SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS AND FINAL CASH DIVIDEND DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2022

ONE AECI,
FOR A BETTER WORLD

AECI®

good chemistry

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 (MMU's) 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 and Executive Director, to fill a vacancy. 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 in order to fill a vacancy.

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.

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 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.

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 Chief Executive, 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 Chief Financial Officer, 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 Chief Executive

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 25, 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 Chief Financial Officer, 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

Rand million	GROUP 2022	GROUP 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

Rand million	GROUP 2022	GROUP 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 Chief Executive and Executive Director, effective 31 January 2023.
- Aarti Takoordeen was appointed as Group Chief Financial Officer 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 Chief Executive 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 Chief Executive and Executive Director, effective 1 May 2023.

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