006G, the commercial name was amended to Methanol Chemicals Company. Subsequently, on 04/11/1428H, corresponding to 14/11/2007G, the Minister of Commerce approved the conversion of the Company's legal status from a Ltd. Liability Company to a Closed Joint Stock Company, pursuant to Ministerial Resolution No. (Q/286), with all its assets and liabilities. The Company retained the same Commercial Registration number and date, and the same capital amounting to Six Hundred and Three Million (603,000,000) Saudi Riyals, divided into Sixty Million and Three Hundred Thousand (60,300,000) shares, with a value of ten (10) Saudi Riyals per share.

On 07/05/1429H, corresponding to 12/05/2008G, the CMA approved the Company's request to offer Rights Issues shares for public subscription. The Company's shares were listed on the Saudi Capital Market (Tadawul) on 16/09/1429H, corresponding to 16/09/2008G.

The Company's activities involve the manufacturing of high-quality Methanol derivatives, including Aqueous Formaldehyde Solution & Urea Formaldehyde Concentrate, Superplasticizers, Amino Resins, Sulphonated Naphthalene Formaldehyde (SNF), Hexamethylene Tetramine (Hexamine), Paraformaldehyde, Dimethylformamide (DMF), Methylamines, Pentaerythritol, and Sodium Formate. These products are used in various fields such as agriculture, the automotive industry, pharmaceuticals, and construction.

Pursuant to Article (4) of its Articles of Association, the Company shall engage in and carry out the following objectives:

| Section | Category |
|-----------------------|---|
| Downstream Industries | Manufacture of basic chemicals. |
| Downstream Industries | Manufacture of plastics and synthetic rubber in primary forms |

The Company's Headquarters is located in Jubail Industrial City, Road 218, Intersection 198, P.O. Box 2101, Jubail, 31951 Kingdom of Saudi Arabia.

Contact Details

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4-1 Key Developments in the Company's Capital

The Company's current capital amounts to Six Hundred and Seventy-Four Million, Five Hundred and Eight Thousand, Six Hundred and Thirty (674,508,630) Saudi Riyals, divided into Sixty-Seven Million, Four Hundred and Fifty Thousand, Eight Hundred and Sixty-Three (67,450,863) ordinary shares, with a fully paid-up nominal value of ten (10) Saudi Riyals per share. The development of the capital since the Company's incorporation is detailed below:

| Date | Event |
|---|--|
| 28/12/1409H, corresponding to 31/07/1989G | Methanol Chemicals Company was established as a Saudi Ltd. Liability Company pursuant to Commercial Registration No. (2055001870) dated 28/12/1409H, corresponding to 31/07/1989G under the name "Saudi Formaldehyde Chemicals Company Ltd.". |
| 20/07/1427H, corresponding to 14/08/2006G | The Company's Articles of Association were amended, changing the name to Methanol Chemicals Company Ltd.. |
| 04/11/1428H, corresponding to 14/11/2007G | Pursuant to Ministerial Resolution No. (286/Q) dated 04/11/1428H, corresponding to 14/11/2007G, His Excellency the Minister of Commerce and Industry announced the conversion of the Company from a Ltd. Liability Company to a Joint Stock Company, and accordingly, the new Commercial Registration No. (2050057828) was issued. |
| 13/07/1429H, corresponding to 16/07/2008G | The Company's Extraordinary General Assembly resolved to increase the Company's capital from SAR 603,000,000 to SAR 1,206,000,000 by issuing 60,300,000 new shares with a nominal value of SAR 10 per share (hereinafter referred to as "Subscription Shares"). The subscription price was SAR (12) per share. |
| 16/09/1429H, corresponding to 16/09/2008G | The Company listed and registered One Hundred and Twenty Million, Six Hundred Thousand 120,600,000 ordinary shares with a nominal value of ten (10) Saudi Riyals per share on the Saudi Capital Market (Tadawul). The Company's capital upon listing on Tadawul was One Billion, Two Hundred and Six Million (1,206,000,000) Saudi Riyals, divided into One Hundred and Twenty Million, Six Hundred Thousand (120,600,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share. |
| 20/09/1441H, corresponding to 13/05/2020G | During its meeting held on 13/05/2020G, the Company's Extraordinary General Assembly approved the relocation of |

| | |
|---|---|
| | the Company's Headquarters from Dammam to Jubail Industrial City. |
| 22/03/1442H, corresponding to 08/11/2020G | Methanol Chemicals Company announced that the Board of Directors resolved to recommend to the Extraordinary General Assembly the reduction of the Company's capital from SAR 1,206,000,000 to SAR 674,508,630, representing a reduction ratio of 44.07% of the capital, to extinguish 99.99% of the accumulated losses. |
| 24/09/1442H, corresponding to 06/05/2021G | The CMA approved the request to reduce the Company's capital from SAR 1,206,000,000 to SAR 674,508,630 by cancelling 53,149,137 of the Company's issued shares. This approval was announced on both the CMA and Tadawul websites. |
| 18/11/1442H, corresponding to 28/06/2021G | During its meeting held on 28/06/2021G, the Company's Extraordinary General Assembly approved the reduction of the Company's capital from SAR 1,206,000,000 to SAR 674,508,630 by cancelling 53,149,137 of the Company's issued shares. This approval was announced on Tadawul's website. |
| 17/04/1447H, corresponding to 09/10/2025G | Methanol Chemicals Company announced on Tadawul the Board of Directors' recommendation, made during its meeting held on 16/04/1447H, corresponding to 08/10/2025G, to reduce the Company's capital to address the accumulated losses amounting to 79.40% of the capital. |
| 05/07/1447H, corresponding to 25/12/2025G | Methanol Chemicals Company (Chemanol) announced an amendment of its Board of Directors' recommendation to the Extraordinary General Assembly regarding the reduction of the Company's capital to extinguish the accumulated losses, which represent (85.68%) of its capital. This amendment is based on the Board's recommendation issued on Thursday, 05/07/1447H, corresponding to 25/12/2025G. |
| 20/11/1447H, corresponding to 07/05/2026G | The CMA approved the request to reduce the Company's capital from SAR 674,508,630 to SAR 150,000,000 by cancelling 52,450,863 of the Company's issued shares. This approval was announced on both the CMA and Tadawul websites. |
| **/**/1447H, corresponding to **/**/2026G | During its meeting held on **/**/1447H, corresponding to **/**/2026G, the Company's Extraordinary General Assembly approved the reduction of the Company's capital from SAR 674,508,630 to SAR 150,000,000 by cancelling 52,450,863 of the Company's issued shares. This approval was announced on Tadawul's website. |

Source: The Company

4-2 Members of the Board of Directors

Pursuant to Article (23) of the Articles of Association, the Company shall be managed by a Board of Directors composed of (9) members, who must be natural persons, elected by the General Assembly for a period not exceeding (4) years.

On 01/05/1446H, corresponding to 03/11/2024G, the Ordinary General Assembly approved the election of the members of the Board of Directors from among the candidates for the next term which started on 10/05/1446H, corresponding to 12/11/2024G and lasts for four (4) years, ending on 24/06/1450H, corresponding to 11/11/2028G, as shown in the following table:

| Name | Position | Membership Capacity | Nationality | Age | Shareholding Before Capital Reduction | | | | Effective Date of Membership |
|-------------------------------------|-----------------------|---------------------|-------------|-----|---------------------------------------|-------|------------|------|------------------------------|
| | | | | | Directly | | Indirectly | | |
| | | | | | Number | % | Number | % | |
| Fahad Fozan Al-Shaya (1) (2) (4) | Chairman of the Board | Non-Executive | Saudi | 50 | None | None | None | None | 27/02/2025G |
| Abdullah Sulaiman Al-Sayari (3) (4) | Vice Chairman | Independent | Saudi | 40 | None | None | None | None | 15/04/2025G |
| Abdul-Aziz Abdul-Rahman Al-Shamekh | Board Member | Independent | Saudi | 66 | 180,000 | 0.27% | None | None | 12/11/2024G |
| Fahd Saud Abdullah Al-Omran | Board Member | Independent | Saudi | 35 | None | None | None | None | 12/11/2024G |
| Yousif Abdullah Abdul Aziz Al-Rajhi | Board Member | Independent | Saudi | 78 | 24,688 | 0.04% | None | None | 12/11/2024G |
| Abdullah Mushabab Al-Qahtani | Board Member | Independent | Saudi | 39 | None | None | None | None | 12/11/2024G |
| Sultan Saleh Al-Khomashi | Board Member | Independent | Saudi | 48 | 200,000 | 0.30% | None | None | 12/11/2024G |
| Basem Mohammed Bahloul (6) | Board Member | Independent | Saudi | 39 | None | None | None | None | 02/10/2025G |

Source: The Company and Saudi Exchange website

1. Eng. Abdullah Abdul Aziz Al-Znaedi Nasser submitted his resignation from his position as a Board member on 28/08/1446H, corresponding to 27/02/2025G. The

- Board of Directors accepted and approved his resignation on 28/08/1446H, corresponding to 27/02/2025G. Consequently, the Board resolved to appoint Mr. Fahad Fozan Al-Shaya as a Board member (non-executive) on 28/08/1446H corresponding to 27/02/2025G to complete the remaining period of the current Board term, which ends on 24/06/1450H, corresponding to 11/11/2028G.
2. The Company announced on 15/10/1446H, corresponding to 13/04/2025G the Board of Directors' resolution by circulation, dated 12/10/1446H, corresponding to 10/04/2025G, regarding the appointment of Mr. Fahad Fozan Al-Shaya as Vice Chairman of the Board (Non-Executive Member), replacing Mr. Yousif Abdullah Al-Rajhi (Independent Member), effective as of the date of the resolution. However, Mr. Yousif Al-Rajhi will remain a member of the Board of Directors.
 3. Eng. Faris Mansour Al-Rajhi submitted his resignation from his position as a Board member on 17/10/1446H, corresponding to 15/04/2025G. The Company's Board of Directors accepted and approved his resignation on 17/10/1446H, corresponding to 15/04/2025G. Consequently, the Board resolved to appoint Mr. Abdullah Sulaiman Al-Sayari as a Board member (Independent Member) on 17/10/1446H, corresponding to 15/04/2025G to complete the remaining period of the current Board term, which ends on 24/06/1450H, corresponding to 11/11/2028G.
 4. The Company announced on 17/10/1446H, corresponding to 15/04/2025G the Board of Directors' resolution by circulation, dated 17/10/1446H, corresponding to 15/04/2025G, regarding the appointment of Mr. Fahad Fozan Al-Shaya as Chairman of the Board (Non-Executive Member), replacing Eng. Faris Mansour Al-Rajhi (Independent Member) who had submitted his resignation on 15/04/2025G. The Board also approved the appointment of Mr. Abdullah Sulaiman Al-Sayari (Independent Member) as Vice Chairman of the Board.
 5. Both Engineer Sabri Abdullah Al-Ghamdi and Mr. Hani Sulaiman Al-Saleh submitted their resignations from the Board of Directors on 15/12/1446H, corresponding to 11/06/2025G, effective immediately.
 6. The Company announced on 10/04/1447H, corresponding to 02/10/2025G the Board of Directors' resolution by circulation, dated 10/04/1447H, corresponding to 02/10/2025G, regarding the appointment of Mr. Basem Mohammed Bahloul as a Board member (Independent Member) to fill one of the vacant seats for the remainder of the current term, which ends on 24/06/1450H, corresponding to 11/11/2028G.

4-3 Senior Management

The following table sets forth the members of the Company's Senior Management and their respective share ownership in the Company as of the date of this Circular:

| Name | Position | Nationality | Date of Appointment | Shareholding Before Capital Reduction | | | |
|-----------------------------|-----------------------------------|-------------|---------------------|---------------------------------------|------|------------|------|
| | | | | Directly | | Indirectly | |
| | | | | Number | % | Number | % |
| Awadh Fahad Al-Waridah | CEO | Saudi | 15/07/2025G | None | None | None | None |
| Eid Abdul-Mohsen Al-Dossary | GM, EHSS and HR & Shared Services | Saudi | 24/02/2004G | None | None | None | None |
| Vacant | GM, Commercial | **** | **** | None | None | None | None |
| Syed Sohaib Ahsan | CFO | Pakistani | 29/09/2020G | None | None | None | None |
| Osama Saeed Abdul Fattah | Legal Counsel | Egyptian | 29/09/2020G | None | None | None | None |

Source: The Company

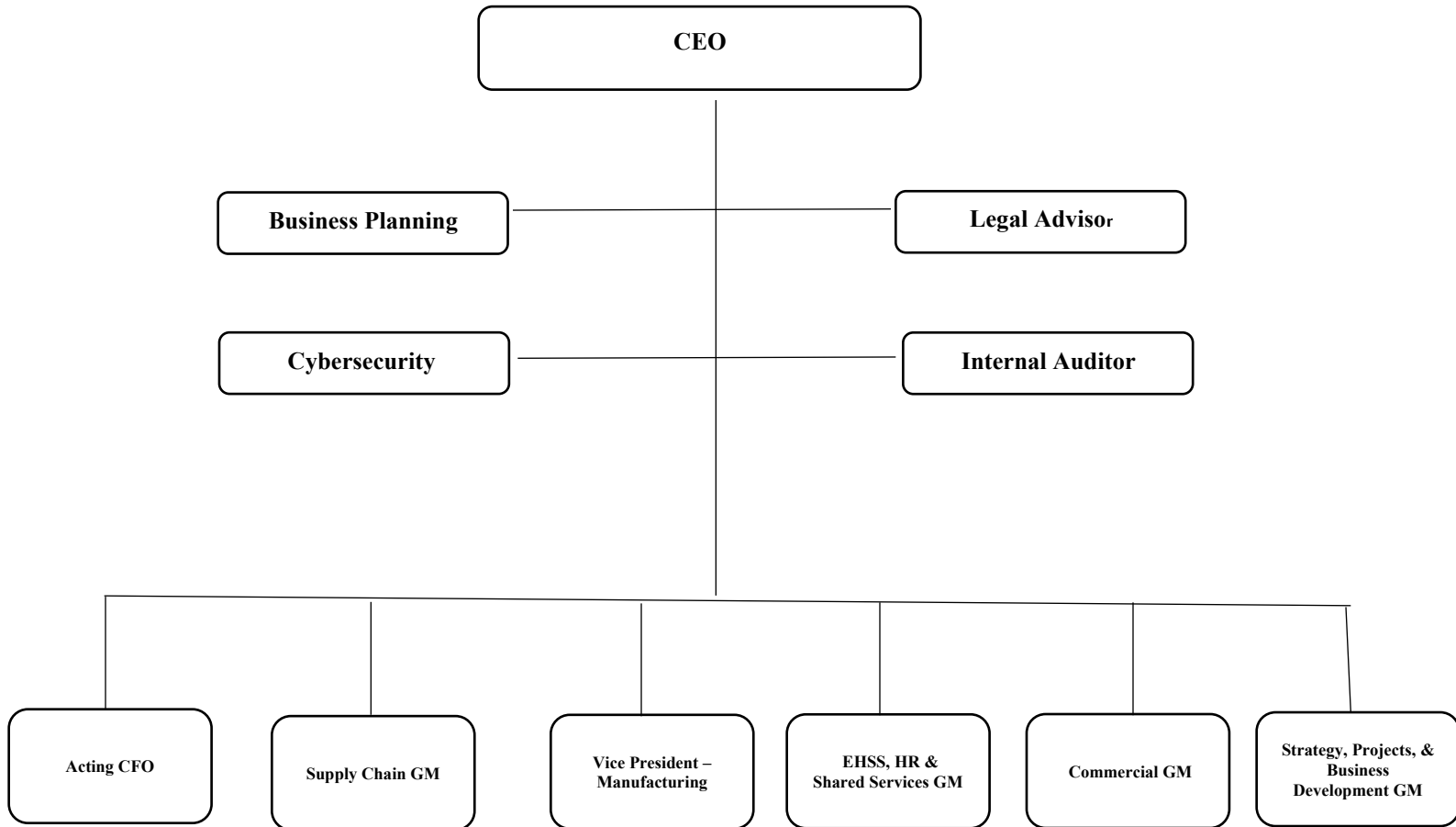
4-4 Names and Ownership Percentages of the Company's Shareholders

The following table sets forth the names and respective ownership percentages of the Company's shareholders as of the date of this Circular:

| | Number of Shares | Value (SAR) | Percentage (%) | Number of Shares | Value (SAR) | Percentage (%) | Number of Shares | Value (SAR) | Percentage (%) | Number of Shares | Value (SAR) | Percentage (%) |
|---------------------------------|------------------|-------------|----------------|------------------|-------------|----------------|------------------|-------------|----------------|------------------|-------------|----------------|
| | Direct | | | Indirect | | | Direct | | | Indirect | | |
| Fatin Saleh Abdul Aziz Al-Rajhi | 5,019,019 | 50,190,190 | 7.441% | None | None | None | 1,116,150 | 11,161,500 | 7.441% | None | None | None |
| Total | 5,019,019 | 50,190,190 | 7.441% | None | None | None | 1,116,150 | 11,161,500 | 7.441% | None | None | None |

Source: Shareholders' Register as of 28/04/2026G

4-5 The Organizational Structure of the Company



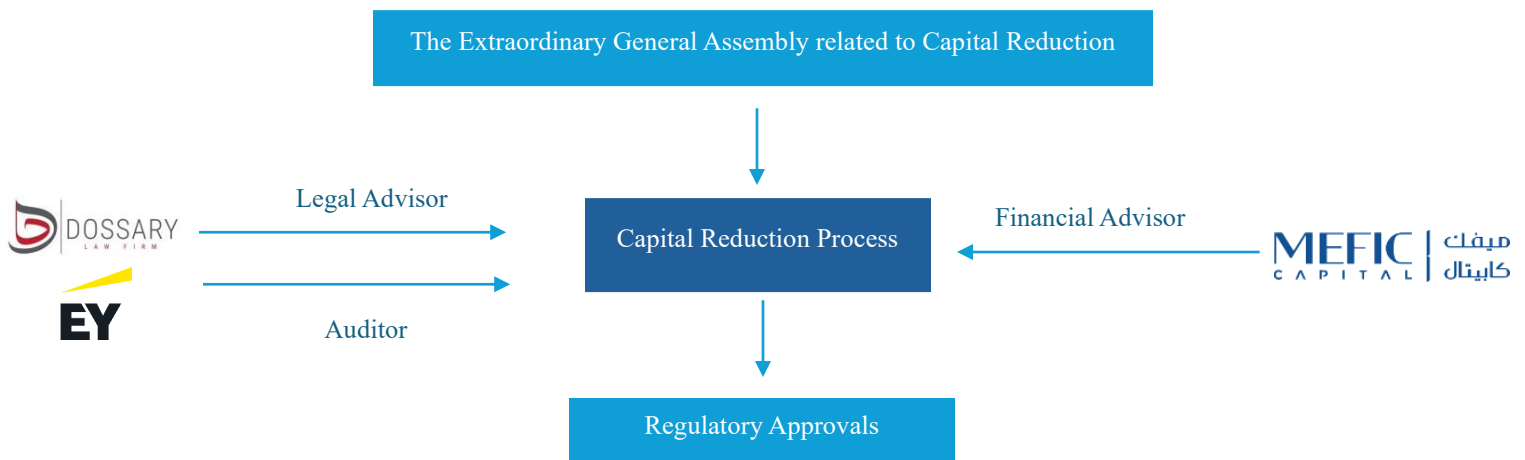
5- Capital Reduction

5-1 Capital Reduction Procedures

The process of capital reduction is subject to the following procedures:

1. Board of Directors' Recommendation to reduce capital.
2. Appointment of a Financial Advisor for the capital reduction process.
3. Appointment of an Auditor to prepare a Limited Assurance Report regarding the proposed capital reduction.
4. Preparation and Submission of the capital reduction application to the CMA in compliance with the conditions of Article 61 of the Rules on the Offer of Securities and Continuing Obligations pertaining to capital reduction conditions.
5. Capital Market Authority's approval of the Company's capital reduction application.
6. Submission of a notification to the Saudi Exchange (Tadawul) in the format stipulated in Annex (5) of the Listing Rules.
7. Extraordinary General Assembly's approval of the Company's capital reduction.
8. The Saudi Exchange (Tadawul) shall suspend the trading of the Company's shares for two consecutive trading sessions, starting from the day following the Extraordinary General Assembly's approval of the capital reduction. Trading shall thereafter resume at the adjusted price.
9. The Company's capital reduction shall become effective by adjusting the number of shares held by the shareholders who own shares on the date of the Extraordinary General Assembly meeting. This adjustment shall be based on the Company's records with Tadawul at the end of the trading day following the second trading day after the date of the Extraordinary General Assembly meeting.
10. Depositing the proceeds resulting from the sale of fractional shares (if any) within thirty (30) days from the date of the Extraordinary General Assembly's approval of the Company's capital reduction.
11. Finalizing the relevant procedures with the Ministry of Commerce to obtain the Company's updated Articles of Association and Commercial Registration.

5-2 Structure of the Parties Involved in the Capital Reduction Process



5-3 Developments in Accumulated Losses

The table below sets out a chronological summary of the developments in accumulated losses since 2020:

| Financial Year | Capital (SAR) | Net Loss (SAR) | Accumulated Losses (SAR) | Accumulated Losses as a % of Capital | Key Reasons for Accumulated Losses |
|----------------|---------------|----------------|--------------------------|--------------------------------------|--|
| 2020 | 1,206,000,000 | (275,281,034) | (544,437,034) | 45.14% | These losses are primarily due to impairment of certain assets during previous and current periods, which represents approximately 59% of total accumulated losses, in addition to the decline in global prices of certain petrochemical products in previous years due to sluggish global demand and the COVID-19 pandemic. |
| 2024 | 674,508,630 | (285,775,381) | (67,818,285) | 10.05% | The increase in losses during 2024 compared to the previous year was primarily due to two factors: a rise in methane gas prices (used as feedstock) and a 14% decrease in the average selling prices of the Company's key products. It is worth noting that the decrease in average selling prices was higher compared to the decrease in key raw material prices. Additionally, the acquisitions of Addar Chemicals Co. and Global Company for Chemical Industries further exacerbated the losses. Their poor financial performance and lack of future cash flow expectations necessitated the full write-off of goodwill, which totaled SAR 127 million as of December 31, 2024. |
| 2025 - Q1 | 674,508,630 | (42,438,551) | (108,284,959) | 16.05% | The losses for the current quarter increased by 65% compared to the same quarter of the previous year. This is primarily attributed to a 2% decrease in quantities sold and a 6% decrease in average selling prices, alongside a 23% increase in feedstock (natural gas) price at the beginning of the years, which led to higher production costs. The weak financial performance of the two recently acquired subsidiaries also contributed to the exacerbated losses, with their contribution to the Group's losses amounting to SAR 10.1 million compared to approximately SAR 3 million in the same quarter last year. |

| | | | | | |
|-----------|-------------|---------------|---------------|--------|--|
| 2025 - Q2 | 674,508,630 | (486,877,106) | (535,547,868) | 79.39% | <p>The primary reason for the increase in the operating losses of the parent company (Chemanol) during the current quarter, which amounted to SAR 41.4 million (representing 9.7% of the total current-quarter losses of SAR 427.3 million), compared with the previous quarter, was an 18% decline in selling prices. As a result of the reasons mentioned above, Chemanol incurred losses of SAR 41.1 million during the current quarter, compared with losses of SAR 17.4 million in the corresponding quarter of the previous year.</p> <p>The main reasons for 90.3% of the total current-quarter losses (SAR 386 million) attributable to the two acquired subsidiaries, compared with the previous quarter, were as follows:</p> <ul style="list-style-type: none"> - The Group's losses were affected by the financial performance of the two subsidiaries (Global Company for Chemical Industries and Addar Chemicals Co.), which were acquired during the previous Board term. The two subsidiaries recorded combined losses of SAR 12.2 million during the current quarter, compared with SAR 10.6 million in the previous quarter. The losses were also affected by the recognition of: <ul style="list-style-type: none"> - Impairment expenses related to the assets of the two subsidiaries (Global Company for Chemical Industries and Addar Chemicals Co.) amounting to SAR 279.3 million. - Additional provisions of SAR 94.5 million related to amounts due to Chemanol from the two subsidiaries in return for its support in working capital and feedstock. <p>This impact was recognized following an assessment of the recoverable amount of these assets, which showed impairment as a result of the continued losses incurred by the two subsidiaries.</p> |
| 2025 - Q3 | 674,508,630 | (40,697,647) | (577,910,792) | 85.68% | <p>The increase in losses during the current period compared to the same period of the previous year is primarily attributable to an 8% decline in average selling prices and a 2% decrease in sales volumes. In addition, the 8% increase in feedstock (natural gas) prices at the beginning of the year, amounting to approximately SAR 58.5 million, also contributed to the losses.</p> <p>Furthermore, the Group's losses were impacted by the financial performance of the two subsidiaries (Addar Chemicals Co. and Global Company for Chemical Industries), which were acquired during the previous Board term. The two subsidiaries</p> |

| | | | | |
|--|--|--|--|---|
| | | | | <p>recorded combined losses of SAR 30.8 million during the current period, compared to losses of SAR 24.1 million in the same period of the previous year.</p> <p>Moreover, the losses were affected by additional impairment charges related to the assets of the two subsidiaries (Addar Chemicals Co. and Global Company for Chemical Industries) amounting to SAR 279.3 million, as well as additional provisions of SAR 94.5 million related to amounts due to Chemanol from the two subsidiaries in return for its support in working capital and feedstock.</p> <p>This impact was recognized following an assessment of the recoverable amounts of these assets, which indicated that the decline in their value resulted from the continued losses incurred by the two subsidiaries.</p> |
|--|--|--|--|---|

Source: The Company

On 18/11/1442H, corresponding to 28/06/2021G, the Company's Extraordinary General Assembly approved a capital reduction from One Billion, Two Hundred and Six Million (1,206,000,000) Saudi Riyals to Six Hundred and Seventy-Four Million, Five Hundred and Eight Thousand, Six Hundred and Thirty (674,508,630) Saudi Riyals. This 44.07% reduction was achieved by cancelling 53,149,137 of the Company's shares.

5-4 Company's Expected Future Plans and Corrective Steps Taken to Halt Losses

The Company is currently seeking to expand its customer base in local, regional, and global markets, which will contribute to enhancing shareholders' equity and developing returns. It is also focusing on achieving the optimal utilization of its assets and human and financial resources by studying available investment opportunities to increase income and business development.

In response to intense market competition for its traditional products and the emergence of new products that can be used as substitutes for some of its products, the Company has strategically re-directed its focus. Its new strategy prioritizes developing its current business and pursuing more sustainable investment opportunities by leveraging its leadership in specialized chemical products, specifically specialized amines (MDEA).

The Company also seeks to build strategic partnerships inside and outside the Kingdom and cooperate with entities that own advanced technologies to produce more value-added downstream products. The Company has been able to identify the required growth paths for the production of specialized petrochemicals derived from Methanol and Amines derivatives, as part of its policy to diversify its product portfolio of Methanol, Formaldehyde, and Amine derivatives, in line with Saudi Vision 2030, which aims to achieve the optimal use of raw materials and increase local content through the manufacturing of value-added products.

The Company is currently conducting the necessary studies to expand its product range and diversify its markets, in addition to exploring avenues for transferring and localizing modern technology in the petrochemical and downstream industries sectors.

The Board of Directors reviewed and redirected the technical discussions for the next twelve months and initiated several measures to improve the Group's liquidity position, including cost transformation and optimization by expanding EBITDA margins without affecting the safety of its core operations, including, but not limited to:

1. Capital reduction.
2. Capital increase through a rights issue to finance requirements dictated by current market conditions.
3. Receivables & Customer Engagement: The Company has initiated "Receivable Optimization" programs, working closely with key customers to accelerate collection cycles and reduce Days Sales Outstanding (DSO).
4. Supply Chain Financing & Terms: The Company is reviewing and where feasible renegotiating credit terms with key suppliers to align payment outflows with our cash-inflow patterns.
5. Inventory & Asset Management: Tighter controls over inventory levels and a thorough review of non-core expenditures are being implemented to maximize the conversion of assets into liquid cash.

The Group's Management (the Board) is aiming to implement a Rights Issue to secure additional capital and address the Group's liquidity challenges, which were highlighted by the Auditor in the condensed consolidated interim financial statements for the period ended September 30, 2025. Furthermore, Management is seeking to obtain new short-term facilities amounting to SAR 100 million to support ongoing working capital requirements.

Management has also taken several fundamental and significant operational measures to reduce costs in order to improve the accelerated technical discussions and enhance liquidity. These measures include, but are not limited to:

1. Discretionary Spending Controls: The Company has suspended all non-essential and deferrable Operating Expenditure (OPEX) and Capital Expenditure (CAPEX). This rigorous screening process ensures capital is only deployed in areas with high returns, while fully maintaining production quality and quantity, and strictly adhering to Health, Safety, and Environment (HSE) standards.
2. Controllable Fixed Cost Reduction: A transformation program is currently being implemented to rationalize overheads and enhance resource efficiency.
3. Product Mix Enhancement: The Company is actively reshaping its product portfolio to prioritize high-margin products and entering new market segments with high profitability, ensuring additional growth without impacting existing market share.

The Group's ability to continue as a going concern is dependent upon the successful completion of the rights issue approved by the Board of Directors on 16/05/1447H, corresponding to 07/11/2025G, as well as securing the new short-term facilities.

Following the capital reduction, a portion of the accumulated losses will be extinguished, and the balance of accumulated losses will decrease, reflecting an important step in the restructuring of the Company's financial position. However, there can be no guarantee that the Company will not record additional losses in the future.

In the event that accumulated losses reach 20% or more of the Company's capital, the Company will be subject to the provisions of the " Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or more of their Share Capital" issued by the CMA's Board resolution No. (4-48-2013) dated 15/01/1435H, corresponding to 18/11/2013G based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H, corresponding to 31/07/2003G and amended by the CMA's Board resolution No. (8-5-2023) dated 25/06/1444H, corresponding to 18/01/2023G. These provisions require disclosure of such losses and taking appropriate statutory measures if accumulated losses reach 20% or more but less than 35% of its capital or reach 35% or more but less than 50% of its capital.

If accumulated losses reach 50% or more of the paid-up capital, the Company will be obliged to comply with stricter requirements under the provisions of Article 5 of the aforementioned Procedures and Instructions and Article 132 of the Companies Law, which stipulates that if the losses of a joint stock company amount to half of the issued capital, the board of directors shall, within 60 days from the date of its knowledge thereof, announce the losses and the recommendations relating thereto, and shall, within 180 days from said date, call for an extraordinary general assembly meeting to consider the continuation of the company by taking measures necessary to resolve such losses or the dissolution of the company.

5-5 General Structure of the Capital Reduction

- The Company's current capital is Six Hundred Seventy-Four Million, Five Hundred Eight Thousand, Six Hundred Thirty (674,508,630) Saudi Riyals.
- The Company's capital will be reduced by Five Hundred Twenty-Four Million, Five Hundred Eight Thousand, Six Hundred Thirty (524,508,630) Saudi Riyals through the cancellation of Fifty-Two Million, Four Hundred Fifty Thousand, Eight Hundred Sixty-Three (52,450,863) ordinary shares. This represents a reduction of 77.76% of the Company's capital, at a cancellation rate of 0.7776 ordinary share for every (1) ordinary share held, based on the condensed interim financial statements for the nine-month period ended 30 September 2025 and the Company's Auditor's report. The capital reduction will result in the extinguishment of a portion of the accumulated losses.
- The Company's accumulated losses amounted to Five Hundred Seventy-Seven Million, Nine Hundred Ten Thousand, Seven Hundred Ninety-Two (577,910,792) Saudi Riyals, representing 85.7% of the Company's current capital. Following the capital reduction, the Company's accumulated losses will amount to Fifty-Three Million, Four Hundred Two Thousand, One Hundred Sixty-Two (53,402,162) Saudi Riyals, representing 35.6% of the Company's capital after the reduction. This is based on the condensed

interim financial statements for the nine-month period ended 30 September 2025 and the Company's Auditor's report.

- The cancellation of Fifty-Two Million, Four Hundred Fifty Thousand, Eight Hundred Sixty-Three (52,450,863) ordinary shares will result in a decrease in the Company's capital to One Hundred Fifty Million (150,000,000) Saudi Riyals. Consequently, the total number of the Company's shares will decrease from Sixty-Seven Million, Four Hundred Fifty Thousand, Eight Hundred Sixty-Three (67,450,863) ordinary shares to Fifteen Million (15,000,000) ordinary shares, with a nominal value of Ten (10) Saudi Riyals per share.

Upon the Extraordinary General Assembly's approval of the capital reduction, the reduction resolution will become effective, and trading of the Company's shares on Tadawul will be suspended for two trading days starting from the day following the Extraordinary General Assembly's approval of the capital reduction. Trading will then resume at the adjusted price.

- Fractional shares (if any) resulting from the Capital Reduction will be aggregated into a single portfolio to be sold on the Exchange at the prevailing market price at the time. The sale proceeds will then be distributed to the Eligible Shareholders in proportion to their ownership within thirty (30) days from the date the Extraordinary General Assembly approves Capital Reduction.
- The financial statements used for the purposes of the Capital Reduction are the condensed interim financial statements for the nine-month period ended September 30, 2025.

5-6 Reasons for the Capital Reduction, including Management's Discussion and Analysis

The Company's management is working to formulate a strategy to improve the current situation and support the Company's future growth and financial performance. Accordingly, it has reached a decision to restructure the Company's capital by initiating a capital reduction process to extinguish a portion of the accumulated losses. Reducing accumulated losses is a critical decision in light of the Company's current circumstances, and the Company is actively working to rectify its financial position to halt further losses and return to profitability.

The Company's accumulated losses amounted to Five Hundred Seventy-Seven Million, Nine Hundred Ten Thousand, Seven Hundred Ninety-Two (577,910,792) Saudi Riyals, representing 85.7% of the Company's current capital. Following the capital reduction, the Company's accumulated losses will amount to Fifty-Three Million, Four Hundred Two Thousand, One Hundred Sixty-Two (53,402,162) Saudi Riyals, representing 35.6% of the Company's capital after the reduction. This is based on the condensed interim financial statements for the nine-month period ended 30 September 2025 and the Company's Auditor's report.

On 17/04/1447H, corresponding to 09/10/2025G, the Company announced on the Tadawul website the Board of Directors' recommendation, made during its meeting held on 16/04/1447H, corresponding to 08/10/2025G, to reduce the Company's capital from Six Hundred and Seventy-Four Million, Five Hundred and Eight Thousand, Six Hundred and Thirty (674,508,630) Saudi Riyals, divided into Sixty-Seven Million, Four Hundred and Fifty Thousand, Eight Hundred and Sixty-Three (67,450,863) ordinary shares with a nominal value of Ten (10) Saudi Riyals per share, to One Hundred and Fifty Million (150,000,000) Saudi Riyals, divided into Fifteen Million (15,000,000) ordinary shares with a nominal value of Ten (10) Saudi Riyals per share. This reduction will be carried out by the cancellation of Fifty-Two Million, Four Hundred and Fifty Thousand, Eight Hundred and Sixty-Three (52,450,863) ordinary shares, representing a reduction ratio of 77.76%, i.e., the cancellation of 0.7776 ordinary share for every (1) ordinary share held, based on the condensed interim financial statements for the nine-month period ended 30 September 2025 and the Company's Auditor's report."

5-7 Impact of Capital Reduction on Company Liabilities

- The Company has appointed Ernst & Young Professional Services LLC to prepare a Limited Assurance Report regarding the proposed capital reduction. The report outlines the reasons for the capital reduction and its impact on the Company's liabilities, as shown in Appendix (1-A).
- As stated in the attached Auditor's report, the capital reduction will have no impact on the Company's liabilities.

5-8 Impact of Capital Reduction on Shareholders' Equity

The Company's accumulated losses amounted to Five Hundred Seventy-Seven Million, Nine Hundred Ten Thousand, Seven Hundred Ninety-Two (577,910,792) Saudi Riyals, representing 85.7% of the Company's current capital. Following the capital reduction, the Company's accumulated losses will amount to Fifty-Three Million, Four Hundred Two Thousand, One Hundred Sixty-Two (53,402,162) Saudi Riyals, representing 35.6% of the Company's capital after the reduction. This is based on the condensed interim financial statements for the nine-month period ended 30 September 2025 and the Company's Auditor's report. The capital reduction of Five Hundred Twenty-Four Million, Five Hundred Eight Thousand, Six Hundred Thirty (524,508,630) Saudi Riyals will result in the extinguishment of 90.76% of the total accumulated losses.

The cancellation of Fifty-Two Million, Four Hundred Fifty Thousand, Eight Hundred Sixty-Three (52,450,863) ordinary shares will result in a decrease in the Company's capital to One Hundred Fifty Million (150,000,000) Saudi Riyals. Consequently, the total number of the Company's shares will decrease from Sixty-Seven Million, Four Hundred Fifty Thousand, Eight Hundred Sixty-Three (67,450,863) ordinary shares to Fifteen Million (15,000,000) ordinary shares, with a nominal value of Ten (10) Saudi Riyals per share.

The following table illustrates the impact on shareholders' equity based on the unaudited condensed interim financial statements for the nine-month period ended September 30, 2025:

| Shareholder's Equity as of 30 September 2025 | Before Capital Reduction (SAR) | After Capital Reduction (SAR) | Impact (SAR) |
|--|--------------------------------|-------------------------------|---------------|
| Capital | 674,508,630 | 150,000,000 | (524,508,630) |
| Share Premium | 72,850,071 | 72,850,071 | - |
| Statutory Reserve | 89,161,988 | 89,161,988 | - |
| Accumulated Losses | (577,910,792) | (53,402,162) | 524,508,630 |
| Total Shareholders' Equity | 258,609,897 | 258,609,897 | - |

Source: The Company's financial statements

The Company intends to reduce its capital from Six Hundred Seventy-Four Million, Five Hundred Eight Thousand, Six Hundred Thirty (674,508,630) Saudi Riyals to One Hundred Fifty Million (150,000,000) Saudi Riyals by cancelling Fifty-Two Million, Four Hundred Fifty Thousand, Eight Hundred Sixty-Three (52,450,863) ordinary shares. This represents a reduction of 77.76%, equivalent to the cancellation of 0.7776 ordinary shares for every One (1) ordinary share.

The Company will aggregate any fractional shares (if any) resulting from the capital reduction into a single portfolio, which will be sold on the Saudi Exchange (Tadawul) at the prevailing market price at that time. The proceeds from the sale will then be distributed to eligible shareholders in proportion to their respective shareholdings, within Thirty (30) days from the date of the Extraordinary General Assembly's approval of the capital reduction.

The capital reduction will not affect the market value of shareholders' portfolios, as illustrated in the table below. (For more information, please refer to Section 7: "Potential Risks Resulting from the Capital Reduction" of this Circular).

For example, if a shareholder owns One Thousand (1,000) shares before the capital reduction, Seven Hundred Seventy-Seven (777) shares will be cancelled, and the shareholder's ownership will become Two Hundred Twenty-Two (222) shares after the reduction. Any resulting fractional share will be cancelled, and the shareholder will be compensated in cash for the fractional share in accordance with the approved mechanism. The following table illustrates this example:

| Item (estimated) | Value |
|---|--------|
| Shares owned before capital reduction (shares) | 1,000 |
| Share price before capital reduction (Saudi Riyals) | 9.15 |
| Reduction percentage (%) | 77.76% |
| Number of shares cancelled from the shareholder's investment portfolio (shares) | 778 |

| | |
|--|-------|
| Shares owned after the reduction (shares) | 222 |
| Number of fractional shares due (estimated) | 0.4 |
| Share price after the reduction (estimated) (Saudi Riyals) | 41.15 |
| Market value of shares before the reduction (estimated) (Saudi Riyals) | 9,150 |
| Market value of shares after the reduction (estimated) (Saudi Riyals) | 9,134 |
| Compensation value for fractional shares (estimated) (Saudi Riyals) | 15.80 |

5-9 Method for Calculating the Share Price Following the Capital Reduction

The following table illustrates how the share price is calculated after the capital reduction:

| Item (Estimated)* | Value |
|--|-------------|
| a) Share price before capital reduction (Closing price on 18/10/1447H, corresponding to 06/04/2026G – hypothetical (two days following the General Assembly’s approval**). | 9.15 |
| b) Number of shares before reduction | 67,450,863 |
| c) Market value of the Company’s shares before reduction = (a) × (b) | 617,175,396 |
| d) Number of cancelled shares | 52,450,863 |
| e) Number of shares after reduction | 15,000,000 |
| Share price after capital reduction = (c) ÷ (e) | 41.15 |

* The data in the table above has been added based on the closing price on Monday, 18/10/1447H, corresponding to 06/04/2026G.

**The illustrative price may not match the adjusted price applied in accordance with trading and membership procedures.

The closing price of the Company’s share on the date of the Extraordinary General Assembly held on **/**/1447H, corresponding to **/**/2026G, which approved the capital reduction, was Saudi Riyals. It is expected to reach Saudi Riyals at the opening of the trading day following the suspension of share trading on **/**/1447H, corresponding to **/**/2026G, representing an increase of **%.

Any shareholder who owns four (4) shares or less of the Company's shares in their portfolio before the reduction will have their shares cancelled and will be compensated.

The following table illustrates the effect on a shareholder who owns up to ten (10) shares.

| | | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Number of shares owned Before Capital Reduction (share) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Share Price Before Capital Reduction (SAR) | 9.15 | 9.15 | 9.15 | 9.15 | 9.15 | 9.15 | 9.15 | 9.15 | 9.15 | 9.15 |
| Reduction Percentage (%) | 77.76% | 77.76% | 77.76% | 77.76% | 77.76% | 77.76% | 77.76% | 77.76% | 77.76% | 77.76% |
| Number of Shares Canceled from Shareholder's Investment Portfolio (share) | 1 | 2 | 3 | 4 | 4 | 5 | 6 | 7 | 7 | 8 |
| Number of shares owned After Capital Reduction (Share) | - | - | - | - | 1 | 1 | 1 | 1 | 2 | 2 |
| Number of fractional shares due (estimated) | 0.222 | 0.445 | 0.667 | 0.890 | 0.112 | 0.334 | 0.557 | 0.779 | 0.001 | 0.224 |
| Share Price After Capital Reduction (estimated) (SAR) | 41.15 | 41.15 | 41.15 | 41.15 | 41.15 | 41.15 | 41.15 | 41.15 | 41.15 | 41.15 |
| Market Value of the Shares Before Capital Reduction (estimated) (SAR) | 9.15 | 18.30 | 27.45 | 36.60 | 45.75 | 54.90 | 64.05 | 73.20 | 82.35 | 91.50 |
| Market Value of the Shares After Capital Reduction (estimated) (SAR) | 0 | 0 | 0 | 0 | 41.15 | 41.15 | 41.15 | 41.15 | 82.29 | 82.29 |
| Compensation Value Resulting from Fractional Shares (Estimated) (SAR) | 9.15 | 18.30 | 27.45 | 36.60 | 4.61 | 13.76 | 22.91 | 32.06 | 0.06 | 9.21 |

Source: The Company

* The data in the table above is based on the closing price as of 18/10/1447 H, corresponding to 06/04/2026.

** The illustrative price may differ from the adjusted price determined in accordance with the Trading and Membership Procedures."

6- Declaration of the Board of Directors

The members of the Company's Board of Directors confirm, to the best of their knowledge and belief, that capital reduction is in the best interest of the Company and its shareholders.

7- Potential Risks Resulting from the Capital Reduction

Each shareholder of the Company must read this section and carefully examine all the information provided herein before making any decision during the Company's Extraordinary General Assembly meeting regarding the capital reduction. Shareholders are also required to read and study all other information contained in this Circular, and not only the potential risks mentioned in this section, as the risk factors mentioned in this Circular may not include all the risks that the Company may currently face or that may have been identified prior to or on the date of this Circular. It should be noted that additional risk factors may arise that are not mentioned in this section, and these risks could adversely affect the Company, as they were not known to the Board of Directors as of the date of this Circular – to the best of their knowledge and belief – or are not considered factors that might affect the capital reduction as of the date of this Circular.

(For further information, please refer to Section 5-6, "Reasons for the Board of Directors' Recommendation to Reduce Capital," of this Circular).

The potential risks mentioned below are not listed in order of importance.

7-1 Risks Related to Forward-Looking Statements

Some statements in this Circular reflect forward-looking expectations that involve known and unknown risks and uncertainties. These include, but are not limited to, future plans, the impact of capital reduction, and capital restructuring strategies. The Company's future results, and performance data cannot be factually predicted and may differ from what is stated in this Circular, as actual results may differ due to the Company's performance and adaptability. Inaccuracies in these projections pose risks to shareholders, and any deviation from expectations may negatively affect the share price.

7-2 Risks Related to Company Reputation

Capital reductions are often perceived negatively by the market in general, potentially leading to inaccurate assumptions about the Company's financial and commercial position. This may negatively impact the Company's business, share price, trading behavior, and overall business performance including the Company's financial position, operational results, and future outlook.

7-3 Risks Related to Capital Decrease

The Company will reduce its capital from Six Hundred Seventy-Four Million, Five Hundred Eight Thousand, Six Hundred Thirty (674,508,630) Saudi Riyals to One Hundred Fifty Million (150,000,000) Saudi Riyals, representing a 77.76% reduction in capital. A decrease in capital means that, should the Company incur accumulated losses in the future, these losses would represent a larger percentage of the capital compared to the current situation.

7-4 Risks Related to Accumulated Losses

As of September 30, 2025, the Company's accumulated losses amounted to Five Hundred Seventy-Seven Million, Nine Hundred Ten Thousand, Seven Hundred Ninety-Two (577,910,792) Saudi Riyals, representing 85.7% of its current capital. While the capital reduction process aims to extinguish a portion of the accumulated losses – bringing the ratio down to 35.6% of the Company's capital post-reduction – there are no guarantees against the Company incurring additional losses in the future.

Should the Company fail to generate profits or continue to incur annual losses, its financial performance and sustainability will be affected, potentially resulting in a material adverse impact on its business, operating results, and future outlook.

If the accumulated losses reach 20% or more of the Company's share capital, it will be subject to the "Procedures and Instructions for Listed Companies with Accumulated Losses of 20% or More of Share Capital," issued by the CMA under Resolution No. (4-48-2013) dated 15/1/1435H (corresponding to 18/11/2013G), based on the Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424H (corresponding to 31/7/2003G), and amended by CMA Board Resolution No. (8-5-2023) dated 25/6/1444H (corresponding to 18/1/2023G). These procedures require disclosure of such losses and the adoption of appropriate regulatory measures if accumulated losses reach 20% or more but less than 35%, or 35% or more but less than 50% of share capital.

If the accumulated losses reach 50% or more of the paid-up capital, the Company will be required to comply with stricter obligations under Article (5) of the aforementioned procedures and Article (132) of the Companies Law, which stipulates that if a joint-stock company's losses reach half of its issued capital, the Board of Directors must disclose this and present its recommendations regarding such losses within sixty days of becoming aware of the situation. The Board must also call for an Extraordinary General Assembly meeting within one hundred eighty days of becoming aware of the losses to consider whether the Company should continue operating while taking necessary measures to address the losses or be dissolved.

7-5 Risks Related to the Going Concern Basis and the Qualified Opinion Disclosed in the Company's Financial Statements as of September 30, 2025

It should be noted that the auditor drew attention to a material uncertainty related to going concern in the unaudited condensed consolidated interim financial statements for the three-month and nine-month periods ended 30 September 2025. As set out in Note (3) to the condensed consolidated interim financial statements, the Group incurred a net loss of SAR 570.0 million for the period ended 30 September 2025. As of that date, the Group's current liabilities exceeded its current assets by SAR 338.3 million, and the Group's accumulated losses exceeded half of its share capital. These events or conditions, together with other matters set out in Note (3), indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Furthermore, as detailed in Note (3), the Company's Board of Directors decided not to assume or bear any credit facilities for its subsidiaries. The Group's ability to continue its operations, as set out in Note (3), depends on completing the remedial measures, specifically the rights issue, which management expects to complete in the second quarter of 2026. Accordingly, the Company's ability to commence and complete the rights issue depends on multiple factors, including approvals from regulatory authorities. Therefore, the Parent Company prepared these condensed consolidated interim financial statements on a going concern basis. The auditor's opinion was not modified in respect of this matter. For further information, refer to Note (3) to the condensed interim financial statements for the period ended 30 September 2025.

7-6 Risks Related to Unexpected Events

The Company's operations and results depend entirely on continuity. Any event that disrupts operations—temporarily or permanently—could materially and adversely affect financial and operational performance and working capital.

7-7 Risks Related to Share Price Volatility and Impact of Fractional Share Compensation

The Company's share price may experience significant volatility due to market conditions, regulatory changes, economic fluctuations, regional political developments, Company's financial and operational performance, and progress on its restructuring plan. The capital reduction may not result in an expected increase in share price as of the date of this Circular or at any prior or subsequent time, as it will depend on the share price on the day of the Extraordinary General Assembly related to the reduction. In addition, fractional shares will be sold on the market at prevailing prices, which may differ from the price at the time of this Circular or the Extraordinary General Assembly related to reduction. This means that a shareholder owning fractional shares may not receive sufficient or comparable compensation to what they might have received at another time.

7-8 Risks Related to Shareholders Owning Four Shares or Less

Shareholders holding Four (4) shares or less will have their shares cancelled and compensated through the sale of fractional shares. Trading will be suspended for Two (2) business days following the Extraordinary General Assembly's approval. The Securities Depository Centre (Edaa) will apply the reduction to shareholder portfolios in accordance with Article 38 (6-c) of the Listing Rules. (For more information, refer to Section 5-8 "Impact of Capital Reduction on Shareholders' Equity" in this Circular).

7-9 Risks Related to the New Companies Law

The Company is subject to the Companies Law, which was issued under Royal Decree No. M/132 dated 01/12/1443H, corresponding to 30/06/2022G and came into effect on 26/06/1444H, corresponding to 19/01/2023G. If accumulated losses reach 50% of capital, the Company must comply with Article 132 of the Companies Law, requiring the Board to disclose the losses and submit recommendations to shareholders within 60 days, and convene an Extraordinary General Assembly within 180 days to consider the Company's continuity and take any necessary measures to address those losses, or dissolve the

Company before the term specified in its Articles of Association. (For more information, please refer to Section 11, "Important Information," of this Circular).

It is worth noting that on 17/02/1447H, corresponding to 11/08/2025G, the Company announced on the Tadawul website its losses, which amounted to SAR 535.55 million, representing 79.40% of the capital. During its meeting held on 09/04/1447H corresponding to 02/10/2025G, the Board of Directors recommended reducing the Company's capital to extinguish such losses within the sixty-day period stipulated in Companies Law. Furthermore, on 20/05/1447H corresponding to 11/11/2025G, the Company announced on the Tadawul website that its losses reached SAR 577.91 million, representing 85.68% of its capital.

Failure to call the Extraordinary General Assembly to convene and consider the continuity of the Company, while taking any necessary measures to address those losses within the (180)-day period stipulated in the Companies Law, may expose the Company to violations issued by the Ministry of Commerce. Incurring such violations would lead to additional costs, negatively affecting the Company's financial performance and resulting in a material adverse impact on its business, results of operations, and future outlook. Moreover, if the Extraordinary General Assembly does not approve of taking any necessary measures to address those losses, it will also impact on the Company's financial performance, leading to a material adverse effect on its business, results of operations, and future outlook.

7-10 Risks Related to Non-Compliance with Existing and Emerging Regulations and Laws

The Company is subject to oversight by several government entities in the Kingdom of Saudi Arabia, including but not limited to the Capital Market Authority, the Ministry of Commerce, the Ministry of Industry and Mineral Resources, and the General Authority for Meteorology and Environmental Protection. As such, the Company is exposed to risks arising from changes in laws, regulations, circulars, and policies within the Kingdom—particularly those affecting licensing procedures (including licenses issued by the Ministry of Commerce, the Ministry of Industry and Mineral Resources, and the General Authority for Meteorology and Environmental Protection), the Companies Law issued by the Ministry of Commerce, the Corporate Governance Regulations issued by the Capital Market Authority, customs duties on key raw materials and finished imported products, sales restrictions, and obligations related to health and safety standards.

The legislative and regulatory environment in the Kingdom is undergoing continuous development and improvement, with frequent issuance of new laws and regulations. Compliance with these evolving requirements entails high costs. If changes are introduced to existing laws or regulations—or if new laws or regulations are enacted, the Company may incur unexpected financial expenses to ensure compliance and meet the requirements of such legislation. Furthermore, failure to maintain ongoing compliance may expose the Company to penalties and fines imposed by the relevant regulatory authorities, which could materially and adversely affect its operations, financial results, financial position, and future outlook.

7-11 Risks Related to Legal Proceedings

The Company is exposed—whether as plaintiff or defendant—to the risks of legal claims and proceedings arising in the normal course of its business activities. The Company cannot determine the final outcomes of such claims or the potential compensation that may result from them. Any court rulings issued against the Company could have a materially adverse effect on its financial position, operational results, and future outlook. In addition, regardless of whether judgments are issued in favor of or against the Company, such claims or proceedings may result in the Company incurring legal fees and advisory costs, which could have a material adverse effect on the Company’s operations, financial position, and financial results.

It is worth noting that, during the recent period, the Company appointed a specialized law firm to assess its legal position with respect to the two acquisition transactions (Global Company for Chemical Industries and Addar Chemicals Co.) and the circumstances surrounding their execution during the previous Board term. The Company will begin taking the necessary legal actions against the persons responsible for the transactions once the findings of the ongoing forensic investigation—currently being conducted by Deloitte—are finalized.

The Company also announced that the firm assigned to conduct the forensic investigation has reviewed all acquisition-related documents to assess the implications of the two transactions. The investigation report, completed on December 7, 2025, included several findings and facts that form the basis of certain material violations. These findings revealed conflicts of interest involving some members of the previous Board, its subcommittees, and certain former owners of the acquired companies.

The report also included several material observations regarding the failure of certain former Board members to exercise the required due care in performing their duties as Board members during the execution of the acquisitions. It further highlighted that many of the red flags identified in the due diligence reports—particularly those related to the poor financial performance of the acquired companies and doubts about their ability to continue as going concerns due to their heavy indebtedness—were disregarded.

Additionally, the report included an independent valuation of the acquired companies conducted by a specialized firm, the results of which differed significantly from the valuations used during the acquisitions executed under the previous Board term, which were prepared by a valuer not accredited by the Saudi Authority for Accredited Valuers.

Based on the findings of the recently completed report, the Company will share the results with the relevant authorities to take the necessary actions. Furthermore, the Company will appoint a specialized law firm to initiate the required legal procedures based on the violations identified in the report, with the aim of protecting the rights and interests of its shareholders. Shareholders may follow the Company’s disclosures for updates on this matter.

It is worth noting that Methanol Chemicals Company (Chemanol) announced on Tadawul’s website on 16/06/1447H, corresponding to 07/12/2025G, a claim filed by the former owners of Addar Chemicals Co. seeking payment of Fifteen Million, Three Hundred

Ninety-Three Thousand, Four Hundred Twenty (15,393,420) Saudi Riyals, which the plaintiffs had paid for a bank facility and operating expenses of Addar Chemicals Co. up to November 2023. The Company announced on 22/09/1447H, corresponding to 11/03/2026G, that the Commercial Court in Dammam issued a preliminary judgment ordering Chemanol to pay Fifteen Million, Three Hundred Ninety-Three Thousand, Four Hundred Twenty (15,393,420) Saudi Riyals to the former owners of Addar Chemicals Co. The Company objected to the preliminary judgment and filed an appeal through a specialized law firm. If the preliminary judgment is upheld by the Court of Appeal, it will become binding on the Company, which may have a material adverse effect on the Company's business, activities, results of operations, financial position, profitability, and future prospects.

7-12 Risks Related to Delays or Failure to Complete the Corrective Measures, Including the Issuance of Rights Shares

The Company announced on 08/11/1445H, corresponding to 16/05/2024G, an amendment to the Board of Directors' previous recommendation to the Extraordinary General Assembly - announced on 04/08/1445H, corresponding to 14/02/2024G - to increase the Company's share capital through a rights issue amounting to SAR 350,000,000. The objective of the capital increase is to support the Company's expansion strategy, increase its activities, enhance its direct and indirect local investments, and strengthen its financial solvency.

On 01/07/1447H, corresponding to 21/12/2025G, the Company announced the appointment of Albilad Capital as the financial advisor and underwriter for the rights issue. The Company's ability to address its accumulated losses, enhance its financial position, and improve its liquidity levels depends on completing the corrective measures that management intends to implement, including the issuance of rights shares. This process is subject to several regulatory requirements and approvals, including obtaining the necessary approvals from the relevant authorities, securing the approval of the Extraordinary General Assembly, and completing the offering and subscription procedures in accordance with the applicable regulatory timelines and requirements.

There is no assurance that the Company will be able to complete these measures within the expected timeframe or under the targeted conditions, as they may be affected by factors beyond the Company's control, including market conditions, the level of shareholder and investor participation, or any additional requirements imposed by regulatory authorities.

Any delay or failure to complete these measures may result in continued pressure on liquidity, an increase in accumulated losses, and limitations on the Company's ability to meet its obligations and finance its operations and business plans. Should the rights issue not be completed, this could have a material adverse effect on the Company's operations, financial results, financial position, and its ability to continue as a going concern.

8- Expected Timetable for the Capital Reduction Process

| Expected Timeline for the Capital Reduction | Date |
|--|---|
| 1. Procedures Related to Obtaining the CMA's Approval for Capital Reduction | |
| Company's announcement on Tadawul's website regarding the Board of Directors' recommendation to reduce capital. | 16/04/1447H, corresponding to 08/10/2025G |
| Company's announcement on Tadawul's website regarding the appointment of the Financial Advisor for capital reduction. | 16/04/1447H, corresponding to 08/10/2025G |
| Submission of the capital reduction approval request to the CMA | 15/07/1447H, corresponding to 04/01/2026G |
| Obtaining the CMA's approval for the Company's capital reduction application. | 20/11/1447H, corresponding to 07/05/2026G |
| 2. Procedures Related to the Extraordinary General Assembly | |
| Invitation to Shareholders to Attend the Extraordinary General Assembly to Vote on capital reduction. | **/**/1447H, corresponding to **/**/2026G |
| Making the documents available for inspection at the Company's head office for a period of no less than fourteen (14) days prior to the date of the Extraordinary General Assembly regarding capital reduction, starting from the date the invitation to the Extraordinary General Assembly is published. | **/**/1447H, corresponding to **/**/2026G |
| Announcing the commencement of electronic voting on the agenda items of the Extraordinary General Assembly regarding the capital reduction (First meeting). | **/**/1447H, corresponding to **/**/2026G |
| Convening of the Extraordinary General Assembly to approve capital reduction (first meeting). The quorum is met if shareholders representing at least 50% of the Company's capital are present. | **/**/1447H, corresponding to **/**/2026G |
| Convening of the Extraordinary General Assembly (second meeting) one hour after the expiration of the designated period for convening the first meeting, if the quorum is not met. The second meeting quorum is valid if attended by shareholders representing at least one quarter of the capital. If the quorum is not met in the second meeting, a third meeting will be called under the same conditions outlined in Article 91 of Companies Law. The third meeting is valid irrespective of the number of shares or shareholders represented. | **/**/1447H, corresponding to **/**/2026G |
| Company's announcement on Tadawul's website regarding the results of the Extraordinary General Assembly for capital reduction. | **/**/1447H, corresponding to **/**/2026G |
| 3. Procedures Related to the Completion of the Capital Reduction Process | |
| Effectiveness of the capital reduction resolution and announcing it as part of the Extraordinary General Assembly resolutions. | **/**/1447H, corresponding to **/**/2026G |
| Suspension of share trading on Tadawul for two trading days starting from the day following the Extraordinary General Assembly's approval of the capital reduction | **/**/1447H, corresponding to **/**/2026G |

| | |
|---|--|
| Adjustment of the share price following the capital reduction, effective on the day following the suspension of trading | **/**/1447H, corresponding to **/**/2026G |
| Announcement regarding the deposit of proceeds from the sale of Fractional Shares resulting from the capital reduction into the accounts of Eligible Shareholders | **/**/1447H, corresponding to **/**/2026G |

Source: The Company

The proceeds from the sale of fractional shares resulting from the Company's capital reduction will be announced and deposited into the accounts of eligible shareholders within thirty (30) days from the date of the Extraordinary General Assembly's approval of the capital reduction.

9- Regulatory Approvals Required for the Capital Reduction

- The Company obtained the approval of the CMA on 20/11/1447H, corresponding to 07/05/2026G for the capital reduction from Six Hundred Seventy-Four Million, Five Hundred Eight Thousand, Six Hundred Thirty (674,508,630) Saudi Riyals, divided into Sixty-Seven Million, Four Hundred Fifty Thousand, Eight Hundred Sixty-Three (67,450,863) ordinary shares with a nominal value of Ten (10) Saudi Riyals per share, to One Hundred Fifty Million (150,000,000) Saudi Riyals, divided into Fifteen Million (15,000,000) ordinary shares with a nominal value of Ten (10) Saudi Riyals per share. This reduction will be achieved by cancelling Fifty-Two Million, Four Hundred Fifty Thousand, Eight Hundred Sixty-Three (52,450,863) ordinary shares, representing 77.76% of the Company's capital, at a cancellation ratio of 0.7776 ordinary shares for every (1) ordinary share. This approval was announced on the CMA website on 20/11/1447H, corresponding to 07/05/2026G and on Tadawul's website on 23/11/1447H, corresponding to 10/05/2026G.
- The Company submitted a notification to Saudi Exchange regarding the reduction of the Company's capital by Five Hundred Twenty-Four Million, Five Hundred Eight Thousand, Six Hundred Thirty (524,508,630) Saudi Riyals, from Six Hundred Seventy-Four Million, Five Hundred Eight Thousand, Six Hundred Thirty (674,508,630) Saudi Riyals to One Hundred Fifty Million (150,000,000) Saudi Riyals, by cancelling Fifty-Two Million, Four Hundred Fifty Thousand, Eight Hundred Sixty-Three (52,450,863) ordinary shares of the Company on 23/11/1447H, corresponding to 10/05/2026G.
- The capital reduction is subject to shareholders' approval through the Extraordinary General Assembly. Shareholders should be aware that if their approval is not obtained, the capital reduction process will be entirely discontinued.
- If shareholders' approval is obtained during the Extraordinary General Assembly, the Company will approach the Ministry of Commerce to obtain approval for amending its Commercial Registration and Articles of Association.
- Other than the approvals mentioned above, there are no additional regulatory approvals required that the Company has not already obtained in relation to completing the capital reduction process.

10- Relevant Laws and Regulations

- The Companies Law in the Kingdom of Saudi Arabia, issued in accordance with Royal Decree No. M/132 dated 01/12/1443H, corresponding to 30/06/2022G, and any amendments thereto.
- The Corporate Governance Regulations issued by the CMA Board pursuant to Resolution No. 8-127-2016 dated 16/01/1438H, corresponding to 17/10/2016G, based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H corresponding to 30/06/2022G, as amended by the CMA Board Resolution No. 1-2-2026 dated 16/07/1447H corresponding to 05/01/2026G, and any subsequent amendments thereto.
- The Capital Market Law, issued in accordance with Royal Decree No. M/30 dated 02/06/1424H, corresponding to 31/07/2003G, and any amendments thereto.
- The Rules on the Offer of Securities and Continuing Obligations, issued by the CMA Board in accordance with Resolution No. 3-123-2017 dated 09/04/1439H, corresponding to 27/12/2017G, based on the Capital Market Law issued under Royal Decree No. M/30 dated 02/06/1424H, corresponding to 31/07/2003G, and amended by CMA Board Resolution No. 3-6-2026 dated 30/07/1447H, corresponding to 19/01/2026G, and any subsequent amendments.
- The Listing Rules issued by Tadawul and approved by the CMA Board in accordance with Resolution No. 3-123-2017 dated 09/04/1439H, corresponding to 27/12/2017G and amended by Resolution No. 1-46-2026 dated 13/10/1447H, corresponding to 01/04/2026G and any subsequent amendments thereto.
- The Implementing Regulation of the Companies Law for Listed Joint Stock Companies, issued by the CMA Board in accordance with Resolution No. 8-127-2016 dated 16/01/1438H, corresponding to 17/10/2016G, based on the Companies Law issued in accordance with Royal Decree No. M/3 dated 28/01/1437H, and amended by CMA Board Resolution No. 2-114-2024 dated 04/04/1446H, corresponding to 07/10/2024G, based on the Companies Law issued in accordance with Royal Decree No. M/132 dated 01/12/1443H, corresponding to 30/06/2022G.
- The Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or more of their Share Capital, issued by the CMA Board in accordance with Resolution No. 4-48-2013 dated 15/01/1435H, corresponding to 18/11/2013G, based on the Capital Market Law issued under Royal Decree No. M/30 dated 02/06/1424H, corresponding to 31/07/2003G, and amended by CMA Board Resolution No. 8-5-2023 dated 25/06/1444H, corresponding to 18/01/2023G.
- The Company's Articles of Association.

11- Important Information

- Pursuant to the Companies Law in the Kingdom of Saudi Arabia, issued in accordance with Royal Decree No. M/132 dated 01/12/1443H, corresponding to 30/06/2022G, and its subsequent amendments—specifically Article (132), which states that if the losses of a joint-stock company amount to half of the issued capital, the board of directors shall, within 60 days from the date of its knowledge thereof, announce the losses and the recommendations relating thereto, and shall, within 180 days from said date, call for an extraordinary general assembly meeting to consider the continuation of the company by taking measures necessary to resolve such losses or the dissolution of the company.
- Pursuant to the Companies Law in the Kingdom of Saudi Arabia, issued in accordance with Royal Decree No. M/132 dated 01/12/1443H, corresponding to 30/06/2022G, and its subsequent amendments—specifically Article (133), which outlines the methods by which a company may reduce its capital:
 - Cancelling a number of shares equal to the amount to be reduced.
 - Reducing the nominal value of a share by cancelling a part thereof equal to the amount of losses incurred.
 - Reducing the nominal value of a share by returning a part thereof to the shareholder or relieving him from all or part of the unpaid amount of the share's value.
 - The company's purchase of a number of its shares equals the amount to be decreased, and the cancellation of such shares thereafter.
- With reference to the Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or more of their Share Capital, issued by the CMA Board in accordance with Resolution No. 4-48-2013 dated 15/01/1435H, corresponding to 18/11/2013G, based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, corresponding to 31/07/2003G and amended by CMA Board Resolution No. 8-5-2023 dated 25/06/1444H, corresponding to 18/01/2023G; the Company is obliged to:
 - Immediately and without delay disclose to the public through a separate announcement when its accumulated losses reach 20% or more but less than 35% of its capital. The announcement must include the amount of accumulated losses, their percentage of capital, the main reasons that led to reaching such losses, and a reference in the announcement that these Procedures and Instructions will apply to the Company. If the required disclosure under this paragraph coincides with the announcement of interim or annual financial results, the Company shall be exempt from disclosing through a separate announcement if it includes the required disclosure in the interim or annual financial results announcement.
 - Immediately and without delay disclose to the public through a separate announcement when its accumulated losses reach 35% or more but less than 50% of its capital. The announcement must include the amount of accumulated losses, their percentage of capital, the main reasons that led to reaching such losses, the procedures that the Company will take in respect thereof, and a reference in the announcement that these Procedures and Instructions will apply to the Company. If the required disclosure under this paragraph coincides with the announcement of interim or annual financial results, the Company shall be exempt from disclosing

through a separate announcement if it includes the required disclosure in the interim or annual financial results announcement.

- Immediately and without delay disclose to the public through a separate announcement when its accumulated losses reach 50% or more of its capital. The announcement must include the amount of accumulated losses, their percentage of capital, the main reasons that led to reaching such losses, and a reference in the announcement that these Procedures and Instructions will apply to the Company. If the required disclosure under this paragraph coincides with the announcement of interim or annual financial results, the Company shall be exempt from disclosing through a separate announcement if it includes the required disclosure in the interim or annual financial results announcement.

According to the Saudi Exchange (Tadawul), companies with accumulated losses are classified into three categories:

- Accumulated losses amount to 20% or more, but less than 35% of the share capital.
- Accumulated losses amount to 35% or more, but less than 50% of the share capital.
- Accumulated losses amount to 50% or more of the share capital.

- Pursuant to Article (134) of the Companies Law, the Extraordinary General Assembly may resolve to reduce the Company's capital if it incurs losses. In such cases only, the capital may be reduced below the limit specified in Article (59) of the Companies Law, which is (500,000) Saudi Riyals. The resolution for capital reduction shall not be adopted unless a statement prepared by the Board of Directors detailing; the grounds for such reduction, the company's liabilities, and the impact of the reduction on the settlement of those liabilities, is presented and read out at the General Assembly. This statement must include the Company's Auditor's report.
- In accordance with Article (93) of Companies Law, an Extraordinary General Assembly meeting shall be deemed valid only if attended by shareholders who represent at least half of the company's voting shares, unless the company's articles of association stipulate a higher percentage, provided that such percentage does not exceed two thirds of the voting shares. If the quorum required for an Extraordinary General Assembly meeting is not satisfied, a call shall be made for a second meeting to be held under the same conditions stipulated in Article (91) of the Companies Law. The second meeting may be held one hour after the end of the period set for the first meeting, provided that the invitation for the first meeting provides for the possibility of holding a second meeting. In all cases, the second meeting shall be deemed valid if attended by shareholders who represent at least a quarter of the company's voting shares. If the quorum required for the second meeting is not satisfied, a call shall be made for a third meeting, and it shall be deemed valid regardless of the number of voting shares represented therein.
- According to Article (93) of Companies Law, decision of an Extraordinary General Assembly meeting relating to the reduction of capital shall be deemed valid if made by the vote of three-quarters of the voting shares represented in the meeting.
- In the event that the Company's shareholders approve the capital reduction, the reduction resolution shall be effective on all Company shareholders who own shares at the end of trading on the day of the Extraordinary General Assembly meeting for capital reduction,

and who are registered in the Company's shareholders register with the Securities Depository Center (Edaa) at the end of the second trading day following the day of the Extraordinary General Assembly meeting. This includes shareholders who did not attend the Extraordinary General Assembly meeting, as well as shareholders who attended the meeting but did not vote or voted against the capital reduction resolution.

12- Auditor's Report

The Company has appointed Ernst & Young Professional Services LLC as its auditor to prepare a limited assurance report regarding the proposed capital reduction. The report outlines the reasons for the capital reduction and its impact on the Company's liabilities, in order to obtain the CMA's approval for the capital reduction request.

Pursuant to Article (134) of Companies Law, the resolution for capital reduction shall not be adopted unless a statement prepared by the Board of Directors, detailing the grounds for such reduction, the company's liabilities, and the impact of the reduction on the settlement of those liabilities, is presented and read out at the General Assembly. This statement must include the Company's Auditor's report.

A copy of the Auditor's report (the Limited Assurance Report on the Proposed Capital Reduction) has been included in the announcement for the invitation to this Extraordinary General Assembly on Tadawul's website on ***/**/1447H, corresponding to ***/**/2026G.

13- Documents Available for Inspection

The Company will make the following documents available for shareholders' inspection during official working hours, (7:30 AM to 3:30 PM), at the Company's head office located at Road 218, intersection 198, Jubail Industrial City, Eastern Province. This will commence from the first working day following the call for the Extraordinary General Assembly regarding capital reduction (provided that the period is not less than 14 days prior to the date of the Assembly). Such documents will remain available for review until the date of the Extraordinary General Assembly on **/**/1447H, corresponding to **/**/2026G

- A copy of the Board of Directors' recommendation for capital reduction.
- A copy of the Financial Advisor's appointment letter.
- A copy of the Legal Advisor's appointment letter.
- A copy of the CMA's announcement approving the capital reduction, published on its website on 20/11/1447H, corresponding to 07/05/2026G.
- A copy of Shareholders' Circular submitted to the Extraordinary General Assembly.
- A copy of the Auditor's report pertaining to the capital reduction.

14- Appendices

Appendix (1-A): Statement Prepared by the Company's Board of Directors Regarding the Reasons for the Proposed Capital Reduction, the Company's Obligations, and the Impact of the Reduction on Their Fulfillment.

Appendix (2): Copy of the Auditor's Report

Appendix (3): Proxy Form for Attending the Extraordinary General Assembly Meeting.

Appendix (1-A): Statement Prepared by the Company's Board of Directors Regarding the Reasons for the Proposed Capital Reduction, the Company's Obligations, and the Impact of the Reduction on Their Fulfillment

Introduction

In view of the Company's current financial developments, and in alignment with its strategic objectives aimed at strengthening financial stability and ensuring the continuity of operations, the Board of Directors resolved on 25 December 2025 to initiate fundamental measures intended to optimize the Company's capital structure and enhance operational efficiency. This statement provides a detailed overview of the proposed capital reduction, which primarily seeks to address accumulated losses, and outlines the statutory procedures undertaken to implement this resolution in accordance with the applicable laws and regulations.

In this regard, the Company intends to reduce its share capital from Six Hundred Seventy-Four Million, Five Hundred Eight Thousand, Six Hundred Thirty (674,508,630) Saudi Riyals to One Hundred Fifty Million (150,000,000) Saudi Riyals. The capital will be reduced by an amount of Five Hundred Twenty-Four Million, Five Hundred Eight Thousand, Six Hundred Thirty (524,508,630) Saudi Riyals through the cancellation of Fifty-Two Million, Four Hundred Fifty Thousand, Eight Hundred Sixty-Three (52,450,863) ordinary shares, representing 77.76% of the Company's share capital, equivalent to the cancellation of 0.7776 ordinary shares for every 1 ordinary share.

The purpose of the capital reduction is to extinguish 90.76% of the Company's accumulated losses, which amount to Five Hundred Seventy-Seven Million, Nine Hundred Ten Thousand, Seven Hundred Ninety-Two (577,910,792) Saudi Riyals, representing 85.67% of the share capital. Following the reduction, the remaining accumulated losses will amount to Fifty-Three Million, Four Hundred Two Thousand, One Hundred Sixty-Two (53,402,162) Saudi Riyals, representing 35.60% of the share capital after the reduction.

Reasons for the Capital Decrease

- Restructuring the Company's capital.
- Extinguishing accumulated losses in compliance with the requirements of the Companies Law.

Impact of the Capital Reduction on the Company's Liabilities

The capital reduction will not affect the Company's cash accounts and, therefore, will not have any impact on the Company's liabilities, obligations, or shareholders' equity, as it is a non-cash transaction, as shown in the table below.

The reduction may result in fractional shares for certain shareholders. In the event a shareholder owns four (4) shares and, following the reduction, their entitlement becomes less than four (4) shares, such shares will be cancelled, and the shareholder will be compensated in cash for the resulting fractional shares in accordance with the approved mechanism.



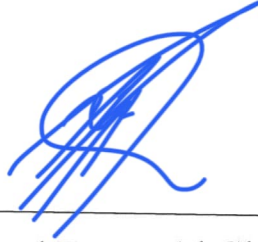
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شركة مساهمة سعودية برأسمال مدفوع بالكامل ٦٧٤,٥٠٨,٦٣٠ ريال سعودي، سجل تجاري رئيسي ٢٠٥٠٠٥٧٨٢٨ - سجل تجاري فرعي ٢٠٥٥٠٠١٨٧٠
A Joint-Stock company with paid up capital of SR. 674,508,630, Main. C.R. No. 2050057828, Branch C.R. No. 2055001870

| All amounts are stated in Saudi Riyals as of 30 September 2025 | Before Capital Reduction | Impact | After Capital Reduction |
|--|--------------------------|---------------|-------------------------|
| Assets | 1,313,532,583 | | 1,313,532,583 |
| Equity & Liabilities | | | |
| Equity | | | |
| Share capital | 674,508,630 | (524,508,630) | 150,000,000 |
| Share premium | 72,850,071 | - | 72,850,071 |
| Statutory reserve | 89,161,988 | - | 89,161,988 |
| Accumulated losses | (577,910,792) | 524,508,630 | (53,402,162) |
| Equity attributable to equity holders of the Parent Company | 258,609,897 | - | 258,609,897 |
| Non-controlling interests | (76,013,892) | - | (76,013,892) |
| Total Equity | 182,596,005 | - | 182,596,005 |
| Total Liabilities | 1,130,936,578 | - | 1,130,936,578 |
| Total Equity & Liabilities | 1,313,532,583 | - | 1,313,532,583 |





Fahad Fozan Al-Shaya

Chairman of the Board of Directors



ص.ب. ٣١٣٩، الدمام ٣١٤٧١، المملكة العربية السعودية، هاتف: ٢٦٦٨ ١٣ ٨٣٤ ٩٦٦ +، فاكس: ٠١٤٢ ١٣ ٨٣٤ ٩٦٦ +
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 موقع الكتروني: www.chemanol.com

شركة مساهمة سعودية برأسمال مدفوع بالكامل ٦٣٠، ٥٠٨، ٦٧٤ ريال سعودي، سجل تجاري رئيسي ٢٠٥٠٥٧٨٢٨ - سجل تجاري فرعي ٢٠٥٥٠٠١٨٧٠
 A Joint-Stock company with paid up capital of SR. 674,508,630, Main. C.R. No. 20550057828, Branch C.R. No. 2055001870





Ernst & Young Professional Services (Professional LLC)
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LIMITED ASSURANCE REPORT ON THE PROPOSED DECREASE IN SHARE CAPITAL TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY)

Scope

We have been engaged by Methanol Chemicals Company (A Saudi Joint Stock Company) (the “Company”) to perform a ‘limited assurance engagement,’ as defined by International Standards on Assurance Engagements, here after referred to as the “engagement”, to report on the resolution provided by the Company’s Board of Directors dated 10 Rajab 1447H (corresponding to 25 December 2025G) to the Extraordinary General Assembly on the proposed decrease of the Company’s share capital from ﷲ 674,508,630 to ﷲ 150,000,000, and the statement prepared by the Company’s Board of Directors, extracted from the Company’s accounting records as at 30 September 2025, and submitted to the Extraordinary General Assembly, concerning the reasons for the proposed decrease of the Company’s share capital through the cancellation of a number of shares equivalent to a portion of the accumulated losses, and the impact of such decrease on the settlement of the Company’s obligations, as set forth in the attached “Appendix (1-A)” (the “Subject Matter”).

Criteria Applied by the Company

In preparing the Subject Matter, the Company applied the below criteria (the “Criteria”). Such Criteria were specifically designed for the statement prepared by the Company’s Board of Directors to the Extraordinary General Assembly concerning the proposed decrease in the Company’s capital. As a result, the Subject Matter information may not be suitable for another purpose.

- Article (132), Article (133) and Article (134) of the Companies’ Law issued by Ministry of Commerce (“MC”) (26 Jumada al-Akhirah 1444 AH, corresponding to 19 January 2023).
- Article (61) of Chapter Two, Part Six of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.
- Article (14) of the Company’s bylaws.
- The Board of Directors’ resolution in relation to the proposed decrease in the Company’s capital dated 10 Rajab 1447H (corresponding to 25 December 2025G)
- The Board of Directors’ statement concerning the reasons for the proposed decrease in the Company’s capital, the Company’s obligations and the impact of such decrease on the settlement of these obligations “Appendix (1-A)”
- The Company’s accounting records as at 30 September 2025.

Company’s Responsibilities

The Company’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.



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LIMITED ASSURANCE REPORT ON THE PROPOSED DECREASE IN SHARE CAPITAL TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY) (Continued)

Our Responsibilities (continued)

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000') that is endorsed in the Kingdom of Saudi Arabia, and the terms of reference for this engagement as agreed with the Company on 22 April 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Management

We have maintained our independence and confirm that we have met the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, and have the required competencies and experience to conduct this assurance engagement.

Our firm also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, that is endorsed in the Kingdom of Saudi Arabia, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of Procedures Performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.



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LIMITED ASSURANCE REPORT ON THE PROPOSED DECREASE IN SHARE CAPITAL TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY) (Continued)

Description of Procedures Performed (continued)

Our procedures included:

- Review of Article (132), Article (133), and Article (134) of the Companies Law issued by the Ministry of Commerce, and Article (61) of Chapter Two, Part Six of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority, and Article (14) of the Company's Articles of Association.
- We have obtained a copy of the resolution provided by the Board of Directors to the Extraordinary General Assembly in respect of the proposed decrease of the Company's capital.
- We have obtained a copy of the statement prepared by the Board of Directors to the Extraordinary General Assembly concerning the reasons for the proposed capital decrease, the Company's obligations and the impact of such decrease on the settlement of these obligations "Appendix (1-A)" and discussed it with the management of the Company.
- We have traced the outstanding obligations disclosed in "Appendix (1-A)" to the Company's accounting records as at 30 September 2025.

We also performed such other procedures as we considered necessary in the circumstances.

Other Matters

- The attached appendix (1) is stamped by us for identification purposes only.
- The adjusted proposed capital decrease balance will be reflected in the accounting records of the Company after the completion of all legal procedures.

Our conclusion is not modified in respect of these matters.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to the Subject Matter, in order for it to be in accordance with the Criteria applied by the Company referred to above.

Restricted Use

This report is intended solely for the information and use of the Company, Ministry of Commerce and Capital Market Authority for compliance with the requirements of the Companies' Law and is not intended to be and should not be used by anyone other than those specified parties.

for Ernst & Young Professional Services

Marwan S. AlAfaliq
Certified Public Accountant
License No. (422)



Riyadh: 13 Duh Al-Qi'dah 1447H
30 April 2026G

Appendix (3): Proxy Form for Attending the Extraordinary General Assembly Meeting.

Proxy Execution Date: 00/00/0000 H, corresponding to 00/00/0000

To: Methanol Chemicals Company (Chemanol)

Greetings,

I, the shareholder: Nationality:
Holding ID No.: issued by:,
in my capacity as a shareholder and owner of shares in Methanol Chemicals Company
(a Saudi Joint Stock Company) registered in the Commercial Register of Jubail City under No.
2055001870, and pursuant to Article (31) of the Company's Articles of Association, hereby appoint
Mr.: to represent me in attending the
Extraordinary General Assembly Meeting which will be held at in
Jubail City, Kingdom of Saudi Arabia, at PM. on 00/00/0000 H, corresponding
00/00/0000.

I authorize him/ her to vote on my behalf on all resolutions and documents related to this meeting.
This proxy shall be valid for this meeting and any subsequent adjourned meeting.

Name of Proxy Signatory:
National ID No. of Proxy Signatory:
Residence permit or passport No. for non-Saudis:
Signature of the Principal (Please affix the official seal if the shareholder is a corporate
entity):.....

Note:

This proxy shall not be valid if the Assembly is held exclusively through modern technology
means.