NOTICE OF ANNUAL GENERAL MEETING

TO BE HELD ON 30 MAY 2023

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CONTENTS

AECI Limited

(Incorporated in the Republic of South Africa)

(Registration No. 1924/002590/06)

Tax reference No. 9000008608

Share code: AFE ISIN: ZAE000000220

Hybrid code: AFEP ISIN: ZAE000000238

Bond company code: AECI

LEI: 3789008641F1D3D90E85

(AECI or the Company or the Group)

Notice of **annual general meeting**

Notice is hereby given that the 99th AGM of shareholders of the Company will be held at AECI Place, 24 The Woodlands, Woodlands Drive Woodmead, Sandton, South Africa, 2191 on Tuesday, 30 May 2023 at 09:00 (SA time).

Purpose of the meeting

The purpose of this meeting is to:

- present the Directors' report and the audited consolidated and separate annual financial statements of AECI and its subsidiaries (the Group) for the year ended 31 December 2022. The summarised audited consolidated financial results for the year then ended and released on the JSE Limited (JSE) Stock Exchange News Service (SENS) on Wednesday, 1 March 2023 are included on pages 9 to 33 of this notice of AGM (Notice). The full audited consolidated and separate financial statements of the Group were released on SENS on the same day and are available at https://www.ftp.aeciworld-online.com/reports/ar-2022/pdf/AECI2022fullafs.pdf. Printed copies may be requested by emailing investors@aeciworld.com;
- present the Group Audit Committee's report;
- present the Social, Ethics and Sustainability Committee's report;
- consider any matters raised by shareholders; and
- consider and if deemed fit to pass, with or without modification, the resolutions set out below.

Ordinary resolution number 1

RE-APPOINTMENT OF INDEPENDENT AUDITOR AND APPOINTMENT OF DESIGNATED INDIVIDUAL AUDIT PARTNER

Resolved that, upon the recommendation of the current Audit Committee, Deloitte & Touche be reappointed as the independent registered auditor of the Company and Mr Moroa Eric Tshabalala be appointed as the designated individual audit partner to undertake the audit during the financial year ending 31 December 2023.

Ordinary resolution numbers 2.1 to 2.3

RE-ELECTION OF NON-EXECUTIVE DIRECTORS

Resolved that the following Non-executive Directors who are retiring in terms of the Company's Memorandum of Incorporation (MOI) and who, being eligible, have offered themselves for re-election, be re-elected:

2.1 Ms FFT Dludlu (De Buck);

2.2 Ms AM Roets; and

2.3 Ms PG Sibiya.

A brief curriculum vitae of each of the Directors standing for re-election is provided on pages 43 and 44 of this Notice.

Each of the ordinary resolutions 2.1 to 2.3 will be considered by way of a separate vote.

Pertinent information: Mr G Gomwe, who retires by rotation in terms of clause 14.3 of the MOI, will not stand for re-election and will retire from the Board immediately following the conclusion of the AGM.

Ordinary resolution number 3

ELECTION OF MR ST COETZER AS A NON-EXECUTIVE DIRECTOR

Resolved that Mr ST Coetzer, who was appointed on 1 July 2022, be elected as a Non-executive Director in terms of the Company's MOI.

A brief curriculum vitae of Mr ST Coetzer is provided on page 44 of this Notice.

Ordinary resolution number 4

RE-ELECTION OF MR KM KATHAN AS AN EXECUTIVE DIRECTOR

Resolved that Mr KM Kathan, who is retiring in terms of the Company's MOI and, who being eligible, has offered himself for re-election, be re-elected as an Executive Director in terms of the Company's MOI.

A brief curriculum vitae of Mr KM Kathan is provided on page 44 of this Notice.

Ordinary resolution number 5

ELECTION OF MR H RIEMENSPERGER AS AN EXECUTIVE DIRECTOR

Resolved that Mr H Riemensperger, who was appointed with effect from 1 May 2023, be elected as the Group Chief Executive (CE) and Executive Director in terms of the Company's MOI.

A brief curriculum vitae of Mr H Riemensperger is provided on page 44 of this Notice.

Ordinary resolution numbers 6.1 to 6.4

ELECTION OF AUDIT COMMITTEE MEMBERS

Resolved that the following Independent Non-executive Directors of the Company be appointed as members of the Audit Committee until the next AGM:

6.1 Ms PG Sibiya;

6.2 Ms AM Roets; and

6.3 Ms FFT Dludlu (De Buck).

A brief curriculum vitae of each of the Independent Non-executive Directors offering themselves for election as members of the Audit Committee is provided on page 43 of this Notice.

Each of the ordinary resolutions 6.1 to 6.3 will be considered by way of a separate vote.

Ordinary resolution numbers 7.1 and 7.2

NON-BINDING ADVISORY VOTE ON THE COMPANY'S REMUNERATION POLICY AND IMPLEMENTATION REPORT

7.1 Resolved to endorse, by way of a non-binding advisory vote, the Company's Remuneration policy as set out in this Notice as follows: remuneration of employees: pages 45 to 47; remuneration of Directors: page 2.

7.2 Resolved to endorse, by way of a non-binding advisory vote, the implementation of the Company's Remuneration policy as set out in the implementation report on pages 45 to 47 of this Notice.

Each of the non-binding advisory resolutions 7.1 and 7.2 will be considered by way of a separate vote.

The non-binding resolutions are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to existing arrangements. Should 25% or more of the votes exercised on these non-binding resolutions be cast against either or both of these non-binding resolutions, the AECI Board of Directors (Board) undertakes to engage with identified dissenting shareholders as to the reasons therefore and take appropriate action (as determined at the discretion of the Board) to reasonably address issues raised, as envisaged in the King Report on Corporate Governance™ for South Africa, 2016 (King IV™) and the JSE Listings Requirements.

Special resolution numbers 1.1 to 1.8

DIRECTORS' FEES

Resolved that the annual fees payable by the Company to its Non-executive Directors, with effect from 31 May 2023, be approved as set out in the table below.

EXPLANATORY NOTE

Section 66(9) of the Companies Act requires that a company may pay remuneration to its Directors, for their services as Directors, only in accordance with a special resolution approved by shareholders within the previous two years.

The reason for and effect of special resolution numbers 1.1 to 1.8 is to grant the Company the authority to pay fees or remuneration to its Non-executive Directors for their services as Directors. The fees in the table below are exclusive of value-added tax (VAT), if applicable.

Each of the special resolution numbers 1.1 to 1.8 will be considered by way of a separate vote.

1 JUNE 2023 TO 31 MAY 2024		**2023/2024 (Rand)**	2022/2023 (Rand)	**2023/2024 (US dollar)**	2022/2023 (US dollar)
1.1	Board: Chairman	1 544 434	1 544 434		
1.2	Board: Non-executive Director	343 014	298 273	43 954	39 958
1.3	Audit Committee: Chairman	253 532	253 532	33 964	33 964
1.4	Other Board Committees: Chairman	164 184	164 184	21 995	21 995
1.5	Audit Committee: Member	126 833	126 833	16 991	16 991
1.6	Other Board Committees: Member	82 092	82 092	10 997	10 997
1.7	Meeting attendance fee (includes ad hoc meetings)	14 352	12 480	1 700	1 545
1.8	Per-trip allowance			3 090	3 090

Special resolution number 2

GENERAL AUTHORITY TO REPURCHASE SHARES

Resolved that the Company be and is hereby granted a general authority authorising the acquisition by the Company and/or its subsidiaries of shares issued by the Company, on such terms and conditions and in such amounts as the Directors of the Company may from time to time deem fit, and in terms of section 48 of the Companies Act, the Company's MOI and the JSE Listings Requirements provided that:

- any such general repurchase of shares be subject to the applicable provisions of the Companies Act (including sections 114 and 115 to the extent that section 48(8) is applicable to that particular repurchase);
- subject to section 48 of the Companies Act, the general authority to repurchase shares is limited to a maximum of 5% in the aggregate, in any one financial year, of the Company's issued share capital at the beginning of the financial year, provided that the number of shares purchased and held by or for the benefit of a subsidiary or subsidiaries of the Company, taken together, shall not exceed 10% in the aggregate of the number of issued shares in the Company;
- this general authority shall only be valid until the Company's next AGM, provided that it shall not extend beyond 15 months from the date of adoption of this special resolution;
- a resolution has been passed by the Board confirming that the Board has authorised the general repurchase, that the Company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the Group;
- repurchases may not be made at a price greater than 10% above the weighted average of the market value of the ordinary shares for the five Business Days (such term to bear the meaning in section 5(3) of the Companies Act) immediately preceding the date on which the transaction is effected. The JSE should be consulted for a ruling if the Company's securities have not traded in such a five Business Day period;
- any such general repurchase is subject to exchange control regulations and approval at that point in time;

- the repurchase of securities will be effected through the order book operated by the JSE's trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- at any point in time, a company may only appoint one agent to effect any repurchases on that company's behalf;
- an announcement giving such details as may be required in terms of the JSE Listings Requirements be released when the Company has cumulatively repurchased 3% of the initial number of the relevant class of shares in issue as at the time this resolution is passed (initial number) and for each 3% in aggregate of the initial number of that class acquired thereafter;
- authorisation thereto has been given by the Company's MOI;
- the Company or its subsidiaries may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed to the JSE, in writing, prior to the commencement of the prohibited period. The Company or its subsidiaries will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company or its subsidiaries, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE. The repurchase programme must be submitted to the JSE in writing prior to the commencement of the prohibited period and must include the following details:
  (i) the name of the independent agent;
  (ii) the date the independent agent was appointed by the company;
  (iii) the commencement and termination date of the repurchase programme; and
  (iv) where the quantities of securities to be traded during the relevant period are fixed (not subject to any variation).

EXPLANATORY NOTE

At the present time, the Directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate.

The Company's Directors undertake that they will not effect any such repurchase while the general authority is valid, unless:

(i) the Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months following the date of the general repurchase;

(ii) the assets of the Company and the Group will exceed the liabilities of the Company and the Group for a period of 12 months following the date of the general repurchase. For this purpose, the assets and liabilities are recognised and measured in accordance with the Accounting Policies applied in the Company's latest audited annual Group financial statements;

(iii) the Company and the Group will have adequate share capital and reserves for ordinary business purposes for a period of 12 months following the date of the general repurchase; and

(iv) the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months following the date of the general repurchase.

The reason for and effect of special resolution number 2 is to grant the Company and/or any of its subsidiaries a general authority to facilitate the acquisition of the Company's own shares, which general authority shall be valid until the earlier of the next AGM of the Company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that this general authority shall not extend beyond 15 months from the date of adoption of this special resolution.

Such general authority will provide the Directors with flexibility to effect a repurchase of the Company's shares, should it be in the interests of the Company to do so at any time while the general authority is in force.

Special resolution number 3

FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANY

Resolved that, in terms of and subject to the provisions of section 45 of the Companies Act, the Directors of the Company be and they are hereby authorised and empowered to cause the Company to provide any direct or indirect financial assistance to any company or other legal entity which is related or inter-related to the Company on the terms and conditions which the Board may determine, provided that the aggregate amount of such financial assistance determined on a net basis and provided by the Company during the 12 month period ending 31 May 2024 shall not exceed R3 800 million.

EXPLANATORY NOTE

On a regular basis, and in the ordinary course of business, the Company provides loan financing, guarantees and other support to the related and inter-related companies or legal entities in the Group. Section 45(2) of the Companies Act empowers the board of a company to provide direct or indirect financial assistance to a related or inter-related company or corporation. However, section 45(3) of the Companies Act provides that the board of a company may only authorise financial assistance as contemplated in section 45(2) thereof pursuant to a special resolution of the shareholders of the company adopted within the previous two years.

The Board undertakes that:

(i) it will not adopt a resolution to authorise such financial assistance, unless it is satisfied that:
  - immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
  - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company;

(ii) written notice of any such resolution by the Board shall be given to all shareholders of the Company and any trade union representing its employees:
  - within 10 Business Days after the Board adopts the resolution if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds one-tenth of 1% of the Company's net worth at the time of the resolution; or
  - within 30 Business Days after the end of the financial year, in any other case.

The reason for and effect of special resolution number 3 is to grant the Directors of the Company the authority to cause the Company to provide financial assistance to any company or other legal entity which is related or inter-related to the Company. The financial assistance during the measurement period refers to any "new" financial assistance provided during the relevant period and is assessed against the threshold on a net basis. This means that the total net value of financial assistance outstanding (i.e.: value of funds advanced/guarantees given less value of funds repaid/guarantees terminated) at any point during the financial year is assessed relative to the R3 800 million threshold to determine if the Company remains within the approval limit.

RECORD DATE

The Board has, in terms of section 59(1)(a) of the Companies Act, set the record date, for the purpose of determining which shareholders of the Company are entitled to receive Notice of the AGM as being Friday, 14 April 2023 and has, in terms of section 59(1)(b) of the Companies Act, set the record date, for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM, as being Friday, 19 May 2023. Accordingly, the last day to trade in order to be registered in the register of shareholders of the Company and therefore eligible to participate in and vote at the AGM is Tuesday, 16 May 2023.

APPROVALS REQUIRED FOR RESOLUTIONS

Ordinary resolutions numbers 1 to 7 contained in this Notice require the approval of more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, subject to the provisions of the Companies Act, the MOI of the Company and the JSE Listings Requirements.

Special resolutions numbers 1 to 3 contained in this Notice require the approval of at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, subject to the provisions of the Companies Act, the MOI of the Company and the JSE Listings Requirements.

GENERAL INFORMATION

Additional information provided in this Notice is as follows:

(i) major shareholders of the Company (refer to the shareholder analyses commencing on page 48); and

(ii) share capital of the Company (refer to the Directors' report commencing on page 5).

NO MATERIAL CHANGES TO REPORT

There have been no material changes in the financial or trading position of the Company and its subsidiaries between the date of signature of the Independent Auditor's report and the date of this Notice.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors whose names appear on pages 14 of this Notice collectively and individually accept full responsibility for the accuracy of the information contained in these resolutions and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and these resolutions contain all information required by the JSE Listings Requirements.

VOTING AND PROXIES

Shareholders or proxies may participate in the AGM electronically and, if they wish to do so:

- should make application by email to the Group Company Secretary (cheryl.singh@aeciworld.com) by no later than 09:00 (SA time) on Friday, 26 May 2023 in order for the Group Company Secretary to provide the shareholder or such shareholder's proxy with details as to how to access the AGM for electronic participation; and
- the costs of enabling a shareholder to access the AGM for electronic participation will be borne by the shareholder so accessing the AGM; and shareholders will not be able to vote via telephone at the AGM and therefore will need to appoint a proxy to vote on their behalf at the AGM, as provided for in this notice using the proxy form included in this notice.

It is important that shareholders cast their votes in respect of the business of the AGM at their earliest convenience. This can be done by completing a form of proxy or submitting proxy instructions in accordance with the instructions that follow.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration are entitled to appoint a proxy or proxies (for which purpose a form of proxy is included) to vote in their stead. The person so appointed need not be a shareholder of the Company.

Forms of proxy must be completed only by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, must contact their CSDP or stockbroker, in the manner and time stipulated in their agreement, to furnish their CSDP or stockbroker with their voting instructions.

For administrative purposes, forms of proxy may be lodged with the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to the Transfer Secretaries at Private Bag X9000, Saxonwold, 2132, or emailed to proxy@computershare.co.za by no later than 09:00 (SA time) on Friday, 26 May 2023. Any forms of proxy not received by this time may be handed to the Chairman of the AGM prior to the proxy exercising the shareholder's rights at the AGM.

Equity securities held by a share trust or scheme and any unlisted securities will not have their votes taken into account at the AGM for the purposes of resolutions proposed in terms of the JSE Listings Requirements. Shares held as treasury shares in terms of the Companies Act may not vote on any resolutions.

PROOF OF IDENTIFICATION REQUIRED

In terms of the Companies Act, any shareholder or proxy who intends to attend or participate at the AGM must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the AGM. A green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted at the AGM as sufficient identification.

By order of the Board

Cheryl Singh
Group Company Secretary

Directors' **report**

The Directors have pleasure in submitting their report together with the consolidated and separate Group and Company financial statements for the year ended 31 December 2022.

Our purpose

Our vision is to deliver sustainable solutions for "a better world" through innovation and excellence founded on "good chemistry". This is the purpose of One AECI, for a better world, and drives who we are and everything we do. Key focus areas in this regard are aligned with selected United Nations Sustainable Development Goals. This includes Better Mining, Better Water, Better Food Systems and Better Chemicals.

Our "better world" strategy is enabled by three strategic platforms being:

- zero harm and sustainability;
- innovation; and
- digital.

This is underpinned by six related themes:

- passionate, purpose-led people;
- customer-centricity;
- partnerships and ecosystems;
- business excellence;
- growth; and
- financial and risk stewardship.

Our businesses and footprint

AECI was registered as a company in South Africa in 1924 and has been listed on the JSE Limited since 1966. At the end of the 2022 financial year, its market capitalisation was R9 243,36 million and it had 7 168 employees.

As a diversified Group of 12 businesses, we operate in 23 countries on six continents — Africa, Europe, Asia's South Eastern region, North America, South America and Australia.

Our businesses are structured into four strategic operating pillars that are closely aligned with the delivery of our overall strategy. Together with AECI Property Services and Corporate, the four operating pillars are the Group's reporting segments. Their products and application know-how are essential inputs in the businesses of a broad range of customers as follows:

- the global mining sector (AECI Mining);
- the water treatment market in Africa (AECI Water);
- the plant and animal health industry in Europe, North America and Africa (AECI Agri Health); and
- food and beverage, manufacturing, road infrastructure and general industrial sectors, mainly in Southern Africa (AECI Chemicals).

The activities of AECI Property Services and Corporate relate mainly to property leasing and management in the office, industrial and retail sectors. Corporate covers centralised functions including Treasury and Finance; Human Capital; Safety, Health and the Environment, Stakeholder Relationships, Company Secretarial, Legal, Risk and Compliance; Environmental, Social and Governance; Information Technology and Strategy Execution.

All business activities are underpinned by the Group's BIGGER values — of being Bold, Innovative, of Going Green and being Engaged and Responsible.

AECI Mining

The businesses in this segment provide a mine-to-mineral solution for the mining sector internationally. The offering includes commercial explosives, initiating systems, blasting services and surfactants for explosives manufacture right through the value chain to chemicals for ore beneficiation and tailings treatment.

AECI Water

This business provides customers on the African continent with integrated water treatment solutions, process chemicals and equipment solutions for a diverse range of applications. These include, inter alia, public and industrial water, desalination and utilities.

AECI Agri Health

Businesses in this segment manufacture and distribute crop protection products, plant nutrients, animal premixes, specialty animal health products and fine chemicals on the African continent, in Europe and in the USA.

AECI Chemicals

Businesses in this segment supply raw materials and related services to a broad spectrum of customers in the food and beverage, manufacturing, road infrastructure and general industrial sectors. Their markets are mainly in South Africa and in other Southern African countries, except for AECI SANS Fibers which is based in the USA.

Corporate governance

The Group subscribes to the Code of Good Corporate Practices and Conduct as contained in King IV™. The Board has satisfied itself that the Group has complied in all material aspects with King IV™, as well as the JSE Listings Requirements and the Debt Listings Requirements throughout the year under review. The corporate governance report will be included in the 2022 Integrated Report which will be available on the Group's website at www.aeciworld.com.

Independent audit

The annual Group and Company financial statements for the year ended 31 December 2022 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The designated individual audit partner assigned to perform the audit was Mr Eric Tshabalala. The Audit Committee performed the assessments required in terms of paragraph 22.15(h) of the JSE Listings Requirements and Section 90 of the Companies Act, and are satisfied with the independence and suitability of both the audit firm and the designated audit partner to be re-appointed as the Company's auditors. The Board agrees with the Audit Committees' recommendations and will be proposing the re-appointment of the auditors at the AGM on 30 May 2023.

Interests of Directors, the Group Company Secretary and Prescribed Officers in ordinary shares

At 31 December 2022 the Directors, the Group Company Secretary and the Prescribed Officers had direct beneficial interests in the Company's ordinary share capital as set out in note 31 to the Group and Company financial statements.

None of their associates (as defined in terms of the JSE Listings Requirements) had any interests. No individual's direct beneficial interests changed between the end of the financial year and the approval of the annual Group and Company financial statements on 28 February 2023 and none of them have any interests in the Company's preference shares.

No Non-executive Director has been granted options or shares. The Executive Directors, the Group Company Secretary and the Prescribed Officers have long-term incentive benefits as disclosed in note 31 to the Group and Company financial statements.

	NUMBER OF SHARES	
	2022	2021
EXECUTIVE DIRECTORS [1]		
MA Dytor [2]	**222 669**	194 170
KM Kathan	**183 791**	164 172
A Takoordeen [3]	**–**	–
	406 460	358 342
PRESCRIBED OFFICERS [4]		
DJ Mulqueeny	**51 544**	39 949
DK Murray	**47 524**	36 079
C Singh (Group Company Secretary) [5]	**–**	–
	99 068	76 028
	505 528	434 370

1 H Riemensperger has been appointed as Chief Executive and Executive Director effective, 1 May 2023
2 MA Dytor retired as Chief Executive and Executive Director effective, 31 January 2023
3 A Takoordeen was appointed with effect from 20 May 2022
4 Prescribed Officers are classified in terms of Section 1 of the Companies Act, No. 71 of 2008
5 C Singh was appointed as a member of the AECI Executive Committee effective, 1 January 2022

Borrowing powers

In terms of its MOI, the Directors may raise or secure the payment or repayment of such monies in such a manner and upon such terms and conditions in all respects as they think fit, and in particular by mortgage bond.

Going concern

The Group and Company financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The Directors are of the opinion that the Company and its subsidiaries, joint ventures and associates have adequate resources to continue as going concerns in the foreseeable future.

Share capital and share premium

The issued share capital of the Company is 105 517 780 listed ordinary shares of R1 each (2021: 109 944 384 shares), 10 117 951 unlisted redeemable convertible B ordinary shares of no par value (2021: 10 117 951 shares) and 3 000 000 listed 5,5% cumulative preference shares of R2 each (2021: 3 000 000 Shares).

Strate

The dematerialisation of the Company's issued shares commenced in July 2001. Shares still in paper form are no longer good for delivery and will need to be dematerialised before participation in any transaction.

Shareholders may direct any enquiries in this regard to the Company's Transfer Secretaries on telephone number +27 (0) 861 100 950 in South Africa, or +44 (0) 870 889 3176 in the United Kingdom.

An interim ordinary cash dividend of 194 cents was declared on 26 July 2022 and was paid on 5 September 2022.

A final ordinary cash dividend of 580 cents was declared on 28 February 2023 and will be paid on 11 April 2023.

A dividend of 50 cents per share on the unlisted redeemable convertible B ordinary shares was declared and paid in the current year.

Preference share dividends were paid on 15 June 2022 and on 15 December 2022. Refer to note 26 to the Group and Company financial statements for details in this regard.

Changes to the Board

Changes that were announced and took effect in the year, as well as those that take effect in 2023, were as follows:

Aarti Takoordeen joined the Board on 20 May 2022 as the Group Chief Financial Officer and Executive Director. She joined the Risk Committee, the AECI Captive Insurance Board as Chairman and the AECI IT Steering Committee as a member on 31 May 2022.

Mark Kathan, who served as CFO from 2008, took up his role as CEO of AECI Mining on 20 May 2022, succeeding the previous incumbent who retired from that role. Mr Kathan remains an Executive Director of AECI.

Samuel Coetzer, a current Independent Non-executive Director of the Company, was appointed as the Interim Group CE with effect from 1 February 2023 until 30 April 2023.

Samuel Coetzer joined the Board on 1 July 2022 as an Independent Non-executive Director. He joined the Investment, Innovation and Technology Committee and the Safety, Health and Environmental Committee as a member on that same day.

Samuel Coetzer's appointment was made to fill a vacancy after Advocate Rams Ramashia retired on 31 May 2022. Samuel's global mining experience and insight provide an invaluable contribution in the execution of the Company's international growth strategy.

Mark Dytor, in his capacity as Chief Executive (CE) and as an Executive Director of the AECI Group, announced his early retirement, effective 31 January 2023, after 39 years of service. He had been Group CEO since 2013.

Mr Holger Riemensperger has been appointed as the new Group Chief Executive, and Executive Director, of the AECI Group with effect from 1 May 2023.

Holger has held many executive and senior management positions in leading companies across Germany, the USA, Switzerland, Netherlands, Sweden and Malaysia and has extensive expertise in the mining, chemicals, agricultural and manufacturing sectors. His most recent role was as chief operating officer and executive director of the K+S Group AG (Germany) and has held previous global vice president and senior management roles at Bunge Lodgers Croklaan, BASF, Frutarom and Akzonobel.

Board committee changes

In support of the Company's Growth Strategy, Environment, Social and Governance (ESG) objectives and following the retirement of Adv. Rams Ramashia, a comprehensive board committee review assessment was undertaken. The outcome of the assessment resulted in the following changes to the Board Committees' mandates and memberships which took effect on 1 June 2022:

- The **Nominations Committee** is now called the **Nominations and Director's Affairs Committee.**
- Ms Philisiwe Sibiya was appointed as a new member of the Committee.
- The **Social and Ethics Committee** is now called the **Social, Ethics and Sustainability Committee.**
- Dr Khotso Mokhele, Ms Patrica O'Brien and Ms Marna Roets were appointed as new members of the Committee.
- The **Remuneration Committee** is now called the **Remuneration and Human Capital Committee.**
- Ms Fikile Dludlu (De Buck) was appointed as a new member of the Committee replacing Adv. Rams Ramashia.
- Mr Walter Dissinger was appointed as Chairman of the **Risk Committee** and Ms Philisiwe Sibiya was appointed as a new member of the Committee.
- The **Investment Committee** is now be called the **Investment, Innovation and Technology Committee**; and
- Mr Stephen Dawson was appointed as the Chairman of the newly formed **Safety, Health and Environment Committee.** Dr Khotso Mokhele, Mr Walter Dissinger and Ms Patricia O'Brien were all appointed as members of the new Committee.

Directorate and Secretary

Details of the Directorate and Secretary of the Company are available at: **https://www.aeciworld.com/leadership**.

In terms of the Company's MOI, Ms AM Roets, Mr G Gomwe, Ms PG Sibiya and Ms A Takoordeen retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

Major shareholders

Details of the interests of shareholders who hold beneficial interests equal to or in excess of 5% of the Company's ordinary share capital are included on page 13 of the Group and Company financial statements.

Special resolutions

The Company passed the following resolutions at the AGM held on 31 May 2022:

1. to approve the annual fees payable by the Company to its Non-executive Directors;
2. to grant the Directors a general authority to repurchase the Company's issued shares; and
3. to grant the Directors the authority to cause the Company to provide financial assistance to any company or other legal entity which is related or inter-related to the Company.

Material changes

There have been no material changes in the financial or trading position of the Company and its subsidiaries up to 28 February 2023.

Legal and regulatory interaction

The Group is involved in legal proceedings and is in consultation with its legal counsel, assessing the outcome of these proceedings on an ongoing basis. As proceedings progress, the Group's management makes provision in respect of legal proceedings where appropriate. Litigations, current or pending, are not likely to have a material adverse effect on the Group.

Interests of Directors, the Group Company Secretary and Prescribed Officers

During 2022 no contracts were entered into in which the above individual/s had an interest and which significantly affected the business of the Group. The same individual/s had no interests in any third-party or company responsible for managing any of the business activities of the Group.

Remuneration and employee incentive participation schemes

Full details regarding the remuneration and participation in the Group's long-term incentive schemes by the Company's Executive Directors, the Director of a major subsidiary, the Group Company Secretary and Prescribed Officers are disclosed in note 31 to the Group and Company financial statements.

Approval of consolidated and separate annual financial statements

The consolidated and separate annual Group and Company financial statements of the Company were approved by the Board of Directors on 28 February 2023, for release on 1 March 2023, and will be presented to the shareholders at the annual general meeting on 30 May 2023. The consolidated and separate Group and Company financial statements were signed by:

Aarti Takoordeen
Group Chief Financial Officer

Khotso Mokhele
Chairman

Summarised audited consolidated financial results and **final cash dividend declaration**

FOR THE YEAR ENDED 31 DECEMBER 2022

HIGHLIGHTS

Safety performance:

TRIR of 0.15

0.23 at 31 December 2021

Revenue up

37% to R35 583 million

EBIT [1]

flat at R2 047 million

EBITDA [2]

up 16% to R3 570 million

EPS

down 22% to 878 cents

HEPS

up 15% to 1 287 cents

Working capital

at 19% of revenue

from 18% in 2021

Growth capex

of R952 million

61% of total R1 552 million capex

Gearing

at 45%

24% in 2021

Final cash dividend

up 15% to 580 cps

[1] Earnings before interest and taxation is defined as profit before interest, taxation and share of profit of equity-accounted investees, net of taxation

[2] Earnings before interest, taxation, depreciation and amortisation calculated as profit from operations and equity-accounted investees plus depreciation, amortisation and impairments. EBITDA is unaudited

Safety and sustainability

As at 31 December 2022, the Group's total recordable injury rate (TRIR) was 0.15, the lowest recorded TRIR by the Group since we started measuring. All the "zero milestones" were kept at zero, with no major incidents across the areas of occupational and process safety, environment or product transportation. We are well on track to achieve our sustainability targets by 2025.

Results overview

The Group delivered solid results, with revenue up by 37% to R35 583 million (2021: R26 053 million) in an environment of high inflation, subdued global growth and high commodity prices. This pleasing performance reflects the significantly improved sales in AECI Mining, AECI Water and AECI Agri Health on the back of increased demand. However, EBIT was flat at R2 047 million (2021: R2 052 million) as it included a significant operating loss of R228 million and an impairment of right-of-use assets and property, plant and equipment (PPE) of R445 million related to AECI Schirm Germany.

Consequently, HEPS increased by 15% to 1 287 cents and EPS was down 22% to 878 cents mainly impacted by AECI Schirm Germany's performance.

R million (unless stated otherwise)	**2022**	2021	% change
Revenue	**35 583**	26 053	37
EBITDA	**3 570**	3 091	16
EBITDA margin (%)	**10**	12	(2)
Depreciation and amortisation	**1 026**	1 032	1
EBIT	**2 047**	2 052	0
EBIT margin (%)	**6**	8	(2)
Net profit after taxation	**956**	1 210	(21)
Earnings per share (EPS) (cents)	**878**	1 125	(22)
Headline earnings per share (HEPS) (cents)	**1 287**	1 116	15
Cash generated from operations	**3 840**	3 289	17

The Group's cash generated from operations increased by 17% to R3 840 million (2021: R3 289 million).

Proactive actions taken by the Group to ensure security of supply to the market following supply chain challenges and high raw material prices during the period, resulted in elevated levels of working capital. Inventory increased to R6 780 million (2021: R4 880 million), matched by an increase of R1 985 million (2021: R446 million) in short-term debt. Cash available from operating activities decreased significantly by 95% to R77 million (2021: R1 467 million).

As a result, net debt for the Group increased to R5 345 million (2021: R2 760 million), which largely explains higher net finance costs for the period. The net gearing ratio for the period was 45% (2021: 24%) as expected, given the working capital context previously explained. The Group's long-term covenants remain well within the target cover range of 2.5 times earnings before interest, taxation, depreciation and amortisation as defined in the covenant agreement (EBITDA), at 1.5 times EBITDA (2021: 0.9 times EBITDA).

Capital expenditure (capex) investment of R1 552 million (2021: R777 million) was mainly focused on organic growth.

The Board declared a final dividend of 580 (2021: 505) cents per share which increased the total dividend to 774 (2021: 685) cents per share which represents a 13% growth.

Segmental review

AECI MINING

Mining achieved a record performance. Revenue increased by 51% to R18 096 million (2021: R11 969 million) on the back of strong market share gains, export growth in mining chemicals and increased chemical commodity prices. In line with the segment's growth strategy, 67% (2021: 64%) of the total revenue was generated outside of South Africa. EBIT for the segment increased by 36% to R1 743 million (2021: R1 277 million) and EBITDA by 29% to R2 342 million (2021: R1 814 million). The EBIT margin was 10% compared to 11% in 2021, primarily as a consequence of ammonia prices which were, on average in the South African Rand terms, 116% higher year-on-year. Capex spend of R557 million was invested, R204 million was for growth projects primarily in Botswana, Australia and Chile in line with our growth strategy. During the year, sustenance capital was spent on the Nitric Acid statutory shutdown and on a replacement program for Mobile Manufacturing Units (MMUs) throughout all regions.

During the period, the business experienced supply chain challenges following numerous force majeure events that impacted key raw material suppliers. However, due to effective supply chain management and regular communication with all our customers, we were able to efficiently manage the product rationalisation.

AECI Mining Explosives

Bulk explosives volumes increased by 4.3% on the back of good market share gains from new contracts, while initiating systems volumes declined by 2.6% impacted by prolonged gold mining industrial action in South Africa. Electronic detonators volumes more than doubled to 30%, demonstrating our focus to meet our customers demand for a digital solution.

Explosives volumes to mining customers in the southern African region increased by 9% as a result of market share gains in the Northern Cape, in the iron ore market and the successful deployment of projects in Botswana, in the copper market. Volumes to the coal market were negatively affected by abnormally high rainfall in Mpumalanga, in the first half.

On the rest of the African continent, volumes declined by 5%, due to socio political disruptions and unsuccessful tenders in Francophone West Africa. This setback was partially offset by a new significant mining customer gained in Ghana. There were solid performances in central and east Africa.

In the Asia Pacific region volumes grew by 20%. The growth was on the back of the Hunter Valley Operations contract in New South Wales, Australia as well as opportunistic sales. All contracts in Australia and Indonesia were successfully rolled over. Start-up of the BBRI Granulator Plant, in Indonesia, was delayed due to a delayed supply of certain components. It is now expected to start up is in Q2 of 2023. Progress was also made in Brazil, with investment made to secure growth in the region as a whole. It is expected that construction of an emulsion plant in Chile will be completed in the first half of 2023.

AECI Mining Chemicals

The Metallurgical chemicals portfolio achieved excellent results with volume growth of 7%. This was enabled by the debottlenecking of manufacturing assets, improved output efficiencies and consequently increased exports to customers in other African markets. Volumes of emulsifiers were similarly supported by exports and increased by 3.2%. The availability of shipping capacity restricted further offshore export growth.

AECI WATER

Revenue was 31% higher at R2 018 million (2021: R1 540 million) following market share gains in public water as well as higher demand from existing customers in the industrial sector. Sales to the oil and refining sector grew by 14% and exports to other African countries also improved, in line with the segment's diversification strategy. Public water customers accounted for 43% of total revenue, up from 34% in 2021, and this market sector sales mix had a negative EBIT effect. Furthermore, it was not possible to pass on increases in input costs in full in all instances owing to contractual agreements.

In line with the segment's strategy and the Group's ESG imperatives, the growth momentum in business related to water sustainability projects was achieved and these projects contributed 6% of total revenue. The results of progress made to date in the assessment and adoption of greener technologies is encouraging.

AECI AGRI HEALTH (SCHIRM, PLANT AND ANIMAL HEALTH)

The Segment's revenue was up 17%, to R7 067 million from R6 020 million in 2021. It delivered an operating loss of R297 million (2021: Profit of R179 million), due mainly to the impact of the Schirm business performance.

The revenue for the Segment, excluding Schirm, increased by 19% to R4 906 million (2021: R4 135 million). EBIT also increased by 20% to R306 million (2021: R255 million) supported by sustained higher commodity prices, continued strong demand, favourable climatic conditions as well as export sales.

There was growth in in-house formulated product sales (including bulk nutrition), which contributed 37% (2021: 35%) of the segment sales during the period. This growth was supported by the capacity expansion of the synthesis plant in 2021 and Biocult expansion in 2022. Although inventory was higher, excellent debt collection contributed to positive impact on working capital and cash generation.

AECI Schirm

The USA business delivered to expectations with EBIT up 31%, to R101 million on the back of growth in sales aligned to the continued growing demand in agrichemicals.

R million	USA	Germany	PPA and other	**AECI Schirm**
EBIT excluding impairments of PPE	101	(228)	(32)	(159)
Impairments of PPE		(375)	(70)	(445)
2022 EBIT	**101**	**(603)**	**(102)**	(604)
2021 EBIT	77	(119)	(34)	(76)
Non-recurring losses recognised in 2022		(460)	(50)	(510)
Impairments of PPE		(375)	(70)	(445)
Deferred taxation asset reversal		(85)	20	(65)

The AECI Schirm Germany business, recorded an operating loss of R228 million which triggered a PPE impairment of R445 million. The Board approved comprehensive turnaround project is expected to deliver commercial recovery including clearly defined milestones as well as details associated with the required once off costs. Notably, high priority actions have been taken and we expect once-off costs to impact 2023 earnings. The Board expects positive earnings contribution within 20 to 36 months.

AECI CHEMICALS

The segment increased revenue significantly by 32% to R8 529 million (2021: R6 462 million) following high commodity prices and increased demand. EBIT of R562 million (2021: R586 million) was negatively impacted by margin pressure in industrial chemicals from high sulphur prices and delayed pass through pricing to the customers as well as foreign exchange impacts in the food and beverage business.

The operating margin was at 7% (2021: 9%), impacted by the effects of high commodity raw materials prices, especially bitumen, sulphur and yellow phosphorous. Good cash was delivered by the segment.

AECI Specialty chemicals delivered a pleasing performance with revenue and EBIT up 37% and 48%, respectively following growth in oleochemicals, personal and homecare, coatings and construction industries. The EBIT margin for the business was strong at 12%.

AECI Industrial chemicals showed good growth in the traded portfolio driven by the successful execution of the bulk traded chemicals growth strategy. The rest of the portfolio's performance reflected the changing market environment with high sulphur prices, impacting margin percentage with pass through pricing formula, closure of refinery impacting molten sulphur and lower plant utilisation impacting margins.

AECI Food and beverage revenue was up 15% on the back of speciality food ingredients volumes that grew by 30%, and beverage sales that grew by 11%. The installation and commissioning of the new clarifying equipment for the beverage plant was completed and led to lower juice input costs and improved supply. The margin was impacted by unrealised forex losses in Q4.

AECI Much Asphalt exhibited marked improvement in performance for 2022 on the back of higher sales volumes. Revenue increased by 37%, while EBIT increased by 21%.

AECI SANS Fibers' performance was impacted by softened fiber demand in the USA in H2 2022, reduced selling prices and lower demand in nylon products. Polyester products, where the business is well positioned to supply the domestic market, remained firm. Operating costs were a challenge due to relatively high labour costs as well as the impact of other production issues, that include lower production utilisation and increased waste.

Changes to the executive committee and the Board

Changes that were announced and took effect in the year, as well as those that take effect in 2023, were as follows:

- Aarti Takoordeen joined the Board on 20 May 2022 as the Group Chief Financial Officer (CFO) and Executive Director. She joined the Risk Committee, the AECI Captive Insurance Board as Chairman and the AECI IT Steering Committee as a member on 31 May 2022.
- Mark Kathan, who served as CFO from 2008, took up his role as CEO of AECI Mining on 20 May 2022, succeeding the previous incumbent who retired from that role. Mr Kathan remains an Executive Director of AECI.
- Samuel Coetzer, a current Independent Non-executive Director of the Company, was appointed as the Interim Group CE with effect from 1 February 2023 until 30 April 2023.

- Samuel Coetzer joined the Board on 1 July 2022 as an Independent Non-executive Director. He joined the Investment, Innovation and Technology Committee and the Safety, Health and Environmental Committee as a member on that same day. Samuel Coetzer's appointment was made to fill a vacancy after Advocate Rams Ramashia retired on 31 May 2022. Samuel's global mining experience and insight provide an invaluable contribution in the execution of the Company's international growth strategy.
- Mark Dytor, in his capacity as CE and as an Executive Director of the AECI Group, announced his early retirement, effective 31 January 2023, after 39 years of service.
  He had been Group CE since 2013.
- Holger Riemensperger has been appointed as the new Group CE, and Executive Director, of the AECI Group with effect from 1 May 2023.

Holger has held many executive and senior management positions in leading companies across Germany, the USA, Switzerland, Netherlands, Sweden and Malaysia and has extensive expertise in the mining, chemicals, agricultural and manufacturing sectors. His most recent role was as chief operating officer and executive director of the K+S Group AG (Germany) and has held global vice president and senior management roles at Bunge Lodgers Croklaan, BASF, Frutarom and AkzoNobel.

The Board remains well diversified, with an appropriate mix of skilled and experienced individuals.

Board committee changes

In support of the Company's Growth Strategy, Environment, Social and Governance (ESG) objectives and following the retirement of Adv. Rams Ramashia, a comprehensive board committee review assessment was undertaken. The outcome of the assessment resulted in the following changes to the Board Committees' mandates and memberships which took effect on 1 June 2022:

- The **Nominations Committee** is now called the **Nominations, Governance and Director's Affairs Committee.** Ms Philisiwe Sibiya was appointed as a new member of the Committee.
- The **Social and Ethics Committee** is now called the **Social, Ethics and Sustainability Committee.** Dr Khotso Mokhele, Ms Patricia O'Brien and Ms Marna Roets were appointed as new members of the Committee.
- The **Remuneration Committee** is now called the **Remuneration and Human Capital Committee.** Ms Fikile Dludlu (De Buck) was appointed as a new member of the Committee replacing Adv. Rams Ramashia.
- Mr Walter Dissinger was appointed as Chairman of the **Risk Committee** and Ms Philisiwe Sibiya was appointed as a new member of the Committee.
- The **Investment Committee** is now called the **Investment, Innovation and Technology Committee**; and
- Mr Stephen Dawson was appointed as the Chairman of the newly formed **Safety, Health and Environment Committee.**
- Dr Khotso Mokhele, Mr Walter Dissinger and Ms Patricia O'Brien were all appointed as members of the new Committee.

B-BBEE Employees Share Trust (EST)

The AECI EST, set up in 2012, was expected to vest on 9 February 2022. The trust held approximately 10 million B ordinary shares in AECI (7.7% of shares in issue) at inception.

The share price growth did not meet expectations and in November 2021, the Board approved the extension of the EST term by an additional 12 months. An additional dividend of 50.5 cents per share was paid to beneficiaries on 28 September 2022.

As at the extended vesting date of 9 February 2023, the share scheme was not value accretive to beneficiaries and will therefore be wound up. The Group remains committed to driving the Group B-BBEE ownership goals. The potential opportunity of launching a new Black Ownership Scheme that incorporates learnings and improvements from the previous transaction is being considered.

Future focus and prospects

Our strength is founded on our diversified product and service offering to customers across a variety of markets and countries where a strategic footprint has been established over time. This enables us to deliver consistent value sustainably to all stakeholders while leveraging the peaks and troughs of market cycles. All our activities remain underpinned by our ESG commitments and targets.

High commodity price trends are expected to continue in the short term. This, together with continued customer (new and existing) activity is expected to drive performance across geographies. Focus on customer centricity and the expansion of profitable product and service offering across the segments will enable customer retention and growth of sales in relevant products and services. Continued focus on margin improvement and working capital management initiatives to improve working capital release and cash generation.

The growth in capital invested during the period has already contributed to new revenue which is expected to accelerate in 2023.

Following the appointment of the new Group CE, we look forward to renewed vigour to drive the transformation journey which includes optimising returns from existing businesses.

Directors' responsibility statement

The Directors are responsible for the preparation and presentation of these summarised consolidated year-end financial statements in accordance with International Financial Reporting Standards; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; the Financial Pronouncements as issued by the Financial Reporting Standards Council; and the requirements of the Companies Act of South Africa.

The Directors are also responsible for such internal controls as the Directors determine to be necessary to enable the preparation of summarised consolidated year-end financial statements that are free from material misstatement, whether owing to fraud or error.

Preparation of final results announcement

This announcement covers the summarised audited consolidated financial statements of the Group based on International Financial Reporting Standards for the 12 months ended 31 December 2022. The preparation of these summarised audited consolidated financial statements was supervised by the CFO, Aarti Takoordeen CA(SA), in terms of section 29(1)(e) of the Companies Act, 2008, as amended.

Approval of financial statements

The audited summarised consolidated financial statements were approved by the Board of Directors of AECI on 28 February 2023 and signed by:

KDK Mokhele
Chairman

ST Coetzer
Interim CE

Directors:

KDK Mokhele (Chairman), ST Coetzer[1] (Interim CE), SA Dawson[2], FFT De Buck, WH Dissinger[3], G Gomwe[4], KM Kathan (Executive), P Mishic O'Brien[5], AM Roets, PG Sibiya, A Takoordeen (Executive)

1 Canadian 2 Australian 3 German 4 Zimbabwean 5 American

Group Head Investor Relations: Z Salman

Group Company Secretary: C Singh

Declaration of final ordinary cash dividend No. 178

Notice is hereby given that on Tuesday, 28 February 2023 the Directors of AECI declared a gross final cash dividend of 580 cents per share in respect of the financial year ended 31 December 2022. The dividend is payable on Tuesday, 11 April 2023 to holders of ordinary shares recorded in the register of the Company at the close of business on the record date, being Thursday, 6 April 2023.

The last day to trade "*cum*" dividend will be Monday, 3 April 2023 and shares will commence trading "*ex*" dividend as from the commencement of business on Tuesday, 4 April 2023.

A South African dividend withholding taxation of 20% will be applicable to all shareholders who are not either exempt or entitled to a reduction of the withholding taxation rate in terms of a relevant Double Taxation Agreement, resulting in a net dividend of 464.00000 cents per share payable to those shareholders who are not eligible for exemption or reduction. Application forms for exemption or reduction may be obtained from the Transfer Secretaries and must be returned to them on or before Monday, 3 April 2023.

The issued share capital of the Company at the declaration date is 105 517 780 listed ordinary shares, 10 117 951 unlisted redeemable convertible B ordinary shares and 3 000 000 listed cumulative preference shares. The dividend has been declared from the income reserves of the Company.

Any change of address or dividend instruction must be received on or before Monday, 3 April 2023.

Share certificates may not be dematerialised or rematerialised between Tuesday, 4 April 2023 and Thursday, 6 April 2023, both days inclusive.

By order of the Board

Cheryl Singh
Group Company Secretary

Woodmead, Sandton
28 February 2023

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue, Rosebank, 2196 and

Computershare Investor Services PLC
PO Box 82, The Pavilions, Bridgwater Road, Bristol BS 99 7NH, England

Registered office
First Floor, AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton

Equity and Debt Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)
1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196

AECI Limited
(Incorporated in the Republic of South Africa)
(Registration No. 1924/002590/06)
Tax reference No. 9000008608
Share code: AFE ISIN: ZAE000000220
Hybrid code: AFEP ISIN: ZAE000000238
Bond company code: AECI
LEI: 3789008641F1D3D90E85
(AECI or the Company or the Group

Independent auditor's report on summarised consolidated **financial statements**

TO THE SHAREHOLDERS OF AECI LIMITED

Opinion

The summarised consolidated financial statements of AECI Limited, as set out on pages 9 to 33, which comprise the summarised consolidated statement of financial position as at 31 December 2022, the summarised consolidated statement of profit or loss, the summarised consolidated statement of comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of AECI Limited for the year ended 31 December 2022.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of AECI Limited, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other Matter

We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

Summarised Consolidated Financial Statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of AECI Limited and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 28 February 2023. That report also includes the communication of key audit matters as reported in the auditor's report of the audited consolidated financial statements.

Directors' Responsibility for the Summarised Consolidated Financial Statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte & Touche
Registered Auditors

Per: MLE Tshabalala
Partner
28 February 2023

5 Magwa Crescent, Waterfall City, Waterfall, 2090
South Africa

Summarised consolidated **statement of financial position**

AT 31 DECEMBER

Rand million	Note	2022 Audited	2021 Audited
Assets			
Non-current assets		11 134	10 977
Property, plant and equipment	4	5 992	5 656
Right-of-use assets	4	636	593
Investment property		226	226
Intangible assets		868	929
Goodwill	5	2 352	2 369
Pension fund employer surplus accounts		467	495
Investment in joint ventures		40	69
Investments in associates		133	122
Loans to associate		111	48
Other investments		203	255
Deferred taxation assets		106	215
Current assets		17 292	13 201
Inventories		6 780	4 880
Trade and other receivables		7 906	5 872
Other investments		472	381
Taxation receivable		75	115
Cash and cash equivalents		2 059	1 953
Total assets		28 426	24 178
Equity and liabilities			
Equity		11 822	11 589
Ordinary capital and reserves		11 635	11 417
Non-controlling interest		181	166
Preference share capital		6	6
Non-current liabilities		2 250	4 712
Deferred taxation liabilities		583	744
Non-current debt		607	2 873
Lease liabilities		533	475
Put option liability		–	18
Non-current provisions and employee benefits		527	602
Current liabilities		14 354	7 877
Trade and other payables		7 767	6 153
Current debt		6 007	1 186
Lease liabilities		131	117
Loans from joint ventures		141	111
Put option liability		14	–
Taxation payable		168	248
Bank overdraft		126	62
Total liabilities		16 604	12 589
Total equity and liabilities		28 426	24 178

Summarised consolidated **statement of profit or loss**

FOR THE YEAR ENDED 31 DECEMBER

Rand million	Note	% change	**2022 Audited**	2021 Audited
Revenue	2	37	35 583	26 053
Net operating costs			(33 536)	(24 001)
Profit from operations		–	2 047	2 052
Share of profit of equity-accounted investees, net of taxation			26	7
Profit from operations and equity-accounted investees		1	2 073	2 059
Net finance costs			(314)	(207)
Finance costs			(403)	(265)
Finance income			89	58
Profit before taxation			1 759	1 852
Taxation expense			(803)	(642)
Profit for the year			956	1 210
Attributable to preference shareholders			(3)	(3)
Attributable to AECI minority shareholders			(26)	(20)
Attributable to the AECI Group			927	1 187
Per ordinary share (cents):				
Basic earnings		(22)	878	1 125
Diluted basic earnings			874	1 112
Headline earnings		15	1 287	1 116
Diluted headline earnings			1 280	1 103
Ordinary dividends paid			699	650
Ordinary dividends declared after the reporting date			580	505
Headline earnings are derived from (Rand million)				
Profit attributable to the AECI Group			927	1 187
Impairment of property, plant and equipment			430	–
Impairment of right-of-use assets			41	–
Profit on disposal of businesses and investment in subsidiaries			(5)	–
Surplus on disposal of investment property and property, plant and equipment			(12)	(13)
Taxation effects of the above items			(23)	4
Headline earnings			1 358	1 178

Summarised consolidated **statement of comprehensive income**

FOR THE YEAR ENDED 31 DECEMBER

Rand million	**2022 Audited**	2021 Audited
Profit for the year	956	1 210
Other comprehensive income net of taxation		
Items that may be reclassified subsequently to profit or loss:		
– Foreign currency translation differences	89	201
– Effective portion of cash flow hedges	(6)	6
Items that may not be reclassified subsequently to profit or loss:		
– Remeasurement of defined-benefit and post-retirement medical aid obligations	40	22
– Remeasurement of equity securities at fair value through other comprehensive income (FVOCI)	(59)	100
Total comprehensive income for the year	1 020	1 539
Attributable to preference shareholders	(3)	(3)
Attributable to AECI minority shareholders	(29)	(27)
Attributable to the AECI Group	988	1 509

Summarised consolidated **statement of changes in equity**

FOR THE YEAR ENDED 31 DECEMBER

Rand million	**2022 Audited**	2021 Audited
Total comprehensive income for the year	1 020	1 539
Dividends paid	(760)	(741)
Share-based payment reserve	(23)	(24)
AECI Community Education and Development Trust (CEDT) shares cancelled during the year	(4)	–
Equity at the beginning of the year	11 589	10 815
Equity at the end of the year	11 822	11 589
Made up as follows:		
Ordinary share capital	106	110
Reserves	1 968	1 930
Foreign currency translation reserve	1 679	1 593
Other reserves	19	84
Share-based payment reserve	270	253
Retained earnings	9 561	9 377
Non-controlling interest	181	166
Preference share capital	6	6
Equity at the end of the year	11 822	11 589

Reconciliation of weighted **average number of shares**

Millions of shares	**2022 Audited**	2021 Audited
Weighted average number of ordinary shares at the beginning of the year	120,0	120,0
CEDT shares cancelled during the year [1]	(4,4)	–
Weighted average number of ordinary shares at the end of the year	115,6	120,0
Weighted average number of unlisted ordinary shares held by the consolidated AECI Employees Share Trust	(10,1)	(10,1)
Weighted average number of contingently returnable ordinary shares held by the CEDT	–	(4,4)
Weighted average number of ordinary shares for basic and headline earnings per share	105,5	105,5
Dilutive adjustment for potential ordinary shares	0,6	1,2
Weighted average number of ordinary shares for diluted earnings per share	106,1	106,7

[1] AECI repurchased 4 426 604 AECI ordinary shares of 100 cents each ("Repurchased Shares") from the AECI Community Education and Development Trust for no consideration ("the Specific Repurchase"). This represented 4,02% of the total number of shares in issue before the Specific Repurchase was effected. The Repurchased Shares reverted to authorised unissued shares of the Company in accordance with section 35(5) of the Companies Act, 2008 and were cancelled on 15 February 2022.

Summarised consolidated **statement of cash flows**

FOR THE YEAR ENDED 31 DECEMBER

Rand million	**2022 Audited**	2021 Audited
Cash generated from operations	3 840	3 289
Dividends received	50	2
Finance costs paid	(329)	(224)
Finance income received	89	58
Taxation paid	(954)	(528)
Changes in working capital	(2 570)	(1 093)
Cash outflows relating to defined-benefit costs	(20)	(21)
Cash outflows relating to non-current provisions and employee benefits	(29)	(16)
Cash available from operating activities	77	1 467
Dividends paid	(760)	(741)
Cash flows (utilised in)/generated from operating activities	(683)	726
Cash flows from investing activities	(1 637)	(671)
Loans with joint ventures	–	13
Loans with associates and other net investment activities	(193)	10
Proceeds from disposal of businesses and investment in subsidiaries	9	–
Net capital expenditure	(1 453)	(694)
Net cash (utilised in)/generated before financing activities	(2 320)	55
Cash flows from financing activities	2 276	(1 706)
Capital repayment of lease liabilities	(161)	(198)
Loans from joint ventures	30	–
Settlement of performance shares	(85)	(77)
Proceeds from debt raised	3 254	446
Repayment of debt	(762)	(1 877)
Decrease in cash and cash equivalents	(44)	(1 651)
Cash and cash equivalents at the beginning of the year	1 891	3 434
Translation gain on cash and cash equivalents	86	108
Cash and cash equivalents at the end of the year [1]	1 933	1 891

[1] Includes cash and cash equivalents of R2 059 million and a bank overdraft of R126 million (2021: cash and cash equivalents of R1 953 million and a bank overdraft of R62 million).

Segmental **analysis**

FOR THE YEAR ENDED 31 DECEMBER

Basis of segmentation

The Group has five reportable segments, as stated below. Each business division offers different products and services and is managed separately because each requires different technology and marketing strategies.

REPORTABLE SEGMENTS	OPERATIONS
AECI MINING	The businesses in this segment provide a mine-to-mineral solution for the international mining sector. The offering includes commercial explosives, initiating systems, blasting services and surfactants for explosives manufacture across the value chain to chemicals for ore beneficiation and tailings treatment.
AECI WATER	This business provides customers on the African continent with integrated water treatment solutions, process chemicals and equipment solutions for a diverse range of applications. These include, inter alia, public and industrial water, desalination and utilities.
AECI AGRI HEALTH	Businesses in this segment manufacture and distribute crop protection products, plant nutrients, animal premixes, specialty animal health products and fine chemicals on the African continent, in Europe and in the United States of America.
AECI CHEMICALS	Businesses in this segment supply raw materials and related services to a broad spectrum of customers in the food and beverage, manufacturing, road infrastructure and general industrial sectors. Their markets are mainly in South Africa and in other Southern African countries, except for AECI SANS Fibers which is based in the United States of America.
AECI PROPERTY SERVICES AND CORPORATE	Property Services and Corporate relate mainly to property leasing and management in the office, industrial and retail sectors. Corporate includes centralised functions namely, Treasury and Finance; Human Capital; Safety, Health and the Environment; Stakeholder Relations; Company Secretarial; Legal, Risk and Compliance; Environmental Social and Governance; Information Technology and Strategy Execution.

There are varying levels of integration between the segments. This includes transfers of raw materials and finished goods, and property management services. Inter-segment pricing is determined on terms that are no more and no less favourable than transactions with unrelated external parties.

Information relating to reportable segments

Management makes decisions based on management accounting information which reflects revenue plus costs by business division.

Information relating to each reportable segment is set out below. Segmental profit from operations is used to measure performance as AECI's Executive Committee believes that this information is the most relevant in evaluating the results of the respective segments.

Rand million	2022 Audited	2021 Audited	2022 Audited	2021 Audited	2022 Audited	2021 Audited
	EXTERNAL REVENUE		INTER-SEGMENT REVENUE		TOTAL SEGMENT REVENUE	
AECI MINING	17 886	11 820	210	149	18 096	11 969
AECI WATER	1 983	1 512	35	29	2 018	1 541
AECI AGRI HEALTH	6 900	5 959	167	61	7 067	6 020
AECI CHEMICALS	8 399	6 376	130	86	8 529	6 462
AECI PROPERTY SERVICES AND CORPORATE	415	386	153	149	568	535
Inter-segment	–	–	(695)	(474)	(695)	(474)
	35 583	26 053	–	–	35 583	26 053
	DEPRECIATION		AMORTISATION		IMPAIRMENTS [1]	
AECI MINING	565	538	7	7	26	–
AECI WATER	33	38	12	12	–	–
AECI AGRI HEALTH	180	176	29	29	445	–
AECI CHEMICALS	158	154	21	21	–	–
AECI PROPERTY SERVICES AND CORPORATE	34	66	1	6	–	–
Inter-segment	(14)	(15)	–	–	–	–
	956	957	70	75	471	–
	PROFIT/(LOSS) FROM OPERATIONS		EBITDA [2,4]		CAPITAL EXPENDITURE	
AECI MINING	1 743	1 277	2 342	1 813	582	476
AECI WATER	212	212	257	262	24	31
AECI AGRI HEALTH	(297)	179	358	383	704	152
AECI CHEMICALS	562	586	765	778	161	83
AECI PROPERTY SERVICES AND CORPORATE	(170)	(190)	(135)	(118)	81	35
Inter-segment	(3)	(12)	(17)	(27)	–	–
	2 047	2 052	3 570	3 091	1 552	777
	OPERATING ASSETS [3,4]		OPERATING LIABILITIES [3,4]			
AECI MINING	10 144	7 985	3 386	2 504		
AECI WATER	1 815	1 232	376	264		
AECI AGRI HEALTH	6 333	5 629	2 530	2 027		
AECI CHEMICALS	5 760	5 205	1 842	1 780		
AECI PROPERTY SERVICES AND CORPORATE	1 595	1 344	414	327		
Inter-segment	(887)	(870)	(781)	(749)		
	24 760	20 525	7 767	6 153		

1 Includes impairments of property, plant and equipment and right-of-use assets

2 Earnings before interest, taxation, depreciation and amortisation calculated as profit from operations and equity-accounted investees plus depreciation, amortisation and impairment. EBITDA is unaudited

3 Operating assets comprise property, plant and equipment, right-of-use assets, investment property, intangible assets, goodwill, inventories, trade and other receivables and assets classified as held for sale. Operating liabilities comprise trade and other payables

4 Non-IFRS measure (refer note 9)

Geographical information on non-current assets has not been disclosed as it is only partially available.

Other **salient features**

FOR THE YEAR ENDED 31 DECEMBER

Rand million	**2022 Audited**	2021 Audited
Capital expenditure	1 552	777
– expansion	952	193
– replacement	600	584
Capital commitments	1 112	829
– contracted for	211	484
– not contracted for	901	345
Future rentals on short-term and low value assets	28	44
– payable within one year	26	37
– payable between one and five years	2	7
Net debt [1, 4]	5 345	2 760
EBITDA [4]	3 570[3]	3 091[3]
Depreciation	956	957
Amortisation	70	75
Impairment	471	–
Gearing (%) [2, 4]	45[3]	24[3]
Current assets to current liabilities [4]	1,2[3]	1,7[3]
Net asset value per ordinary share (cents) [4]	11 027	10 384
ZAR/EUR closing exchange rate (South African Rand)	18,15	18,13
ZAR/EUR average exchange rate (South African Rand)	17,21	17,48
ZAR/USD closing exchange rate (South African Rand)	17,01	15,98
ZAR/USD average exchange rate (South African Rand)	16,37	14,78

1 Current and non-current debt, including non-current and current finance lease liabilities and a bank overdraft, less cash and cash equivalents
2 Net debt as a percentage of equity
3 Unaudited
4 Non-IFRS measure (refer to note 9)

Notes

FOR THE YEAR ENDED 31 DECEMBER

(1)(a) Basis of preparation and accounting policies

The summarised consolidated financial results are prepared in accordance with the requirements of the JSE Limited's Listings Requirements and Debt Listings Requirements ("JSE Listings Requirements") for provisional reports and the requirements of the Companies Act of South Africa applicable to summarised financial statements. The JSE Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"); the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee; Financial Pronouncements as issued by the Financial Reporting Standards Council; and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the audited consolidated financial statements, from which these summarised consolidated financial results were derived, are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements.

The preparation of these summarised consolidated financial results and the consolidated and separate financial statements for the year ended 31 December 2022 was supervised by the Group CFO, Aarti Takoordeen CA(SA).

(1)(b) Financial statements preparation and external audit

These summarised consolidated financial results for the year ended 31 December 2022 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements from which these summarised consolidated financial results were derived. The auditor's report does not necessarily report on all the information contained in this announcement. Accordingly, shareholders and noteholders are advised that, to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information.

The auditor identified the impairment assessment of property, plant and equipment in AECI Schirm Germany and the impairment assessment of goodwill which arose on the acquisition of AECI Schirm and AECI Much Asphalt as key audit matters. Details of the key audit matters, and how these were addressed in the audit of the consolidated financial statements for the year ended 31 December 2022, are contained in the auditor's report. The auditor does not report on any forward-looking statements.

A copy of the auditor's report on the summarised consolidated financial results, the auditor's report on the consolidated financial statements and the auditor's key audit matter are available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports.

The Company's directors take full responsibility for the preparation of this provisional report and for the financial information having been extracted correctly from the underlying financial statements.

The summarised consolidated financial results do not include all of the disclosures required for full financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022.

(2) REVENUE

	GROUP	
Rand million	**2022**	2021
AECI MINING	18 096	11 969
Sale of goods	16 214	10 519
Sale of goods and related product application services	1 882	1 450
AECI WATER	2 018	1 541
Sale of goods	35	29
Sale of goods and related product application services	1 983	1 512
AECI AGRI HEALTH	7 067	6 020
Sale of goods	7 067	6 018
Sale of goods and related product application services	–	2
AECI CHEMICALS	8 529	6 462
Sale of goods	8 529	6 456
Sale of goods and related product application services	–	6
AECI PROPERTY SERVICES AND CORPORATE	457	422
Rental related services	457	422
REVENUE RECOGNISED AT A POINT IN TIME	36 167	26 414
AECI PROPERTY SERVICES AND CORPORATE	111	113
Rental income	111	113
Inter-segment	(695)	(474)
TOTAL REVENUE	35 583	26 053

DISAGGREGATION OF REVENUE BY GEOGRAPHIC END MARKET

	GROUP	
Rand million	**2022**	2021
SACU [1]	21 177	16 288
Rest of the African continent	7 541	5 140
Rest of the world	6 865	4 625
TOTAL REVENUE	35 583	26 053

[1] Southern African Customs Union comprising South Africa, Botswana, Eswatini, Lesotho and Namibia

Revenue includes foreign and export revenue of R16 288 million (2021: R10 626 million).

DISAGGREGATION OF REVENUE BY SEGMENT AND GEOGRAPHIC END MARKET

Rand million	SACU[1]	Rest of the African continent	Rest of the world	Inter-segment	Total segment revenue
AECI MINING	7 573	6 259	4 054	210	18 096
AECI WATER	1 482	460	41	35	2 018
AECI AGRI HEALTH	4 332	397	2 171	167	7 067
AECI CHEMICALS	7 668	132	599	130	8 529
AECI PROPERTY SERVICES AND CORPORATE	122	293	–	153	568
Inter-segment	–	–	–	(695)	(695)
TOTAL REVENUE	21 177	7 541	6 865	–	35 583

[1] Southern African Customs Union comprising South Africa, Botswana, Eswatini, Lesotho and Namibia

(3) Cash and debt covenants

The Company's net debt at 31 December 2022 was R5 345 million (2021: R2 760 million), with undrawn finance facilities of R2 400 million (2021: R3 200 million). All covenant requirements were met in the current and prior year.

Discussions with lenders regarding the 2023 debt maturities have been ongoing for an extended period and the Group anticipates successfully completing a formal process to refinance this debt during the 2023 financial year. The refinancing process is expected to involve both loan and debt capital markets.

(4) Property, plant and equipment and right-of-use assets

IMPAIRMENT ASSESSMENT

During 2022, in AECI Schirm Germany, the Russia/Ukraine conflict exacerbated the post-COVID-19 pandemic economic environment. This resulted in further decline of customer demand in particular, crop protection products in the agricultural industry in Ukraine. Due to the difficult trading conditions; cost increases, including energy and labour, were not fully recovered from customers and contractual volumes were unfortunately not met.

At 30 September 2022, the continued deterioration of the business financial performance in Germany necessitated a per site profitability analysis for the four manufacturing sites. Consequently, the evidence available from this analysis triggered an impairment assessment. These sites form part of the AECI Schirm business and are included in the Agri Health segment.

The recoverable amount of each site was estimated based on the value-in-use and was determined by discounting the future cash flows expected to be generated from the continued use of the manufacturing sites, taking into account market conditions, the expected useful lives of the assets, an updated forecast using risk-adjusted volumes, revenue growth rate of 24,9% in 2023 and an average revenue growth rate of 2,6% from 2024 to 2027, a pre-taxation discount rate of 8,6% and a terminal growth rate of 1,5%.

In total, the recoverable amount was less than the carrying amount of the net operating assets of the four manufacturing sites. Consequently, an impairment of R445 million was recognised. The impairment loss was allocated to right-of-use assets, property, plant and equipment and included in net operating costs.

Rand million	2022
Property	135
Plant and equipment	251
Furniture and fittings	18
PROPERTY, PLANT AND EQUIPMENT	404
Right-of-use assets – property	41
TOTAL IMPAIRMENT	445

(5) Goodwill and property, plant and equipment and right-of-use assets

AECI MUCH ASPHALT

The recoverable amount of this CGU was based on the value-in-use, estimated using discounted cash flows.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant market sector and have been based on historical data from both external and internal sources.

%	**2022**	2021
Post-taxation discount rate [1]	**14,4**	13,1
Terminal value growth rate	**5,3**	4,5
Revenue growth rate	**7,5**	5,0

[1] Pre-taxation discount rate of 17,9% (2021: 16,5%)

Infrastructure spend, including road infrastructure, in South Africa has been in decline since it peaked in 2016. The onset of the COVID-19 pandemic in 2020 put additional pressure on spending, as a result AECI's management expectations for growth in this sector were revised down for the period 2021 to 2025 impacting both revenue and margins. As a result, goodwill in the amount of R821 million was impaired in 2020.

The business improved performance in 2021 and 2022, on the back of unexpected improved spending in road infrastructure that the business was in the position to leverage.

Much Asphalt is well-placed to capitalise on potential market shifts due to its strategically located plants across South Africa, brand reputation, world-class technology, and a highly experienced workforce.

The award of tenders for 2023 and positive internal and external indicators point to a continued improvement in business performance for 2023. At 31 December 2022, management's projections for revenue growth and trading margins were based on the average growth levels and market volumes over the past five years, with particular focus on data predating the pandemic's impact, as well as the estimated sales volume and price growth for the next five years based on the factors discussed above. The resulting cash flow forecast demonstrates an enhancement in the value-in-use compared to the preceding period.

Management's assessment of the goodwill, estimated that the recoverable amount of the CGU exceeds its carrying amount by approximately R337 million (2021: R223 million). The following changes in assumptions, individually, would result in the recoverable amount being equal to the carrying amount:

- an increase of 1,8%in the post-taxation discount rate;
- a decrease of 3,1% in the terminal growth rate;
- a decrease of 5,1% in the revenue growth rate from 2023 to 2027; and
- a decrease of 1,5% in the trading margin from 2023 to 2027.

A post-taxation discount rate was applied in determining the recoverable amount of the CGU and estimated based on the Group's weighted average cost of capital, adjusted for the risk profile applicable to the CGU, with a possible debt leveraging of 30%.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual earnings before interest, taxation, depreciation and amortisation (EBITDA) growth rate, consistent with the assumptions that a market participant would make.

AECI SCHIRM

During the reporting period, the ongoing Russia/Ukraine conflict resulted in severe undesirable impacts as economic activities in most economies, including Germany, struggled to recover to pre-COVID-19 levels. Consequently, inflation and country risk-free rates used as inputs to assess the recoverable amount of AECI Schirm have increased.

USA

The AECI Schirm business in the USA delivered to expectations in 2022 and output on key plants was contracted to customers for the next 12 months. The new capacity expansion project, amounting to R504 million (USD 31 million) in capital expenditure is expected to be completed in H1 2023. The new capacity is supported by long-term contracts, strong demand and growth opportunities in the USA.

GERMANY

During 2022, in Schirm Germany, the Russia/Ukraine conflict exacerbated the post-COVID-19 pandemic economic environment. This resulted in further decline on customer demand in particular, crop protection products in the agricultural industry in Ukraine. Due to the difficult trading conditions; cost increases, including energy and labour, were not fully recovered from customers and contractual volumes were unfortunately not met.

The business turnaround project team, supported by external advisers and under the direction of the Board, has made significant progress in shaping a more sustainable way forward. The preliminary results have given management and the board evidence to make key decisions enabling the business to focus strongly on implementing solutions to address the current challenges and ensure a successful turnaround.

The unsatisfactory performance together with the detailed review of the operations highlighted impairment indicators in relation to the right-of-use assets, property, plant and equipment and an impairment of R445 million was recognised.

AECI SCHIRM GOODWILL IMPAIRMENT ASSESSMENT

The assessment of the goodwill at 31 December 2022 resulted in the estimated recoverable amount of the CGU exceeding its carrying amount by approximately R478 million (2021: R106 million). This improvement resulted from the overall improvement in the USA's medium-term prospects following the capital expansion project and the impact of the right-of-use assets, property, plant and equipment impairments in Germany, which significantly reduced the carrying amount of the CGU.

The assessment is sensitive to changes in certain key assumptions. Management identified that a change in key assumptions could cause the carrying amount to exceed the recoverable amount. The following changes in assumptions, individually, would result in the recoverable amount being equal to the carrying amount:

- an increase of 1,4% in the post-taxation discount rate;
- a decrease of 2,9% in the terminal growth rate;
- a decrease of 4,9% in the revenue growth rate from 2023 to 2027; and
- a decrease of 1,4% in the trading margin from 2023 to 2027.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant market sectors and have been based on historical data from both external and internal sources.

	2022		2021	
%	**Germany**	**USA**	Germany	USA
Post-taxation discount rate [1]	**8,6**	**9,0**	7,0	7,6
Terminal value growth rate	**1,5**	**3,5**	1,5	2,3
Revenue growth rate (average for the next five years)	**7,1**	**5,0**	6,0	5,0

[1] Pre-taxation discount rate in Germany 11,3% (2021: 8,5%) and USA 10,8% (2021: 9,3%)

The recoverable amount of the CGU was estimated based on the value-in-use and the discounted cash flows of an updated forecast using the most conservative forecast volumes and growth rates for the German operations as well as reasonable forecasts related to the USA operations.

A post-taxation discount rate was applied in determining the recoverable amount of the CGU and was estimated based on the group's weighted average cost of capital, adjusted for the risk profile applicable to the CGU, with a possible debt leveraging of 15% in both Germany and the USA. The discount rate is influenced by changes in the country risk-free rates, currency default spread and risk premiums which, in turn, are influenced by changes in the macroeconomic environment.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. The estimate is still reliant on a successful turnaround strategy for the operations in Germany being put into place and achieving the expected results, as described above.

AECI WATER CHEMICAL AND MONITORING SOLUTIONS AND WATER SEGMENT

The recoverable amount of this CGU was based on the value-in-use, estimated using discounted cash flows.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant market sector and have been based on historical data from both external and internal sources.

%	**2022**	2021
Post-taxation discount rate [1]	**14,6**	13,4
Revenue growth rate	**11,5**	6,1

[1] Pre-taxation discount rate of 23,0% (2021: 24,0%)

A post-taxation discount rate was applied in determining the recoverable amount of the CGU and was estimated based on the group's weighted average cost of capital, adjusted for the risk profile applicable to the CGU, with a possible debt leveraging of 30%. The discount rate is influenced by changes in the country risk-free rates, currency default spread and risk premiums which, in turn, are influenced by changes in the macroeconomic environment.

The cash flow projections included specific estimates for the contract term of the technology and licensing agreements of the CGU. Revenue growth and trading margins were projected taking into account the average growth levels over the past five years and the estimated sales volume and price growth for the next seven years.

The estimated recoverable amount of the AECI Water Chemical and Monitoring Solutions CGU exceeded its carrying amount by approximately R167 million (2021: R267 million). The assessment is sensitive to changes in certain key assumptions. Management identified that a change in key assumptions could cause the carrying amount to exceed the recoverable amount.

The following changes in assumptions, individually, would result in the recoverable amount being equal to the carrying amount:

- an increase of 3,6% in the post-taxation discount rate;
- a decrease of 2,1% in the revenue growth rate from 2023 to 2029; and
- a decrease of 1,6% in the trading margin from 2023 to 2029.

The estimated recoverable amount of the Water segment CGU exceeded its carrying amount by approximately R121 million (2021: R289 million). The assessment is sensitive to changes in certain key assumptions. Management identified that a change in key assumptions could cause the carrying amount to exceed the recoverable amount.

The following changes in assumptions, individually, would result in the recoverable amount being equal to the carrying amount:

- an increase of 2,2% in the post-taxation discount rate;
- a decrease of 1,8% in the revenue growth rate from 2023 to 2029; and
- a decrease of 3,8% in the trading margin from 2023 to 2029.

(6) The Group entered into various sale and purchase transactions with related parties in the Group in the ordinary course of business, the nature of which was consistent with those previously reported. Those transactions were concluded on terms that were no more and no less favourable than transactions with unrelated external parties. All transactions and balances with these related parties have been eliminated appropriately in the consolidated results.

(7) Financial instruments and financial risk management

Categories of financial instruments and fair values

	CARRYING AMOUNT		FAIR VALUE	
Rand million	**2022**	2021	**2022**	2021
FINANCIAL ASSETS				
At fair value through other comprehensive income – equity instrument [1]	194	244	194	244
– Listed shares – Level 1	166	216	166	216
– Unlisted shares – Level 3	28	28	28	28
At fair value through profit or loss [2]	390	405	390	405
– Forward exchange contracts – Level 2	90	77	90	77
– Money market investment in collective investment schemes – Level 1	220	194	220	194
– Employer surplus accounts – Level 1	80	134	80	134
Amortised cost	9 340	7 152		
– Trade and other receivables [3]	6 970	5 081		
– Cash [4]	2 059	1 953		
– Loans receivable [3]	21	12		
– Interest-bearing non-current loans to associates [4]	111	48		
– Loans and receivables relating to other investments [4]	179	58		
	9 924	7 801		
FINANCIAL LIABILITIES				
Amortised cost	(13 043)	(9 093)		
– Trade and other payables [3]	(6 117)	(4 843)		
– Bank overdraft [4]	(126)	(62)		
– Loans from joint ventures [4]	(141)	(111)		
– Debt [5]	(6 614)	(4 059)		
– Interest accrued	(45)	(18)		
At fair value through profit or loss	(58)	(35)	(58)	(35)
– Forward exchange contracts – Level 2	(44)	(17)	(44)	(17)
– Put option liability – Level 3 [6]	(14)	(18)	(14)	(18)
	(13 101)	(9 128)		

1 Designated at initial recognition to be carried at fair value through other comprehensive income
2 Measured at fair value through profit or loss because the asset is not measured at either amortised cost nor at fair value through other comprehensive income
3 The fair values for financial instruments such as short-term receivables and payables have not been disclosed because their carrying amounts are a reasonable approximation of their fair value
4 The fair values would not be materially different from the carrying amounts
5 The fair values of the interest-bearing debt have not been disclosed as they are not materially different from their carrying amounts
6 Not measured at fair value and subject to estimation uncertainty

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments are either at fair value based on methods and assumptions for determining the fair value, or at values which approximate fair value based on the nature or maturity period of the financial instrument.

Fair value measurements are classified into three levels, based on the observability and significance of the inputs used in making the measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The fair values for forward exchange contracts are based on quotes from brokers. Similar contracts are traded in an active market and the quotes reflect the actual transactions on similar instruments. The fair values of the money market investment in a collective investment scheme and the employer surplus accounts are based on quoted market prices.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy during the year.

(8) Dispute in West Africa

A settlement agreement was reached on 4 August 2022 between the State of Burkina Faso, AECI Mauritius, and AECI Burkina Faso regarding the Customs Administration claim disclosed in prior years. A settlement amount of CFA francs 800 million (approximately USD 1.4 million) was paid as full and final settlement of this matter. The following conditions were satisfied: withdrawal of pending litigation and criminal matters, acceptance of withdrawal of arbitration at the International Centre for Settlement of Investment Disputes ("ICSID"), and confirmation of the public release of a joint statement by the State of Burkina Faso.

As a result of the settlement agreement, the contingent liability no longer exists and there will be no material adverse effect on the group going forward.

(9) Non-IFRS measures

To provide a more meaningful assessment of the Group's performance, non-IFRS measures are included in disclosures made. The non-IFRS measures are described in the respective notes and statements where disclosure is included.

Non-IFRS measures are the responsibility of the Group's directors. These measures may not be comparable to other similarly titled measures of performance of other companies. Non-IFRS measures are not an IFRS requirement, nor a JSE Listings Requirement and is a measurement used by the chief operating decision-makers of the Group.

(10) No reportable events occurred after the reporting date.

(11) Changes that were announced or took effect in the year were as follows:

- Mark Dytor formally retired as CE and Executive Director, effective 31 January 2023.
- Aarti Takoordeen was appointed as Group CFO and Executive Director, effective 20 May 2022.
- Rams Ramashia retired from his position as a Non-executive Director of the Company on 31 May 2022.
- Sam Coetzer was appointed to the Board as a Non-executive Director with effect from 1 July 2022 and as Interim CE on 1 February 2023. Sam will continue in this position until 30 April 2023. On 1 May 2023, Sam will return to his duties as a Non-executive Director.
- Holger Riemensperger has been appointed as CE and Executive Director, effective 1 May 2023.

The Group Audit Committee's **report to stakeholders**

Dear stakeholders

The AECI Group audit committee (Committee) is pleased to present its report for the 2022 financial year. This report has been prepared based on the requirements of the South African Companies Act, No. 71 of 2008, as amended (Companies Act), the King Code of Governance for South Africa (King IV), the JSE Listings Requirements and other applicable regulatory requirements. The committee carried out its responsibilities, including those relating to the audit and financial reporting obligations of the Group, as set out in its board-approved charter. The Committee's operation is guided by detailed terms of reference that are informed by the Companies Act and King IV™ Code in South Africa. The terms of reference were reviewed and approved by the Board on 31 May 2022.

The Committee's main objective is to assist the board in fulfilling its oversight responsibilities, and in the evaluation of the adequacy and efficiency of accounting policies, internal financial controls and financial and corporate reporting processes. In addition, the Committee assesses the effectiveness of the internal auditors, the independence and effectiveness of the external auditors, and considers and recommends to shareholders the appointment of the external auditors. This report aims to provide details related to how the Committee satisfied its various statutory obligations during the period, as well as share some of the significant matters that arose, and how the Committee addressed those in order to assist in ensuring the integrity of AECI's financial reporting.

Composition and governance

Members of the Committee satisfy the requirements to serve as members of an audit committee, as provided in Section 94 of the Companies Act, and have adequate knowledge and experience to carry out their duties. All members are independent non-executive directors.
The composition of the Committee and the attendance of meetings by its members for the 2022 financial year are set out below. Four formal and two special meetings were held in respect of the 2022 financial year, aligned with key reporting and regulatory timelines.

Director	22 Feb [1]	25 Feb	25 Ap [1]	20 May	22 Jul	18 Nov
PG Sibiya (Chair)	✓	✓	✓	✓	✓	✓
FFT De Buck	✓	✓	✓	✓	#	✓
G Gomwe	✓	✓	✓	✓	✓	✓
AM Roets	✓	✓	✓	✓	✓	✓

[1] Special meeting
Apologies

Abridged biographies of these Directors are published at: **https://www.aeciworld.com/leadership**.

The CE, the CFO, the Group financial manager, the external auditor, head of treasury and the head of internal audit attend by invitation, as does the Group tax manager and the PwC internal audit engagement partner. Other members of management are invited to attend certain meetings to provide the committee with greater insight into specific issues or areas in the Group.

The Committee chairperson has regular contact with the AECI management team to discuss relevant matters directly. The head of internal audit and the external auditors have direct access to the committee, including closed sessions excluding management presence during the year.
These closed sessions address any matters that the participants regard as relevant to the fulfilment of the committee's responsibilities.

Execution of functions

The Committee executed its duties and responsibilities in accordance with its terms of reference as they relate to the Group's accounting, internal auditing, internal control, and integrated reporting practices, specifically relating to the financial statements, and pursuant to the provisions of the JSE Listings Requirements. The chairman reported to the board on the Committee's activities, highlighting key matters discussed, key items requiring action as well as providing recommendations for resolution.

The chairman of the Committee had regular meetings with the CFO to discuss relevant matters as and when required. In addition, she met regularly with the Head of internal audit without the external auditor or other executive board members being present.

Key audit matters

The Committee considered the appropriateness of key audit matters reported in the external auditor's report and considered the significant accounting judgements and estimates relating to the annual financial statements. This was addressed by the committee as follows:

Significant matters	How the Committee addressed these matters
■ The impairment of Property, Plant and Equipment ("PPE") in Schirm GmbH	The Committee considered the performance of Schirm Germany that resulted in the impairment indicator and the methodology adopted by management to determine the value-in-use and the level of impairment determined by management and is satisfied that it was appropriate and is presented suitably in the disclosures in the annual financial statements.
■ The impairment assessment of the goodwill amount that arose on the acquisition of AECI Schirm	The Committee considered management's assessment of the goodwill and is satisfied that, following the impairment of PPE, no impairment goodwill was appropriate at this stage and that the turnaround strategy for Schirm will be a key focus in 2023.
■ The impairment assessment of the goodwill amount that arose on the acquisition of AECI Much Asphalt	The Committee considered the improved performance of Much Asphalt and the methodology and assumptions used in assessing the goodwill and is satisfied that it was appropriate and is presented suitably in the disclosures in the annual financial statements.

The external auditors

The Committee is responsible for the appointment, compensation and oversight of the external auditors for the Group, namely Deloitte & Touche. During the period the Committee:

- reviewed and evaluated the effectiveness, independence as well as the internal quality control procedures of the external auditor. This included a review of the following:
  - information related to the outcome of external inspections conducted by the independent regulatory board for auditors (IRBA)
  - the internal monitoring processes followed by Deloitte & Touche
  - context in terms of the areas of improvement raised
  - the impact on the ability of the system of quality control to meet its objectives and the external auditor's ability as an audit firm to meet their obligations in terms of the JSE Listings Requirements
- as required by paragraph 3.84(g) of the JSE Listings Requirements, obtained the information listed in paragraph 22.15(h) of the JSE Listings Requirements in its assessment of the suitability of Deloitte & Touche, as well as Mr Eric Tshabalala, for appointment as external auditor and designated individual audit partner respectively
- recommended Deloitte & Touche for appointment as auditor for the financial year ended 31 December 2022, and ensured that the appointment was approved by shareholders at the AGM held on 31 May 2022 and complied with all applicable legal and regulatory requirements for the appointment of an auditor. The Committee confirms that the auditor is accredited by the JSE
- approved the external audit engagement letter, the audit plan and related scope of work, and the budgeted audit fees payable to the external auditor, and confirmed the appropriateness of key audit risks identified
- obtained an annual written statement from the external auditor that its independence was not impaired
- applied a policy setting out the categories of non-audit services that the external auditor may or may not provide, split between permitted, permissible and prohibited services
- considered whether any non-audit services had been undertaken by the external auditor, which specifically required Committee approval per the policy, and determined that there were none
- considered whether any Reportable Irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No. 26 of 2005, and concluded that there were none
- in respect of the coordination of assurance activities, the Committee reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business

The Committee is satisfied with the quality of the external audit as it relates to the audit quality indicators, and that auditor independence, objectivity and effectiveness were maintained during the financial year ended 31 December 2022.

Annual financial statements

In respect to annual financial statements, the Committee, among other matters:

- ensured that the financial statements were prepared in accordance with IFRS and in compliance with the provisions of the Companies Act and the JSE Listings Requirements
- ensured that all comments and recommendations made in JSE Proactive Monitoring reports, were appropriately considered and addressed in the preparation of the financial statements for the financial year ended 31 December 2022
- confirmed the going concern as the basis of preparation of the interim and annual financial statements
- at each meeting reviewed the solvency and liquidity tests performed by management, and reviewed compliance with the financial conditions of loan covenants and determined that the capital of the Company was adequate
- examined and reviewed the interim and annual financial statements, as well as all financial information disclosed to stakeholders, prior to submission to and approval by the Board
- ensured that the financial statements fairly presented the financial position of the Company and of the Group as at the end of the financial year, changes in equity, and the results of operations and cash flows for the financial year and considered the basis on which the Company and the Group were determined to be going concerns
- considered accounting treatments, significant unusual transactions and significant key accounting judgements and estimates
- considered the appropriateness of the accounting policies adopted and any changes thereto
- obtained assurances from management that adequate accounting records were being maintained by the Company and its subsidiaries
- ensured that all entities included in the consolidated Group IFRS financial statements, have established appropriate financial reporting procedures and that those procedures are operating effectively
- considered all entities included in the consolidated Group IFRS financial statements, and ensured that it has access to all the financial information, to allow the Company to effectively prepare and report on the financial statements of the Group
- considered the external auditor's audit report
- reviewed the representation letter relating to the Group financial statements, which was signed by management
- considered any significant legal and tax matters that could have a material impact on the financial statements
- met separately with management, the external auditor and the head of internal audit.

Group internal audit

The Group internal audit function performs an independent assurance function and forms part of the Group's third line of defense. The head of internal audit has a functional reporting line to the Committee chairperson. The function provides independent, objective assurance to the board, through the authority of the Committee, that the governance processes, including professional ethics, management of risk and systems of internal control, are adequate and effective to mitigate, the significant control risks, both current and emerging, that threaten the achievement of the Group's objectives.

The Committee reviewed and approved the annual internal-audit charter and annual audit plan and ensured that a risk based approach was formulated in the audit plan. The Committee also evaluated the independence, effectiveness and performance of Group internal audit function in compliance with its charter by having done the following:

- considered the reports of the Internal and external auditors on the Group's systems of internal control including financial controls, business risk management and the maintenance of effective internal control systems
- reviewed significant issues raised by internal audit processes and the adequacy of corrective actions in response to significant internal audit findings, and where appropriate, challenged the actions taken by management
- ensured that the head of internal audit had a direct reporting line to the Committee Chair and noted the administrative reporting line to the CFO
- based on the above, the Committee formed the opinion that there were no material breakdowns in internal control, including financial controls, business risk management and maintenance of effective material control systems, which resulted in any identified material financial loss
- reviewed the process implemented with regard to the annual responsibility statement by the CE and the CFO on internal financial controls, as per the JSE Listings Requirement Section 3.84(k), and was satisfied with the effectiveness of this process.
  In particular:
  - reviewed regular progress reports regarding the implementation of the formal combined assurance model in the Group which commenced in January 2021. The initial combined assurance project scope has been completed. Subsequently the project scope was extended and this phase is nearing completion. The Committee is satisfied with the progress made on this project
- considered the appropriateness of the experience, expertise and the effectiveness of the head of internal audit and concluded that his experience, expertise and performance were appropriate.

The Committee is satisfied that the internal audit function was independent and had the necessary resources and standing to execute its duties.

Risk management and information technology (IT)

To the extent that it was relevant to its functions, the Committee:

- considered the reports of Internal audit and the external auditor insofar as these were relevant to risk management and IT and could have an impact on financial controls, and ensured that the related management action plans were adequate
- ensured that an independent assessment was performed on the effectiveness of the risk management process, and was satisfied with the result thereof
- noted significant control deficiencies relating to the IT control environment reported by the external and internal auditors, and the remedial plans being implemented by management relating to these significant control deficiencies
- reviewed progress reports on the SAP One World project which entails the implementation of SAP across the AECI Group
- placed a heightened focus was placed on cyber-security and IT general controls.

Joint meeting of the Audit Committee and the Risk Committee

At a joint meeting of the Audit Committee and the Risk Committee, the following areas were addressed:

- considered the enterprise risk management (ERM) maturity roadmap and the risk universe and made recommendations for improvement in this regard
- reviewed the progress report regarding the implementation of a formal combined assurance model in the Group and was satisfied with the progress made to date
- considered the status update report with regard to cyber security controls and made recommendations for improvement.

Legal and regulatory requirements

To the extent that these may have an impact on the financial statements, the Committee:

- monitored complaints received via the Group's whistle-blowing service, including complaints or concerns regarding accounting matters, internal audit, internal accounting controls, contents of the financial statements, potential violations of the law and questionable accounting or auditing matters
- considered the adequacy of whistleblowing procedures in relation to the receipt, processing and investigation of complaints and made recommendations in respect thereof
- considered reports provided by management, internal audit and the external auditor regarding compliance with legal and regulatory requirements
- monitored efforts to enhance and improve the robustness of the compliance management system in line with ISO 37301:2021.

Independence of the external auditor

The Committee is satisfied that Deloitte & Touche is independent of the Company and the Group after taking the following factors into account:

- representations made by Deloitte & Touche to the Committee
- the Committee's review of the performance of the External Auditor and consequently nominated, for approval at the forthcoming AGM, Deloitte & Touche as the External Auditor for the 2023 financial year and Mr Eric Tshabalala as the designated individual audit partner respectively
- the auditor does not, except as External Auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from the Company (please refer to "Non- Audit Service Fees" below, and the Company's Non-Audit Services Policy, in particular. This is available at **https://static1.squarespace. com/static/5ef9c6ed308afe044f73cd35/t/60229ca110 202c2600f 718b0/ 1612881057566/non-audit-services- policy.pdf**.
- this is Deloitte & Touche's fifth year of appointment as External Auditor
- the designated external audit partner has served since September 2021
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

Non-audit service fees

All new non-audit services performed by the External Auditor during 2022 complied with the Company's Non-Audit Services Policy in terms of the type of service provided as well as the quantum thereof. The Committee considered whether any non-audit services had been undertaken by Deloitte & Touche, which specifically required Committee approval according to the Policy threshold, and determined that there were none.
All non-audit services performed, below the Policy threshold, were approved by the CFO. All non-audit services are pre-approved by the External Auditor in accordance with its own independence policy framework.

Annual financial statements

Following the review by the Committee of the annual financial statements of AECI Ltd for the year ended 31 December 2022, the Committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act and IFRS and fairly present the Group and Company financial position at that date and the results of operations and cash flows for the year then ended.

Having met its obligations, the Committee recommended the annual financial statements for the year ended 31 December 2022 for approval to the AECI Board on 28 February 2023.

The board has approved this report, which will be open for discussion at the forthcoming AGM.

Addressing key focus areas for 2022, as listed in the Audit Committee report for the 2021 financial year

In terms of the 2022 key focus areas, the Committee addressed them as follows:

- monitored the process to ensure that the Group's internal financial controls are effective and that remedial plans are implemented
- ensured that the newly appointed CFO was successfully inducted
- significantly improved shareholder engagement and disclosure to the market, with a head of investor relations appointed on 3 October 2022
- monitored the progress of the SAP One World project
- monitored progress on actions plans to address control weaknesses in IT controls and agreed that further improvements are required in this area
- monitored the progress made regarding the implementation of the Combined Assurance model
- monitored the implementation of the Financial & Risk Stewardship initiatives as part of the execution of the AECI 2025 Strategy.

Key focus areas for 2023

In addition to the Committee's normal duties and responsibilities, it will focus on the following areas in 2023:

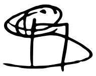
- monitor the progress and delivery of the Schirm turnaround
- ensuring that the Group's internal financial controls are effective and that remedial plans are properly monitored and executed
- continue to monitor the progress and successful implementation of the SAP One World project
- monitor progress on actions plans to address control weaknesses with regard to IT general controls and cyber security controls
- support the effectiveness of the investor relations function
- continue to advocate for appropriate disclosure and guidance to the market in particular regarding key shareholder issues
- continue to focus on and enhance the robustness of various governance processes and controls related to the functioning of the committee as well as the Group's whistleblowing line.

Conclusion

The Committee is satisfied that it has complied with all statutory duties as well as other duties given to it by the board under its terms of reference. The Committee reviewed the Group and the company annual financial statements for the year ended 31 December 2022 and recommended them for approval to the board on 28 February 2023.

The Committee is looking forward to working with the new CE and the rest of the executive team in delivering on the 2023 focus areas including the crafting of a new direction and strategy for the Group that will deliver sustainable value.

On behalf of the Audit Committee



Philisiwe Sibiya
Group Audit Committee Chairperson

Woodmead
28 February 2023

Social, Ethics and Sustainability Committee's **report to stakeholders**

Dear stakeholders,

This report is provided by the AECI group social, ethics and sustainability Committee (SESC), supported by the AECI group safety, health and environment committee (SHEC). This report incorporates the requirements of Regulation 43 of the Companies Act. The committees executed their work in line with their terms of reference and their 2022 work plan.

Committee mandates and transition

The committees' mandates are set out in their terms of reference approved by the board and reviewed annually. The primary objective is to assist the board with creating shared value in a sustainable manner through responsible business practices, taking into consideration the context of economic, societal and environmental factors across the company's operating markets. They also have responsibility for reviewing those aspects of the integrated report and the sustainability report related to their functions.

In accordance with their objectives, the committees focussed on the following issues:

- Safety, health and environment
- Social and economic development
- AECI's Broad-Based Black Economic Empowerment (B-BBEE) strategy
- Employment equity and transformation
- Diversity, equality and inclusion
- Good corporate citizenship
- Consumer relationships
- Compliance with AECI's Code of Ethics and Business Conduct
- Stakeholder relations
- Sustainability and ESG responsibilities

In May 2022 the board approved a revision of the social and ethics committee's terms of reference. The revision was required to reinforce alignment with AECI's growth strategy, which places sustainability and ESG issues at its centre. In recognition of this refocused mandate, the board established the separate SHEC in support of our core focus on zero harm. Additionally, the importance of sustainability in our strategic focus resulted in the social and ethics committee being renamed the social, ethics and sustainability committee (SES committee).

Abridged biographies of the members of both committees are published at: https://www.aeciworld.com/leadership. As a collective the committees were adequately skilled and all members possessed the appropriate financial and other relevant qualifications, skills and expertise to fulfil their responsibilities.

The full details for the Integrated report and the Governance report can be found on https://investor.aeciworld.com/integrated-reports.

Health and safety

We have remained steadfast in our commitment to zero-harm with strong oversight by the SHEC, and I am very pleased to report a record performance achieving world class results in safety management. **The group Total Recordable Injury Rate (TRIR) at the end of December 2022 was a remarkable 0.15 which is the lowest recorded to date.** As a group we are cognisant of the fact that this kind of performance is not achieved without great collaborative effort and commitment and are greatly appreciative of the contributions of all employees and contractors in this achievement. Furthermore, we remain humble and are ever mindful that the group cannot become complacent and needs to remain ever vigilant in the pursuit of Zero Harm. To this end, the board constituted the SHEC, focused on intensifying interventions to continually improve the overall safety performance in support of our drive towards Zero Harm.

Despite this performance and all the drives and initiatives, it is most regrettable to report that we unfortunately lost one of our contracted team members in March 2023. We are deeply saddened by the loss of our contracted employee, who lost his life whilst on duty in Ghana. Management responded responsibly to this unfortunate incident by attending the scene in person and provided support to his family, friends and colleagues. A comprehensive investigation, led by senior leaders, was conducted in order to understand the root causes and share lessons learnt to prevent a recurrence.

Sustainability imperatives

AECI's commitment to sustainability has remained resolute in the drive to live the purpose of One AECI, for a better world aimed at delivering outcomes which balance ESG with economic prosperity. Our overall sustainability strategy will ensure that safety remains a priority, while broadening its scope to incorporate upholding human rights, responsible environmental management, addressing climate response and action, social responsibility and ensuring ethical and sound business practices. In this endeavour we will continue to ensure alignment with the 10 principles of the United Nations Global Compact. Additionally, we have committed to a 2050 Net`Zero Goal and efforts are currently underway to clearly define this for each of the group's businesses and to formulate a robust and dynamic transition pathway for the achievement of this goal.

Impacts on communities, stakeholders and operational activities are key areas of oversight of the SESC. The group has prioritised sustainability reporting and ensures that the focus of this reporting is in response to the ever evolving needs of our stakeholders. In recent years, stakeholders have required greater transparency particularly in ESG reporting and creating and maintaining shared value.

Although AECI is headquartered in South Africa, our operations are spread across multiple geographies, industrial sectors and associated communities. This requires careful assessment and management of the geopolitical, economic and social nexus to ensure that there is uniformity in the sustainability imperatives while taking unique regional aspects into account. The SESC provides strategic direction and oversight to ensure that this alignment and balance is achieved.

Climate response and performance

Reflecting on the performance of the past year, it is pleasing to note, the progress the group has made with climate response efforts and our commitment to the United Nations Sustainable Development Goals (SDGs). Targets for prioritised SDGs were formulated for the period up to 2025 and these are well on their way to being achieved. A strategic drive to review these targets, aligned with new priorities as they emerge, ensures that we remain agile in the evolving landscape. The review process will also include the setting of targets up to 2030 in alignment with our 2050 Net Zero Goal.

Improvements in recycling volumes for water and waste will receive greater focus in the next year with emphasis on efficiency projects, waste segregation and identification and implementation of effective re-use and recycling options.

Our passionate people

AECI is committed to promoting equal opportunities and fair employment practices globally across all its businesses. It is very pleasing to note that significant progress has been made in the achievement of gender equality targets at board and top management level. The group is also keenly dedicated to the empowerment through education of employees and external stakeholders from underprivileged communities and remains committed to the provision of bursaries and internship opportunities to identified individuals. Holistic employee wellness remains a priority and we provided mental and psychological support to employees and their families during the year.

It is regrettable to report that the AECI Employee Share Trust (EST), which has been a contributor towards the overall black shareholding of AECI Limited since 2012 was not value accretive to beneficiaries and was therefore wound up.

The AECI executive and the board have committed to deliver some value to all eligible EST beneficiaries as an act of goodwill and remain committed to making meaningful progress towards advancing the winding up of the EST, at the same time staying on course in terms of driving our B-BBEE ownership goals.

In line with this, management and the board are working on the design and implementation of a new black ownership transaction that incorporates learnings and improvements from the previous transaction. These plans are subject to strict governance processes, including regulatory obligations as well as extensive consultation with and approvals by the AECI board and other stakeholders.

AECI believes that being a responsible and contributing corporate citizen is a key component of our business strategy. Through our corporate social investment initiatives, the group is committed to the empowerment, development and growth of vulnerable communities. Our social responsibility "footprint" investments are made in our areas of operation as well as those supported by our customers and other key stakeholders. We are especially proud to report that during the year we invested a total of R36.2 million in socio-economic development.

As a South African-based operation, transformation remains a critical focus area for the committee and we track an ongoing effort to progress AECI's plans in terms of the requirements of the South African B-BBEE Act 53 of 2003. It is pleasing to report that the group retained its Level`3 B-BBEE status and concerted efforts to improve this status are underway. Furthermore, the board continued to focus on good governance with the guidance of the King`IV principles.

Inclusive stakeholder engagement

We are very aware that stakeholder engagement is vital to proactively consider the needs and desires of those who have a stake in our company. Effective engagement helps translate stakeholder needs into organisational goals and creates the basis of effective strategy development. Discovering the point of consensus or shared motivation allows decision making that ensures a meaningful outcome. We firmly believe that without internal alignment and stakeholder collaboration, it would not be possible to build an effective strategy or implement change.

Our stakeholder engagement process recognises that a shared understanding is essential to building a cohesive vision for the future. We are therefore focused on implementing an active consultation and engagement process and providing an open forum for discussion and debate. Our aim is to ensure alignment around a common vision and make recommendations on how the future ambition can be best achieved.

We were also supported by the development of a stakeholder management framework and with key appointments in these respective positions, please refer to the integrated report for details https://investor.aeciworld.com/integrated-reports

Ethics and risk management

The SESC and SHEC have a joint mandate from the board to oversee the management of applicable risk. The SHEC concentrates on the management and oversight of operational and process safety risk and environmental compliance, while the SESC mandate is to oversee the group's social, ethics and sustainability related risks.

Some of the remedial actions the committees oversee to minimise the potential impact on our business and stakeholders include:

- Ensuring safety and process safety risks are addressed in line with internationally recognised standards
- Ensuring responsible environmental management of our operational impacts
- Ensuring that management incorporates the increased sustainability and ESG requirements into the strategic ambitions of the business
- Providing oversight on the AECI ethics and value-based culture and a diversified leadership capacity to lead the organisation in a manner which is appropriate for the geographies in which we operate

Details of the integrated enterprise risk management approach can be found on the integrated report: https://investor.aeciworld.com/integrated-reports.

Focus areas looking ahead

As a group we are focused on continuous improvement and development in our efforts to remain relevant and agile. As such we have identified the following key aspects for attention in the coming year:

- Continued review and oversight of critical, safety, process safety and associated incidents and leading indicators in close collaboration with the SHEC
- Review the implementation of the sustainability framework and strategy, taking alignment with the six capitals and priority SDG review into account
- Review current targets and set additional targets, if deemed necessary
- Review the ESG dashboard to incorporate new indicators related to waste and Scope 3 emissions

- Clearly define our 2050 Net Zero Goal and the formulation of a transition pathway and action plan to support this goal
- Strengthen sustainability governance to build more robust and resilient structures geared towards responding to the constantly evolving ESG landscape
- Embed sustainability behaviour into the group's culture and business practices

Committee assurance

As the chairman of the SESC, I am satisfied that we have fulfilled our mandate as required by the Companies Act 71 of 2008 and that there were no instances of material non-compliance with applicable health and safety and ESG laws and regulations.

I extend my sincere appreciation to the AECI Team, members of the SHEC, SESC and other board colleagues, for their unwavering commitment to the work of the SESC and in fulfilment of responsive stakeholder engagement. My appreciation also goes to Advocate Rams Ramashia, who resigned from the board in May 2022.

Fikile De Buck
Chairman of the SESC

28 April 2023

Steve Dawson
Chairman of SHEC

28 April 2023

Directorate **profiles**

KHOTSO MOKHELE CHAIRMAN (BORN 1955)
Independent non-executive director
BSc (Agriculture), MSc (Food Science), PhD (Microbiology)

Khotso joined the board in 2016 and took up his position as chairman a year later. He is also chairman of the Nomination, Governance and Director's Affairs Committee, and the Investment, Innovation and Technology Committee. In addition, he is a member of the Remuneration and Human Capital Committee, and the Social, Ethics and Sustainability Committee. Khotso is the lead independent non-executive director at the MTN Group, non-executive director at Seasoned Capital and Hans Merensky Holdings and president of the Hans Merensky Foundation.

STEVE DAWSON (BORN 1964)
Independent non-executive director
BSc (Hons), MBA, Australian Institute of Company Directors

Steve joined the board in 2020. He chairs the safety, Health and Environment Committee and is member of the Risk Committee and Investment, Innovation and Technology Committee. In his career Steve has fulfilled senior global roles at Dyno Nobel and Incitec Pivot across sales, operations, safety and risk related to explosives and fertilisers. He is currently CEO of Nomad Breads Proprietary Limited.

FIKILE DLUDLU (DE BUCK) (BORN 1960)
Independent non-executive director
BA Economics and Accounting, FCCA (UK)

Fikile joined the AECI Board in 2019. She chairs the Social, Ethics and Sustainability Committee, and is a member of the Audit Committee and the Remuneration and Human Capital Committee. She is an Independent Non-executive Director on the board of Mercedes-Benz South Africa, where she chairs the Audit Committee and is a member of the Social, Ethics and Sustainability Committee. Fikile has more than 23 years' financial experience in an executive capacity and was, among others, COO/CFO at The Council for Medical Schemes and Treasurer at BDC in Botswana. Fikile is the founding President of the South Africa Chapter of the Global Forum of Women Entrepreneurs. She is also a member of Women in Mining South Africa.

WALTER DISSINGER (BORN 1962)
Independent non-executive director
MEng (Industrial)

Walter joined the board in 2020. He is the chairman of the Risk Committee and a member of the Investment, Innovation and Technology Committee, and the Safety, Health and Environment Committee. Walter is an independent non-executive director at a number of international companies in Brazil. He served as CEO of Votorantim Cimentos S.A. and prior to that he held senior positions at BASF in South America and globally.

PATTY MISHIC O'BRIEN (BORN 1965)
Independent non-executive director
BSBA Industrial Marketing, MBA

Patty joined the Board in 2021. She is a member of the Social, Ethics and Sustainability; Risk; and Safety, Health and Environment Committees. She is an independent non-executive director at SE Advanced Materials in the USA and also serves on an advisory board in Europe.

Patty served as the chief commercial officer at US-based CoorsTek Inc. Her experience in the chemicals industry includes her time as chief marketing officer at A. Schulman (now part of LyondellBasell) and as global director of marketing excellence at Dow Inc.

MARNA ROETS (BORN 1967)
Independent non-executive director
CA(SA)

Marna joined the Board in 2020. She is a member of the AECI Audit, Remuneration and Human Capital and Social, Ethics and Sustainability Committees and the AECI Captive Insurance Financial Review Committee. Marna has extensive experience in business, financial services, banking, corporate finance and auditing. She has served as an executive at major banking groups on the African continent. Marna is a non-executive director and shareholder of No More Plastic, a company that manufactures biodegradable products.

PHILISIWE SIBIYA (BORN 1977)
Independent non-executive director
CA(SA)

Philisiwe was appointed to the Board in 2018. She chairs the Audit Committee and is a member of the Risk Committee and Nomination, Governance and Director's Affairs Committee. Other directorships include the Investec Group and GoldFields. She is also CEO and Chair of the Shingai Group, the investment holding company she founded. Philisiwe was formerly CFO at MTN South Africa and CEO at MTN Cameroon.

SAMUEL COETZER (BORN 1961)

Independent non-executive director
B Eng (Mining)

Sam joined the Board in 2022. He is a member of the Investment, Innovation and Technology Committee as well as the Safety, Health and Environment Committee. He is a global mining executive with over 30 years' international experience, operating in Canada, the USA, South America, Australia, Tanzania, Fiji and South Africa. Sam has held numerous senior leadership positions at international companies including Harte Gold Corp., Golden Star Resources, Kinross Gold, Xstrata and Placer Dome/Barrick and brings extensive global knowledge of underground and open-pit mining operations.

MARK KATHAN (BORN 1970)

Executive director
CA(SA), AMP (Harvard)

Mark is an executive Director of AECI and CEO of AECI Mining, the group's largest and most international business. Prior to taking up his role at AECI Mining in May 2022, he was AECI's CFO for 13 years. Mark's career has included his time as financial director for South Africa and Africa at Nampak. In 2021, his contribution to his profession was acknowledge when he was named winner of the Finance & Technology award at South Africa's prestigious annual CFO Awards.

HOLGER RIEMENSPERGER (BORN 1970)

Executive director

Dipl.Ing(FH) University of Applied Science Mannheim, MDP Hult International Business School (UK), Global Management Certificate (INSEAD)

Holger has been appointed AECI Group Chief Executive and Executive Director with effect from 1 May 2023. He has held many executive and senior management positions in leading companies across Germany, the USA, Switzerland, the Netherlands, Sweden and Malaysia and has extensive expertise in the mining, chemicals, agricultural and manufacturing sectors. These include global vice president and senior management roles at Bunge Lodgers Croklaan, BASF, Frutarom and AkzoNobel. His most recent role was as chief operating officer and executive director of the K+S Group AG (Germany).

Remuneration report

Dear stakeholders

AECI is a 100-year organisation deeply rooted in its resilient past. As the external environment continues to shift and amid calls for organisational change, the group finds itself at an inflection point. Five years ago, AECI embarked on a change process that challenges established norms, traditions, and ways of doing business with the aim of driving change that will define its next 100 years.

The AECI board has been at the centre of the changes, with the most recent progress being the appointment of a new group CFO in 2022 and a new CE in 2023, both outsiders and newcomers to AECI.

2022 was the start of a new three-year period on the short-term incentive (STI) scheme. During the year the committee and management took the opportunity to review elements of AECI's incentive schemes. A key deliverable for 2022 was a review of the appropriateness of the STI and long-term incentive plan (LTI) performance hurdles, and aligning the desired outcomes to AECI's growth strategy.

The group's strong financial performance in 2022 reflects the results of management's resolute efforts in the implementation of the growth strategy across the group's businesses. Headline earnings per share (HEPS) increased by 15% to 1 287 cents. Other key financial metrics of shareholder value creation were also accretive, with EBITDA rising 16% to R3 570 million, net asset value (NAV) per share increasing by 6% to 11 027 cents, and full-year dividends of 817 cents per share, up 13%.

Shareholder engagement during 2022 highlighted continued concerns around a perceived over-reliance on HEPS in our incentive schemes. Preliminary work was conducted to review the appropriate financial metrics for both the group STI and the group LTI. As a result, the LTI metric now includes a mix of financial and non-financial measures, with a reduced HEPS weighting.

Following the release of AECI's sustainability report in early 2022 and the articulation of clear environmental, social and governance (ESG) goals, ESG metrics were introduced into the LTI. This change is expected to simplify and strengthen the link between executive pay and the achievement of AECI's stated ESG goals. Previously, ESG measures were under represented. The top down inclusion of an ESG metric allows for a rebalancing of the performance hurdles and weightings of the LTI, with the weighting of the HEPS hurdles being reduced.
The weighting of the STI and LTI measures are reviewed on a regular basis and changes may be made by the committee where necessary.

In an effort to forge greater alignment between incentives and AECI's strategic goals as well as current market conditions, performance hurdles for the STI were reviewed. The group's growth strategy embraces key stretch objectives. Delivery on the specified objectives is deemed to be stretch, and the STI hurdles for the three-year cycle are positioned to reward such stretch performance.

The committee had robust discussions regarding AECI's gender and wage gaps. The discussions included the pending Companies Act Amendment Bill in South Africa and the level of disclosure that will be required. In line with the JSE Sustainability Disclosure Guidance, which includes gender and wage gap measurements, we are pleased to share the preliminary results in the remuneration report. Embedding diversity and inclusion in our remuneration policies and practices is a key focus for the committee, driven less by compliance imperatives than by our determination to embrace transformation.

The beginning of 2022 saw the finalisation of discussions and proposals relating to the introduction of malus and clawback clauses. We were pleased to approve the amendment to our LTI rules, which now include such a provision. This was subsequently approved by shareholders.

LTI outcomes

Due to a solid performance in 2019, with HEPS of 1 115 cents, management had the difficult task of exceeding a cumulative HEPS over a three-year period which beat CPI plus GDP. Unfortunately, in a tough post-Covid-19 economy, the cumulative HEPS and RONA did not reach the required levels. As such, and detailed in this, the 2020 LTI award resulted in a zero vesting when it matured in April 2023.

While the zero vesting is disappointing, AECI is positioned to deliver robust returns through delivery of its growth strategy, which if achieved will accrue rewards in both the STIs and LTIs.

Composition of the committee

The committee's task is to determine the framework and policy on terms of engagement of the Company's Chairman, executive directors and members of the group executive committee. With regards to executives the committee is required to ensure that their remuneration (including entitlements under share incentive schemes and pension schemes) is aligned with stakeholder value creation relating to the strategy execution in the short, medium and long term.

The committee comprises four non-executive directors, all of whom, including the chairman, are independent. The committee meets four times a year and additional meetings are held when deemed necessary. Dates of meetings and details of attendance in 2022 are available online. The CE and the CFO are invited and the head of remuneration and reward attend meetings as invitees. No attendee may participate in, or be present at, any discussion or decision regarding their own remuneration. Members of the committee in the year were:

- G Gomwe (Chairman)
- KDK Mokhele
- R Ramashia (until 31 May 2022)
- AM Roets
- FFT De Buck (from 1 June 2022)

The responsibilities of the committee are in accordance with its board-approved terms of reference, which comply with King IV™. The board is satisfied that the committee's composition is appropriate with regard to its members' necessary balance of knowledge, skills and experience.

Ensuring and protecting value in 2022

The committee:

- Approved remuneration packages for executives and senior managers
- Approved LTI allocations
- Reviewed and approved performance conditions for the 2022 LTI award
- Introduced an ESG measure for the LTI
- Reviewed non-executive directors' fees and remuneration, as recommended by the executive directors, and the formulation of a recommendation to shareholders for the approval of increases

- Addressed shareholder concerns in terms of the 2022 remuneration policy
- Reviewed and discussed internal remuneration analysis reports focused on wage and gender gaps
- Approved malus and clawback clauses in AECI incentive scheme rules
- Reviewed executive remuneration against benchmarks and market data
- Reviewed and approved the 2021 remuneration report
- Reviewed responses and activities related to the COVID-19 pandemic

We use independent remuneration experts as required to provide advice on remuneration and governance matters.

Shareholder engagement

We welcome ongoing shareholder engagement and appreciate the meetings we had with our shareholders in 2022. Voting at the 2021 AGM was reflective of shareholder sentiment on decisions made during the COVID-19 pandemic. Thus, we were pleased with the improvement in the voting outcomes in 2022 as remuneration practices returned to normal. We once again thank shareholders who shared their views during the 2022 AGM and at subsequent discussions.

We were further pleased with how the introduction of malus and clawback clauses was received as this had been an outcome of shareholder feedback in prior years. The revised LTI rules were approved at the May 2022 AGM.

Voting on remuneration policy and implementation at the AGM

Percentage vote (%)	For	Against	Abstain*
2022			
Ordinary resolution No. 7.1: Remuneration Policy	95.17	4.83	
Ordinary resolution No. 7.2: Implementation of Remuneration Policy	95.25	4.75	
Ordinary resolution No. 8: Approval of amended rules of 2012 long-term incentive plan	99.74	0.26	
2021			
Ordinary resolution No. 6.1: Remuneration Policy	89.30	10.70	0.01
Ordinary resolution No. 6.2: Implementation of Remuneration Policy	67.39	32.61	0.01

* Shares abstained as a percentage of the total issued share capital.

Significant issues raised in board engagements with shareholders

Item	Response
Concern over an over-reliance on HEPS in the STI and LTI schemes	After due consideration, the weighting of HEPS in the LTI was reduced to 20% following the introduction of the ESG measure. It will be reviewed further during the course of 2023, together with the STI.
Additional financial metrics in STI scheme	In 2023 the committee will revisit the financial metrics with consideration being given to a cash or return metric whilst noting that a working capital metric is already included in the scheme at individual group business level.

Non-binding advisory vote

In terms of the Listings Requirements and the recommendations of King IV™, the remuneration policy and its implementation will be tabled for separate non-binding votes at the AGM of shareholders of the company scheduled for 30 May 2023.

In the event that either the policy or the implementation, or both, are voted against by 25% or more of the votes exercised, the committee commits to the following, within six months of voting:

- Those shareholders who voted against will be invited to engage with the committee regarding their concerns and the reasons that motivated their negative votes
- Individual or combined interactions will be scheduled to understand the concerns of those shareholders
- The committee will aggregate their responses and analyse them to determine where changes are necessary in the Policy or in its implementation

A shareholder communication pack will be prepared, highlighting the policy or implementation changes being undertaken as well as reasons and motivation for elements where the committee determines that no change is warranted

Shareholders will then be engaged regarding the changes that the committee will implement in response to the issues and concerns raised.

Outlook

Approaching the company's centenary, the committee will more actively embrace opportunities to modernise its remuneration policy and practices and to align more fully with global best practice on disclosure. We also anticipate that a new CE and group human capital executive will bring with them new perspectives on culture, succession planning and key matters; as a committee we look forward to engaging with such new perspectives. Indeed, our annual plan for the new year entails a large number of new priority areas.

In particular, 2023 will see a focus on incorporating a broader depth of human capital matters into our remuneration policy, including succession planning and talent mapping. A specific area for consideration will be how the creation of opportunities and international expansion can facilitate career progression for key talent. The broader strategic direction of the group will facilitate AECI's ability to attract critical new skills and a wider range of industry and scientific experience balanced against the commendable average tenure of service of employees. This is aligned to the committee's terms of reference, which were expanded in 2022 following the addition of human capital oversight to its remit and name.

When viewed holistically with remuneration data and wage gap statistics, the committee is appropriately placed to lead transformative discussions relating to living-wage benchmarks, gender representation and future growth within AECI.

The AECI Employee Share Trust reached its 10-year maturity but unfortunately did not achieve its objective and no share ownership benefits accrued to beneficiaries. A new and more progressive black ownership scheme, designed for success and value add will be introduced during 2023.

Godfrey Gomwe
Chairman

Remuneration and Human Capital Committee
28 April 2023

Ordinary shareholder **analysis**

1. Analysis of registered ordinary shareholders and company schemes

Source: Standard Bank

REGISTERED SHAREHOLDER SPREAD

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered shareholders at 31 December 2022:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1–1 000 shares	5 839	73.67	1 237 309	1.17
1 001–10 000 shares	1 427	18.00	4 550 989	4.31
10 001–100 000 shares	519	6.55	16 855 837	15.97
100 001–1 000 000 shares	124	1.57	35 373 966	33.53
1 000 001 shares and above	17	0.21	47 499 679	45.02
TOTAL	**7 926**	**100**	**105 517 780**	**100**

PUBLIC AND NON-PUBLIC SHAREHOLDINGS

Within the shareholder base, we are able to confirm the split between public shareholdings and Directors/Company-related schemes as being:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Public	7 921	99,94	87 070 467	82,52
Non-public shareholders	5	0,06	18 447 313	17,48
Major Shareholder > 10% (Government Employees Pension Fund)	1	0,01	17 941 785	17,0
Directors[1]/related holdings	4	0,05	505 528	0,48
TOTAL	**7 926**	**100**	**105 517 780**	**100**

[1] Includes Directors, the Group Company Secretary and Principal Officers

2. Substantial investment management and beneficial interests

SUBSTANTIAL INVESTMENT MANAGEMENT AND BENEFICIAL INTERESTS ABOVE 3%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of Section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 31 December 2022:

Investment manager	Total shareholding (number of shares)	% of issued capital
Public Investment Corporation	16 220 097	15,37
Allan Gray	10 385 497	9,84
PSG Asset Management	8 994 040	8,52
Sanlam Investment Management	7 134 736	6,76
Old Mutual Investment Group	5 791 919	5,49
Coronation Fund Managers	4 995 716	4,73
Vanguard Investment Management	4 749 538	4,50
Kagiso Asset Management	4 053 933	3,84
Aylett & Co.	3 697 419	3,50
Dimensional Fund Advisors	3 362 042	3,19
TOTAL	**69 384 937**	**65,74**

BENEFICIAL SHAREHOLDINGS

Beneficial shareholdings	Total shareholding (number of shares)	% of issued capital
Government Employees Pension Fund	17 941 785	17,00
PSG	10 370 838	9,83
Allan Gray	6 201 088	5,88
Old Mutual Group	6 080 720	5,76
Vanguard Investment Management	4 053 933	3,84
Sanlam Group	3 612 257	3,42
TOTAL	**48 260 621**	**45,73**

PREVIOUSLY DISCLOSED HOLDINGS

INVESTMENT MANAGERS NOW HOLDING BELOW 3%

No investment managers previously holding greater than 3% of the issued share capital in 2021 now hold below 3% in 2022.

3. Geographic split of shareholders

GEOGRAPHIC SPLIT OF INVESTMENT MANAGERS AND COMPANY RELATED HOLDINGS

Region	Total shareholding (number of shares)	% of issued capital
South Africa	76 219 254	72,23
United States of America and Canada	15 096 407	14,31
United Kingdom	485 561	0,46
Rest of Europe	481 586	0,46
Rest of the world	2 146 432	2,03
Balance of shareholdings with no investment managers	11 088 540	10,51
TOTAL	**105 517 780**	**100,00**

GEOGRAPHIC SPLIT OF BENEFICIAL SHAREHOLDERS

Region	Total shareholding (number of shares)	% of issued capital
South Africa	85 960 165	81,47
United States of America and Canada	15 643 516	14,83
United Kingdom	751 334	0,71
Rest of Europe	504 917	0,48
Rest of the world	2 657 848	2,51
TOTAL	**105 517 780**	**100,00**

4. Shareholder categories

BENEFICIAL SHAREHOLDER CATEGORIES

An analysis of beneficial shareholdings, supported by the Section 56 enquiry process, confirmed the following beneficial shareholder types:

Distribution of Shareholders	Total shareholding (number of shares)	% of issued capital
Unit trusts	44 557 670	42,23
Pension funds	29 756 495	28,20
Mutual funds	7 959 588	7,54
Insurance companies	7 427 502	7,04
Black economic empowerment	5 772 016	5,47
Private investors	4 960 682	4,70
Other	2 140 669	2,03
Trading positions	1 773 491	1,68
Hedge funds	1 169 667	1,11
TOTAL	**105 517 780**	**100,00**

Preference **shareholder analysis**

1. Analysis of registered preference shareholders and company schemes

Source: Standard Bank

REGISTERED SHAREHOLDER SPREAD

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered shareholders at 31 December 2022:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1–1 000 shares	35	18,92	11 176	0,37
1 001–10 000 shares	108	58,38	549 668	18,32
10 001–100 000 shares	39	21,08	1 187 611	39,59
100 001–1 000 000 shares	3	1,62	1 251 545	41,72
TOTAL	**185**	**100**	**3 000 000**	**100,00**

There are no non-public holders of preference shares.

2. Substantial investment management and beneficial interests

SUBSTANTIAL INVESTMENT MANAGEMENT AND BENEFICIAL INTERESTS ABOVE 3%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of Section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 31 December 2022:

Investment manager	Total shareholding (number of shares)	% of issued capital
Sanlam Investment Management	274 085	9,14
Personal Trust International	130 258	4,34
Melville Douglas Investment Management	92 491	3,08
TOTAL	**496 834**	**16,56**

BENEFICIAL SHAREHOLDINGS

Beneficial shareholdings	Total shareholding (number of shares)	% of issued capital
Gingko Group	790 884	26,36
Philip Schock Charitable and Educational Trust	315 000	10,50
Mrs PMB Moore	145 661	4,86
Monro Family Trust	92 491	3,08
TOTAL	**1 344 036**	**44,80**

PREVIOUSLY DISCLOSED HOLDINGS

INVESTMENT MANAGERS NOW HOLDING BELOW 3%

No investment managers previously holding greater than 3% of the issued share capital in 2021 now hold below 3% in 2022.

3. Geographic split of shareholders

GEOGRAPHIC SPLIT OF INVESTMENT MANAGERS AND COMPANY RELATED HOLDINGS

Region	Total shareholding (number of shares)	% of issued capital
South Africa	558 294	18,61
Balance of shareholdings with no investment managers	2 441 706	81,39
TOTAL	**3 000 000**	**100,00**

GEOGRAPHIC SPLIT OF BENEFICIAL SHAREHOLDERS

Region	Total shareholding (number of shares)	% of issued capital
South Africa	2 830 756	94,36
United States of America and Canada	54 822	1,83
Rest of the world	114 422	3,81
TOTAL	**3 000 000**	**100,00**

4. Shareholder categories

BENEFICIAL SHAREHOLDER CATEGORIES

An analysis of beneficial shareholdings, supported by the Section 56 enquiry process, confirmed the following beneficial shareholder types:

Distribution of Shareholders	Total shareholding (number of shares)	% of issued capital
Private investor	2 013 051	67,10
Unclassified	935 648	31,19
Custodians	51 301	1,71
TOTAL	**3 000 000**	**100,00**

Form of proxy

This proxy form relates to the 99th annual general meeting (AGM) to be held on Tuesday, 30 May 2023 at 09h00 (SA time) at AECI Place, 24 The Woodlands, Woodlands Drive Woodmead, Sandton, South Africa, 2191, for use by registered holders of certificated ordinary shares in the Company and the holders of dematerialised ordinary shares in the capital of the Company in "own name" form. All other dematerialised shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and/or attendance at the AGM.

The record date, in terms of section 59(1)(a) of the Companies Act, for the purpose of determining which shareholders of the Company are entitled to receive Notice of the AGM has been set for Friday, 14 April 2023. The record date, in terms of section 59(1)(b) of the Companies Act, for the purpose of determining which shareholders of the Company are entitled to participate in and vote at the AGM, has been set for Friday, 19 May 2023.

Accordingly, the last day to trade in order to be registered in the register of shareholders of the Company and therefore eligible to participate in and vote at the AGM is Tuesday, 16 May 2023.

Holders of shares in the Company (whether certificated or dematerialised) through a nominee must provide such nominee, CSDP or stockbroker with their voting instructions at their earliest convenience. Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company but must be natural persons) to attend, speak at and vote in place of that shareholder at the meeting.

I/We (please print name/s in full)

of (address)

Telephone (work) (home/cellular)

being the registered holder/s of ordinary shares in the Company, do hereby appoint

1.

2. or failing him/her

3. or failing him/her the Chairman of the AGM, as my/our proxy to act for me/us and on my/our behalf at the AGM which will be held for the purpose of considering and if deemed fit passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment or postponement thereof; and to vote for and/or against the ordinary and special resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions:

(Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast.) Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.*

		No. of shares	FOR	AGAINST	ABSTAIN
Ordinary resolution No. 1:	Re-appointment of Independent Auditor and appointment of designated individual audit partner				
Ordinary resolution No. 2:	Re-election of Non-executive Directors				
	2.1 Ms FFT Dludlu (De Buck)				
	2.2 Ms AM Roets				
	2.3 Ms PG Sibiya				
Ordinary resolution No. 3:	Election of Mr ST Coetzer as a Non-executive Director				
Ordinary resolution No. 4:	Re-election of Mr KM Kathan as an Executive Director				
Ordinary resolution No. 5:	Election of Mr H Riemensperger as an Executive Director				
Ordinary resolution No. 6:	Election of Audit Committee members				
	6.1 Ms PG Sibiya				
	6.2 Ms AM Roets				
	6.3 Ms FFT Dludlu (De Buck)				
Ordinary resolution No. 7:	Non-binding advisory vote on the Company's Remuneration policy and implementation report				
	7.1 Remuneration policy				
	7.2 Implementation of remuneration policy				
Special resolution No. 1:	Directors' fees				
	1.1 Board: Chairman				
	1.2 Board: Non-executive Director				
	1.3 Audit Committee: Chairman				
	1.4 Other Board Committees: Chairman				
	1.5 Audit Committee: Member				
	1.6 Other Board Committees: Member				
	1.7 Meeting attendance fee (including ad hoc meetings)				
	1.8 Per-trip allowance				
Special resolution No. 2:	General authority to repurchase shares				
Special resolution No. 3:	Financial assistance to related or inter-related company				

Signed at on this day of 2023

Signature

Assisted by (if applicable)

Please read the notes on the reverse side of this form of proxy.

Notes to the form of proxy

1. A shareholder entitled to attend and vote at the AGM may, at any time, appoint any individual, including an individual who is not a shareholder of the Company, as a proxy to, amongst other things, participate in, and speak and vote at the AGM on behalf of the shareholder.
2. Every ordinary shareholder entitled to vote at the AGM of the Company shall, on a poll, be entitled to one vote in respect of each ordinary share held by him/her.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting "the Chairman of the AGM", but any such deletion must be initialled by the shareholder. Should this space be left blank, the Chairman of the AGM will exercise the proxy. The person whose name appears first on the proxy form and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
4. A shareholder's voting instructions to the proxy must be indicated by the insertion of the number of votes exercisable by that shareholder in the appropriate spaces provided overleaf. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/ her proxy is not obliged to use all the votes exercisable by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
5. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI, or the instrument appointing the proxy, provides otherwise.
6. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
7. The record date, in terms of section 59(1)(a) of the Companies Act, for the purpose of determining which shareholders of the Company are entitled to receive Notice of the AGM has been set for Friday, 14 April 2023. The record date, in terms of section 59(1)(b) of the Companies Act, for the purpose of determining which shareholders of the Company are entitled to participate in and vote at the AGM, has been set for Friday, 19 May 2023. Accordingly, the last day to trade in order to be registered in the register of shareholders of the Company and therefore eligible to participate in and vote at the AGM is Tuesday, 16 May 2023.
8. For administrative purposes, forms of proxy may be lodged with the Company's Transfer Secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to the Transfer Secretaries at Private Bag X9000, Saxonwold, 2132, or emailed to proxy@ computershare.co.za (Tel. +27 (0)861 100 950 in South Africa or +44 (0)870 889 3176 in the United Kingdom), by no later than 09h00 on Friday, 26 May 2023. Any forms of proxy not received by this time may be handed to the Chairman of the AGM prior to the proxy exercising the shareholder's rights at the AGM.
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the Chairman of the AGM.
10. This form of proxy is to be completed only by those shareholders who either still hold shares in a certificated form, or whose shares are recorded in their "own name" in electronic form in the sub-register.
11. Shareholders whose dematerialised shares are held in the name of a nominee must instruct their CSDP or stockbroker as to how they wish to vote in accordance with the agreement between the shareholder and the CSDP or the stockbroker.
12. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the AGM and speaking in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
13. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
14. The Chairman of the AGM may accept any form of proxy which is completed other than in accordance with these instructions provided that he/she is satisfied as to the manner in which a shareholder wishes to vote.
15. A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person.
16. A proxy appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder.
17. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid only until the end of the meeting at which it was intended to be used, unless the proxy appointment is revoked, in which case the proxy appointment will be cancelled with effect from such revocation.
18. The appointment of a proxy in terms of this form of proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act and, accordingly, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.
19. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument is delivered in terms of 18 above.
20. A vote given in accordance with the terms of this form of proxy shall be valid notwithstanding the previous revocation of the form of proxy or death or incapacity of the principal or transfer of the Share in respect of which the vote is given unless written notice of the revocation, death, incapacity or transfer is received at the registered office of the Company before the commencement of the AGM or the time appointed for taking of the poll at which the vote in question is to be cast.
21. In the event that a shareholder appoints the Chairman of the AGM as his or her proxy but does not provide clear or unambiguous instructions, in the reasonable opinion of the Chairman, as regards the manner in which his or her vote/s is/are to be cast, then the Chairman of the general meeting in respect of which he or she has been appointed as proxy shall exercise his or her vote on behalf of such shareholder in favour of all resolutions to be voted on at the AGM.

Corporate **information**

AECI Limited

(Incorporated in the Republic of South Africa)
(Registration No. 1924/002590/06)
Taxation reference No. 9000008608
Share code: AFE ISIN: ZAE000000220
Hybrid code: AFEP ISIN: ZAE000000238
Bond company code: AECI
LEI: 3789008641F1D3D90E85
(AECI or the Company or the Group)

Group Company Secretary and registered office

Cheryl Singh
AECI Place
24 The Woodlands
Woodlands Drive
Woodmead
Sandton 2191
South Africa
(no postal deliveries to this address)
Email: cheryl.singh@aeciworld.com

Group investor relations

Zanele Salman
Email: zanele.salman@aeciworld.com

Postal address and contact details

Private Bag X21, Gallo Manor, 2052
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London secretary

St James's Corporate Services Limited
Suite 31, Second Floor
107 Cheapside London EC2V 6DN
England

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
Private Bag X9000, Saxonwold
2132
South Africa

and

Computershare Investor Services Public Company Limited
PO Box 82
The Pavilions Bridgwater Road
Bristol BS99 7NH
England

External auditor

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Waterfall, 2090
South Africa

Primary transactional and funding banks

ABSA Bank Limited
First National Bank of Southern Africa Limited
(A division of FirstRand Bank Limited)
Investec Bank Limited
Nedbank Limited
Sanlam Specialised Finance
(A division of Sanlam Life Insurance Limited)
Standard Chartered Bank
The Standard Bank of South Africa Limited

South African equity and debt sponsor

Rand Merchant Bank
(A division of FirstRand Bank Limited)
1 Merchant Place
Corner Rivonia Road and Fredman Drive
Sandton, 2196
South Africa

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