

AECI LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1924/002590/06

Share code: AFE ISIN: ZAE000000220

Hybrid code: AFEP ISIN: ZAE000000238

Bond company code: AECI

LEI: 3789008641F1D3D90E85

(AECI or the Company)

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DISPOSALS OF THE ASSETS OF SCHIRM U.S.A., INC. AND THE BAAR-EBENHAUSEN ASSETS OF SCHIRMÂ GMBH, AND DISPOSAL OF THE FOOD AND BEVERAGE BUSINESS

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DISPOSAL OF THE ASSETS OF SCHIRM U.S.A., INCORPORATED

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1. INTRODUCTION

Shareholders and noteholders are hereby advised that on 17 July 2025 (the **Signature Date**), a wholly owned subsidiary of AECI, SchirmÂ GmbH (the **Schirm Germany** or the **Parent**) and SchirmÂ U.S.A., Inc. (the **Schirm USA** or the **Seller**), a wholly owned subsidiary of SchirmÂ Germany, entered into an asset purchase agreement (the **Agreement**) with LiberationÂ Chem-Toll, LLC (the **Chem-Toll** or the **Buyer**) in terms of which Schirm USA will dispose of and assign to Chem-Toll, substantially all of the assets (the **Purchased Assets**) and certain specified liabilities (the **Assumed Liabilities**) of Schirm USA, for the consideration set out in paragraph 4.1 (the **Disposal Consideration**), (the **Disposal**).

Chem-Toll, a newly established Texas limited liability company, was formed for purposes of acquiring the Purchased Assets and assuming the Assumed Liabilities. Chem-Toll is wholly owned by members of Schirm USA's Senior Management team, comprising Mr Chad Kern (Chief Executive Officer), MrÂ CodyÂ Helm (Chief Financial Officer), and Ms Rebecca Rodgers (Chief Operating Officer). Neither the Senior Management team nor the Buyer are related parties to AECI, as defined in the JSE Limited Listings Requirements (the **Listings Requirements**).

The Disposal will be subject to the fulfilment or waiver of the Conditions (as envisaged in paragraph 4.2).

2. OVERVIEW OF SCHIRM USA

Schirm USA is a chemical toll manufacturer in the United States of America, with formulation, packaging and warehouse facilities strategically located in North Texas and Southern Illinois. Schirm USA processes and produces chemicals for customers in various industries, including agriculture, industrial chemicals and speciality products through the provision of, *inter alia*, liquids, powders, extruded granules, pellets and impregnated granules.

The value of Schirm USA's net assets as at 31 December 2024 was R994.5 million and the profits attributable thereto for the year ended 31 December 2024 was R9.4 million.

The values attributable to the net assets and the profits attributable thereto have been extracted from Schirm USA's management accounts for the year ended 31 December 2024, which were prepared in accordance with International Financial Reporting Standards (IFRSÂ®).

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3. RATIONALE FOR THE DISPOSAL

As previously disclosed to shareholders and noteholders and in alignment with AECI's strategy of optimising its portfolio to create a platform for growth, AECI is focusing on its AECI Mining and AECI Chemicals businesses and divesting from businesses with limited synergies with the chosen core businesses.

This strategic shift aims to streamline operations, enhance efficiency and leverage in-house expertise. By concentrating efforts on areas where AECI has a competitive advantage and strong market potential, AECI will be positioned for sustainable growth and improved performance.

4. SALIENT TERMS OF THE DISPOSAL

The salient terms and conditions of the Disposal, and other salient information pertaining to the Disposal, are set out below:

Disposal Consideration

In terms of the Agreement, the Disposal Consideration payable in respect of the Purchased Assets will be an amount of US 60Â million (approximately R1.074 billion, based on the US :R exchange rate of R17.90: 1 as at the Signature Date (the **Exchange Rate**)), payable by the Buyer to Schirm USA as follows:

4.1.1. US 40Â million (approximately R716 million, based on the Exchange Rate), payable in cash on the Closing Date (as defined in paragraph 4.3); and

4.1.2. US 20 million (approximately R358 million, based on the Exchange Rate), through the issuance of two convertible secured subordinated promissory notes (the **Seller Notes**), to be executed by the Buyer in favour of Schirm USA, dated as at the Closing Date and generally payable within five years of issue. A Seller Note is defined as a form of debt financing where the seller of a business provides a loan to the buyer in order to assist in financing the purchase. The seller formally agrees to receive a portion of the purchase price, i.e., a portion of the acquisition proceeds, in a series of future payments.

4.1.2 The Disposal Consideration is subject to customary adjustments based on Schirm USA's working capital amounts (Working Capital Adjustment), which Working Capital Adjustment will not exceed USD 4 million (approximately R72 million, based on the Exchange Rate), (Maximum Working Capital Adjustment).

4.2 Conditions to the Disposal

Implementation of the Disposal will be subject to the fulfilment or waiver of, *inter alia*, the following conditions precedent by 31 August 2025 (Drop Dead Date):

4.2.1 in respect of the Seller:

- 4.2.1.1 the written consent of the Parent's applicable lenders to enter into the Agreement and execute the Seller Notes;
- 4.2.1.2 the representations, warranties and covenants of the Buyer are generally correct and complied with, as applicable; and
- 4.2.1.3 the consent of the counterparties to certain of the Seller's contracts; and

4.2.2 in respect of the Buyer:

- 4.2.2.1 the execution of specified loan documents with a Texas banking association, including but not limited to a subordination agreement in respect of the Seller Notes;
- 4.2.2.2 the representations, warranties and covenants of the Seller are generally correct and complied with, as applicable;
- 4.2.2.3 the consent of the counterparties to certain of the Seller's contracts; and
- 4.2.2.4 no material adverse effect having occurred,

(collectively, the Conditions).

4.3 Closing Date of the Disposal

The Closing Date of the Disposal, unless otherwise agreed to in writing between the Buyer and the Seller, shall be the second business day following the satisfaction, or to the extent permissible, the waiver in writing by the appropriate party, of the Conditions (Closing Date).

4.4 Other significant terms of the Agreement

The Agreement contains warranties, indemnities, termination events, exclusivity provisions and other undertakings which are customary for a transaction of this nature, including a right of the Buyer to terminate the Agreement in the event that a material adverse effect has occurred at any time prior to the Closing Date.

5. APPLICATION OF THE DISPOSAL CONSIDERATION

The Disposal Consideration will be deployed in line with AECI's capital allocation framework.

6. CATEGORISATION OF THE DISPOSAL

The Disposal, taking into consideration the Disposal Consideration and the Maximum Working Capital Adjustment, is classified as a category 2 transaction for AECI in terms of paragraph 9.5(a), read with paragraph 9.8, of the Listings Requirements and is therefore not subject to AECI shareholder approval.

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Shareholders and noteholders are hereby further advised of the following disposals which are uncategorised in terms of paragraph 9.5, read with paragraph 9.8, of the Listings Requirements and are therefore not subject to AECI shareholder approval:

VOLUNTARY ANNOUNCEMENT REGARDING THE DISPOSAL OF BAAR-EBENHAUSEN ASSETS

Schirm Germany entered into a sale agreement with German-based private buyers (BEH Buyers), in terms of which Schirm Germany disposed of its assets in Baar-Ebenhausen, including the property, fixed assets and inventory relating to the site (BEH Assets) (BEH Disposal). Schirm Germany will transfer a lump sum of EUR 500 000 to cover environmental liabilities.

Schirm Germany (the Division) is focused on contract manufacturing services for both agrochemicals and specialty chemicals, with capabilities spanning synthesis, formulation and packaging, together with related supply chain solutions. The Division operates three key facilities across Germany: Baar-Ebenhausen (BEH), L'Ä¼beck (HL) and SchÄ¼nebeck (SBK). BEH and HL concentrate on formulation, filling and packaging (FFP) operations, while SBK supports both FFP and synthesis, with additional specialised manufacturing functions.

The conclusion of the BEH Disposal has resulted in all risks and rewards associated with the BEH Assets transferring to the BEH Buyers. AECI will benefit from a c. EUR3 million saving resulting from future restructuring costs and environmental liabilities associated with the BEH Assets.

The BEH Disposal is in line with AECI's strategy of disposing non-core assets, coupled with its ongoing efforts to turnaround the Schirm Germany business.

VOLUNTARY ANNOUNCEMENT REGARDING THE DISPOSAL OF FOOD & BEVERAGE BUSINESS

AECI has entered into a Share Purchase Agreement with a consortium comprising a South African-based private equity fund for the disposal of the Food and Beverage business (F&B), (the F&B Disposal). The purchase consideration payable in terms of the F&B Disposal is based on a cash price at closing date, with a capped potential adjustment for working capital movements.

The F&B business, which operates as a division of AECI, supplies a range of technology driven and consumer-led additives, ingredients and processing aids, including products and solutions for the beverage, dairy, health and nutrition, and commodities industries. The F&B business will transfer to its new owners in its entirety, resulting in no disruptions to ongoing operations, customers or employees, and ensuring business continuity as the business moves forward under new management.

The successful conclusion of the F&B Disposal is expected to generate proceeds that will allow AECI to fulfil its commitments and improve certain key performance indicators, particularly free cash flow generation. The transaction remains subject to the fulfilment of standard regulatory approvals and is expected to be finalised before the end of the year.

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Holger Riemensperger, Chief Executive Officer of AECI, commented: *“We are proud of the strong momentum of our disposal programme and firmly believe that we are finding the best homes for our people and businesses. We are committed to utilise proceeds from these disposals to reduce debt and reinvest into our core business. We are satisfied with our current debt levels and business performances and have begun exploring inorganic growth opportunities”*.

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Woodmead, Sandton
17 July 2025

Financial Adviser to AECI (Schirm U.S.A., Incorporated)
Stifel Europe Bank AG (Schirm USA and Baar-Ebenhausen Disposals)

Legal Adviser to AECI
Haynes and Boone, LLP (Schirm USA Disposal)

Financial Adviser to Chem-Toll
The CJ Group, PLLC

Legal Adviser to Chem-Toll
Platt Richmond, PLLC

Financial Adviser to AECI
Investec Bank Limited (F&B Disposal)

Legal Adviser to AECI
Bowman Gilfillan Incorporated (F&B Disposal)

Equity Sponsor: One Capital

Debt Sponsor: Questco Proprietary Limited
