SASOL FINANCING LIMITED

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

Sasol Financing Limited

Registration number 1998/019838/06

Consolidated and separate annual financial statements for the year ended 30 June 2023

Contents

Preparer of the consolidated and separate annual financial statements

The consolidated and separate Annual Financial Statements of Sasol Financing Limited have been audited in compliance with section 30 of the South African Companies Act. Ms Amelia Van den Berg CA (SA), VP Consolidation & Reporting, is responsible for this set of financial statements and has supervised the preparation thereof in conjunction with Ms Thandeka Dhlamini CA (SA), Senior Manager Reporting and Ms Precious Mdletshe CA (SA), Senior Accountant Reporting.

Report of the Audit Committee

The Committee presents its financial year 2023 Audit Committee report.

This report has been prepared for Sasol Financing Limited, a subsidiary within the Sasol group, and is based on the requirements of the Companies Act, 71 of 2008 (South Africa) as amended (the Companies Act), the King IV Report on Corporate Governance for South Africa 2016 (King IV), applicable regulatory requirements and the terms of reference of the Audit Committee (the Committee).

Composition and meetings

Members of the Committee are independent non-executive directors, all of whom are financially skilled and have extensive audit committee experience. The members of the Committee consist of Mss GMB Kennealy, NNA Matyumza, KC Harper and Messrs S Westwell, S Subramoney.

The Committee met seven times during the financial year. All Committee members attended six of the meetings and were joined at most of these meetings by the Chairman of the Board, the President and Chief Executive Officer and the Chief Financial Officer. The Chairman of the Audit Committee reports to the Board on key matters arising after each of these meetings. At each meeting, the Committee meets separately during closed sessions with the President and Chief Executive Officer, management, internal audit and external audit.

Statutory duties and functions

The Committee is constituted as a statutory committee of Sasol Limited in line with the Companies Act and accountable in this regard to both the Board and Sasol's shareholders. The Committee also acts as the audit committee for all South African companies within the Sasol group. Oversight of the following specific matters has been delegated to the Committee:

- quality and integrity of the company's financial statements and public announcements in respect of the financial results;
- overseeing the appointment, remuneration, independence and performance of the external auditor and the integrity of the audit process as a whole, including the approval of non-audit services by the external auditor;
- effectiveness of the company's internal controls, internal audit function and financial risk management;
- assessment of expertise, resources, succession plans and experience of the company's finance function; and
- compliance with legal and regulatory requirements to the extent that might have an impact on financial statements.

The Committee fulfilled all its statutory duties as required by section 94(7) of the Companies Act.

The Committee reviewed all significant financial risks and associated risk appetite statements and metrics and assessed the adequacy of controls and the combined assurance provided over these identified risks. It monitored the effectiveness of the control environment through the review of reports from internal audit, management and the external auditor, and ensured the quality of financial reporting through review of the 2023 annual financial statements.

Adequate processes and structures have been implemented to assist the Audit Committee in providing oversight and ensuring the integrity of financial reporting, internal control and other governance matters relating to subsidiaries.

In satisfying its duties, the Committee in particular:

- Reviewed compliance with legal and regulatory requirements to the extent that it might have an impact on financial statements and is satisfied that all matters with a material impact have been disclosed appropriately.

  The Committee is of the opinion that there were no material breakdowns in internal control of Sasol Financing Limited during the 2023 financial year.
- The Committee assessed the company's internal controls over financial reporting as of 30 June 2023.

  The Committee reviewed the plans and outputs of the internal and external auditors and concluded that these were adequate to address all significant financial risks facing the business. The Committee believes that the annual financial statements present fairly, in all material respects, the company's financial position, results of operations and cash flows as of and for the periods presented in accordance with IFRS, as issued by the International Accounting Standards Board (IASB).
- Considered the going concern assumption as the basis of preparation of the Annual Financial Statements.

  The Committee assessed the liquidity of the Company based on the latest projected future cash flows and stress tested it using lower oil and product prices and stronger exchange rates. These projections were compared with cash balances and committed facilities available to the Company, net debt and financing facilities utilised by the Company, the debt structure, the debt maturity profile and loan covenants. After examining the forecast and stress tested scenarios the Committee concluded that the Company's liquidity and capital position was adequate to meet its obligations over the ensuing year and that the going concern basis of accounting is appropriate.
- Relied on management, the external auditor, internal audit as well as the group's independent ethics reporting telephone line to highlight any concerns, complaints or allegations relating to internal financial controls, the content of the financial statements and potential violations of the law or questionable accounting or auditing practices. Separate meetings are also held with management, the external auditor and internal audit every quarter.

- Nominated for appointment PricewaterhouseCoopers Inc. (PwC) as auditor of Sasol Limited and the group for the financial year ended 30 June 2023 in line with the requirements of the Companies Act and any other legislation relating to the appointment of auditors. The Committee is satisfied that PwC and the designated auditor are qualified and independent of the company and the Sasol group.

  In line with Sasol's auditor rotation policy, PwC, who has served as the company's independent auditor since the company's 2014 financial year, will step down as the company's auditor on 30 June 2023. PwC completed the audit of the annual financial statements for the 2023 financial year. Following a comprehensive tender process, the Sasol Audit Committee recommended the appointment of KPMG Incorporated as the company's independent auditor with effect from 1 July 2023. KPMG will be proposed for appointment by shareholders at the Sasol's 2023 AGM.

- Appropriate controls are in place to manage the provision of non-audit services by the external auditor and the Committee also determined, subject to the provisions of the Companies Act, the nature and extent of any non-audit services which PwC may provide and pre-approved all audit and permissible non-audit services that PwC provides.

  The quality of the external audit process was reviewed and the Committee concluded it to be satisfactory. It was confirmed that no unresolved issues of concern exist between the Group, Sasol Financing International Limited and the external auditors.

- Reviewed the assurance services charter and approved the integrated internal audit plan. The Committee also evaluated the independence, effectiveness, skills and experience performance of the internal audit function and compliance with its charter and found them to be satisfactory.

- Reviewed the Sasol Group's policies on risk assessment and management as they pertain to financial reporting and found them to be sound. The Committee also considered fraud risks and controls.

  The Committee also considered the plans and outputs of the external and internal auditors and concluded that they were adequate to address all significant financial risks facing the business.

The Committee is also satisfied with the expertise, resources, succession plans and experience of the finance function.

Conclusion

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, as well as its statutory and other responsibilities for the 2023 financial year. Having had regard to all material risks and factors that may impact on the integrity of the Group's and Company's annual financial statements and following appropriate review, the Committee recommends the separate and consolidated annual financial statements of Sasol Financing Limited for the year ended 30 June 2023 to the Board for approval.

On behalf of the Audit Committee

Trix Kennealy

Chairman of the Audit Committee

22 August 2023

Certificate of the Company Secretary

In my capacity as the company secretary, I hereby confirm, in terms of the South African Companies Act, No. 71 of 2008, as amended, that for the year ended 30 June 2023, Sasol Financing Limited has lodged with the Companies and Intellectual Property Commission, all such returns as are required of a public company in terms of the Companies Act, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

Nontando Khoza

For Sasol South Africa Limited

6 December 2023

Directors' report

The directors have pleasure in presenting their report for the year ended 30 June 2023.

Nature of business

The Sasol Financing Group, comprising Sasol Financing Limited ("SF") (Reg no: 1998/019838/06) (the company) and its wholly owned subsidiaries, Sasol Financing International Limited ("SFIL") and Sasol Financing International Limited (Isle of Man) (formerly Sasol Financing International Plc) ("SFI") are responsible for centrally managing the Sasol group's cash and liquidity, the Sasol group's credit rating process, in-house banking, domestic and international financing arrangements, foreign exchange, interest rate and treasury risk management, as well as general financing and treasury matters. SFI is dormant.

SFIL is also responsible for executing the hedging programme on behalf of the Sasol Group to mitigate the impact of financial risks on the business. SFIL entered into various hedging contracts to protect the Sasol Group against volatility in commodity prices and currencies.

Share capital

In terms of a special resolution passed on 26 October 2022 the number of issued no par value ordinary shares increased from 202 shares to 204 shares, due to 2 shares issued during the year to Sasol Limited in accordance with the recapitalisation strategy of SFIL. The authorised share capital of the company remained unchanged during the year. Refer note 17.

Directors

The directors in office during the year were:

Sasol Financing Limited

Mr VD Kahla	
Ms B Baijnath	
Mr BV Griffith	
Mr FC Meyer	alternate director

Going concern

Based on the going concern assessment (refer to note 27), the Board is of the view that the group and company have adequate resources to continue in operation for the foreseeable future and accordingly, the annual financial statements have been prepared on a going concern basis. The Board is not aware of any new material changes that may adversely impact the group and company other than those disclosed in the going concern note to the financial statements. The Board is not aware of any material non-compliance with statutory or regulatory requirements.

Subsequent events

On 5 October 2023, the company announced that it had concluded and allocated two tranches to the value of R2,4 billion in the local debt market under the R15 billion Domestic Medium-Term Note Programme, at 142 and 155 basis points above 3 month Jibar, repayable in October 2026 and October 2028 respectively

Refer to note 14 for events that occurred subsequent to 30 June 2023 relating to the SFI tax matter.

Company secretary

Sasol South Africa Limited acted as secretary for the company during the year and their addresses are:

Postal address

Private Bag X10014
Sandton
2146
South Africa

Physical address

50 Katherine Street
Sandton
2090
South Africa

Registered office

The registered office addresses of the company are:

Postal address

Private Bag X10014
Sandton
2146
South Africa

Physical address

50 Katherine Street
Sandton
2090
South Africa

Approval of the consolidated and separate annual financial statements

The consolidated and separate annual financial statements for the year ended 30 June 2023, as set out on pages 14 to 64 were approved by the board of directors on 6 December 2023 and are signed on its behalf by:

Signed by:Vuyo Kahla
Signed at:2023-12-06 10:02:42 +02:00
Reason:I approve

Director

Director

Independent auditor's report

To the Shareholder of Sasol Financing Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sasol Financing Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Sasol Financing Limited's consolidated and separate financial statements set out on pages 14 to 64 comprise:

- the consolidated and separate statements of financial position as at 30 June 2023;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

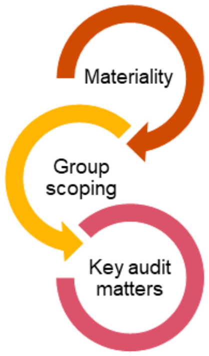
Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Our audit approach

Overview



Overall group materiality

- R947 million, which represents 1% of consolidated total assets.

Group audit scope

- We conducted full scope audit procedures at the Company and its financially significant subsidiary, Sasol Financing International Limited.

Key audit matters

- Derivative financial instruments.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R947 million
How we determined it	1% of total consolidated assets.

Rationale for the materiality benchmark applied	The Group is responsible for in-house banking, international financing arrangements, foreign exchange, interest rate and treasury matters, in respect of entities within the Sasol Limited Group. Given the nature of its activities, it is not a profit-oriented entity and, as such, an appropriate benchmark is total assets due to the large value and volume of loans and receivables that the Group has with other companies within the Sasol Limited Group. We chose 1% which is consistent with quantitative materiality thresholds used for similar entities of this nature.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In-scope business units were identified based on scoping benchmarks such as the business unit's contribution to key financial statement line items (consolidated total assets), risk associated with the business unit and known accounting matters related to the business unit. We conducted full scope audit procedures at the Company and its financially significant subsidiary, Sasol Financing International Limited.

The group engagement team is responsible for the audit of all the entities within the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Derivative financial instruments This key audit matter relates to both the consolidated and separate financial statements. Refer to note 28 to the consolidated and separate financial statements (Financial risk management and financial instruments). As at 30 June 2023 the Group had derivative financial assets of R462 million, and derivative financial liabilities of R1 114 million. At that date	We assessed the valuation of the derivative financial instruments by performing the following procedures: • We utilised our valuation expertise to independently value a sample of significant open derivative financial instrument positions at year-end and assessed the significant input variables for reasonableness against external market and third-party data. For those

the Company had derivative financial assets of R131 million and derivative financial liabilities of R368 million. The Group entered into a number of derivative financial instruments (foreign exchange zero cost collars, foreign exchange contracts, ethane swaps and crude oil put options) to hedge foreign currency and commodity price risks as a result of the volatile macro-economic environment and fluctuating commodity prices. These derivative financial instruments are classified at fair value through profit or loss at 30 June 2023. The valuation of derivative financial instruments included a number of variables and required the application of significant judgement. The significant input variables utilised for valuation purposes include volatility, market observable commodity prices and exchange rates. As a result, the valuation of derivative financial instruments was considered to be a matter of most significance to the current year audit.	instruments tested, management's fair value determination fell within our independently calculated fair value range; • We obtained counterparty confirmations and agreed the details per the accounting records in respect of the derivative financial instruments to the confirmations received. No material differences were noted; • For a sample of derivatives, we agreed settlements during the year to underlying documentation and recalculated the gains and losses recorded in the consolidated and separate income statements. No material differences were noted; and • We tested management's internal controls over the derivative financial instruments process.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sasol Financing Limited Annual Financial Statements for the year ended 30 June 2023", which includes the Directors' Report, the Report of the Audit Committee and the Certificate of the Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Sasol Financing Limited for ten years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: E.P.V. Bergh
Registered Auditor
Johannesburg, South Africa
06 December 2023

Income Statements

for the year ended 30 June

		Group		Company	
		2023	2022	**2023**	2022
	Note	**R '000**	R '000	**R '000**	R '000
Revenue	2	**6 530 274**	3 755 980	**3 653 252**	2 220 293
Finance costs	3	**(4 098 104)**	(2 161 677)	**(1 982 737)**	(1 033 201)
Remeasurement items	8	**–**	–	**422 088**	(5 875 634)
Other expenses and income		**4 475 744**	(16 090 260)	**531 998**	273 525
Translation gains	4	**1 810 170**	981 079	**1 806 846**	699 099
Financial instruments gains/(losses)	5	**2 683 054**	(17 778 984)	**(1 216 856)**	(422 205)
Credit impairment losses released/(raised)	6	**22 957**	689 552	**(26 589)**	18 695
Gain on derecognition of financial liability	19	**–**	49 582	**–**	–
Other operating expenses	7	**(40 437)**	(31 489)	**(31 403)**	(22 064)
Profit/(loss) before tax		**6 907 914**	(14 495 957)	**2 624 601**	(4 415 017)
Taxation	9	**(2 668 335)**	4 066 482	**(601 729)**	(404 070)
Profit/(loss) for the year		**4 239 579**	(10 429 475)	**2 022 872**	(4 819 087)

Statements of comprehensive income

for the year ended 30 June

	Group		Company	
	2023	2022	**2023**	2022
	R '000	R '000	**R '000**	R '000
Profit/(loss) for the year	**4 239 579**	(10 429 475)	**2 022 872**	(4 819 087)
Other comprehensive (loss)/income, net of tax				
Items that can be subsequently reclassified to the income statement	**(349 626)**	186 302	**–**	–
Effect of translation of foreign entity	**(349 626)**	186 302	**–**	–
Tax on items that can be subsequently reclassified to the income statement	**–**	–	**–**	–
Total comprehensive income/(loss) for the year	**3 889 953**	(10 243 173)	**2 022 872**	(4 819 087)

Statements of financial position

at 30 June

	Note	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Assets					
Cash and cash equivalents	10	**37 971 001**	31 693 490	**26 296 531**	25 305 413
Financial assets	11	**462 279**	159 350	**131 087**	68 335
Loans to Sasol group companies	12	**50 850 056**	57 475 678	**30 084 730**	23 024 357
Other receivables and prepaid expenses	13	**1 112 739**	980 066	**881 335**	787 532
Tax receivable	14	**–**	277 734	**–**	–
Investment in subsidiaries	15	**–**	–	**5 532 714**	–
Deferred tax assets	16	**4 330 424**	5 617 458	**816**	54
Total assets		**94 726 499**	96 203 776	**62 927 213**	49 185 691
Equity and liabilities					
Equity					
Shareholder's equity		**19 722 538**	10 721 959	**22 084 614**	14 951 116
Liabilities					
Financial liabilities	18	**1 119 886**	6 883 627	**369 455**	89 654
Loans and deposits by Sasol group companies	12	**65 439 812**	53 325 191	**37 924 049**	31 843 618
External debt	19	**7 483 581**	18 553 036	**2 106 355**	2 193 190
Other payables	20	**942 886**	6 690 751	**424 944**	78 901
Tax payable	14	**17 796**	29 212	**17 796**	29 212
Total equity and liabilities		**94 726 499**	96 203 776	**62 927 213**	49 185 691

Statements of changes in equity

for the year ended 30 June

	Group			
	Share capital	Foreign currency translation reserve	Accumulated earnings	**Share-holder's equity**
	Note 17			
	R '000	R '000	R '000	**R '000**
Balance at 30 June 2021	**422 088**	**1 319 059**	**19 223 985**	**20 965 132**
Total comprehensive loss for the year	–	186 302	(10 429 475)	**(10 243 173)**
loss for the year	–	–	(10 429 475)	**(10 429 475)**
other comprehensive income for the year	–	186 302	–	**186 302**
Balance at 30 June 2022	**422 088**	**1 505 361**	**8 794 510**	**10 721 959**
Shares issued	**5 110 626**	**–**	**–**	**5 110 626**
Total comprehensive income for the year	**–**	**(349 626)**	**4 239 579**	**3 889 953**
profit for the year	**–**	**–**	**4 239 579**	**4 239 579**
other comprehensive loss for the year	**–**	**(349 626)**	**–**	**(349 626)**
Balance at 30 June 2023	**5 532 714**	**1 155 735**	**13 034 089**	**19 722 538**

	Company		
	Share capital	Accumulated earnings	**Share-holder's equity**
	Note 17		
	R '000	R '000	**R '000**
Balance at 30 June 2021	**422 088**	**19 348 115**	**19 770 203**
Total comprehensive loss for the year	–	(4 819 087)	**(4 819 087)**
Balance at 30 June 2022	**422 088**	**14 529 028**	**14 951 116**
Shares issued	**5 110 626**	**–**	**5 110 626**
Total comprehensive income for the year	**–**	**2 022 872**	**2 022 872**
Balance at 30 June 2023	**5 532 714**	**16 551 900**	**22 084 614**

Statements of cash flows

for the year ended 30 June

		Group		Company	
		2023	2022	**2023**	2022
	Note	**R '000**	R '000	**R '000**	R '000
Cash generated by operating activities	21	**10 652 069**	14 504 364	**21 538**	12 136 632
Finance income received	2	**6 490 427**	3 507 226	**3 653 059**	2 220 100
Finance costs paid	3	**(3 934 593)**	(2 082 388)	**(1 959 572)**	(1 030 841)
Tax paid	14	**(336 723)**	(453 792)	**(613 907)**	(409 591)
Cash available from operating activities		**12 871 180**	15 475 410	**1 101 118**	12 916 300
Increase in investment in subsidiary	15	**–**	–	**(5 110 626)**	–
Cash used in investing activities		**–**	–	**(5 110 626)**	–
Share capital issued	17	**5 110 626**	–	**5 110 626**	–
Proceeds from external debt	19	**51 798 060**	–	**2 066 000**	–
Repayment of external debt	19	**(64 616 653)**	(5 201 820)	**(2 176 000)**	–
Cash (used in)/generated by financing activities		**(7 707 967)**	(5 201 820)	**5 000 626**	–
Translation effects on cash and cash equivalents of foreign entity		**1 114 298**	954 428	**–**	–
Increase in cash and cash equivalents		**6 277 511**	11 228 018	**991 118**	12 916 300
Cash and cash equivalents at the beginning of year		**31 693 490**	20 465 472	**25 305 413**	12 389 113
Cash and cash equivalents at the end of the year	10	**37 971 001**	31 693 490	**26 296 531**	25 305 413

Notes to the financial statements

Reporting segments

The group has two main reportable segments that reflects the structure used by the Chief Financial Officer of Sasol Limited to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the activities that each undertakes and the pools of cash they manage (referred to as business segments). The group evaluates the performance of its reportable segments based on profit before tax.

The operating model structure reflects how the results are reported to the Chief Operating Decision Maker (CODM). The CODM for the Sasol Financing Group is the Chief Financial Officer of Sasol Limited.

Operating business units

Local Treasury

The local treasury is responsible for centrally managing the Sasol group's cash and liquidity, in-house banking, domestic financing arrangements, foreign exchange, interest rate and treasury risk management, as well as general financing and treasury matters in respect of local entities within the Sasol group. Income is earned on long-term and short-term loans, issuing of guarantees and gains on foreign exchange optimisation on behalf of local Sasol group companies.

Offshore Treasury

The offshore treasury is responsible for in-house banking, international financing arrangements, foreign exchange, interest rate and treasury risk management, as well as general financing and treasury matters, in respect of foreign entities within the Sasol group. It also manages the hedging programme on behalf of the Sasol Group to mitigate the impact of financial risks on the business. Income is earned on long-term and short-term loans and issuing of guarantees on behalf of offshore Sasol group companies, and gains on derivative instruments.

The majority of the income earned is from Sasol group companies, refer to note 24.

Segment information

for the year ended 30 June	Local Treasury R '000	Offshore Treasury R '000	Elimination of intersegmental transactions R '000	Sasol Financing Group R '000
2023				
Statement of financial position				
Assets				
Cash and cash equivalents	**26 296 531**	**11 674 470**	**–**	**37 971 001**
Financial assets	**131 087**	**331 192**	**–**	**462 279**
Long-term loans to Sasol group companies	**4 048 950**	**34 457 650**	**–**	**38 506 600**
Short-term loans to Sasol group companies	**26 035 780**	**2 059 100**	**(15 751 424)**	**12 343 456**
Liabilities				
Financial liabilities	**369 455**	**750 431**	**–**	**1 119 886**
Loans and deposits by Sasol group companies	**37 924 049**	**43 312 999**	**(15 797 236)**	**65 439 812**
External debt	**2 106 355**	**5 377 226**	**–**	**7 483 581**

for the year ended 30 June	Local Treasury R '000	Offshore Treasury R '000	Elimination of intersegmental transactions R '000	Sasol Financing Group R '000
2022				
Statement of financial position				
Assets				
Cash and cash equivalents	25 305 413	6 388 077	–	31 693 490
Financial assets	68 335	91 015	–	159 350
Long-term loans to Sasol group companies	6 877 885	38 227 889	–	45 105 774
Short-term loans to Sasol group companies	16 146 472	1 643 768	(5 420 336)	12 369 904
Liabilities				
Financial liabilities	89 654	6 793 973	–	6 883 627
Loans and deposits by Sasol group companies	31 843 618	26 916 311	(5 434 738)	53 325 191
External debt	2 193 190	16 359 846	–	18 553 036

for the year ended 30 June	Local Treasury R '000	Offshore Treasury R '000	Elimination of intersegmental transactions R '000	Sasol Financing Group R '000
2023				
Income statement				
Revenue	**3 653 252**	**3 290 428**	**(413 406)**	**6 530 274**
Finance income	**3 450 505**	**3 240 341**	**(413 406)**	**6 277 440**
Fees (Guarantee, Arranging and Commitment)	**4 982**	**10 433**	**–**	**15 415**
Foreign exchange optimisation profit	**197 572**	**–**	**–**	**197 572**
Notional interest received	**193**	**39 654**	**–**	**39 847**
Finance costs	**(1 982 737)**	**(2 528 773)**	**413 406**	**(4 098 104)**
Remeasurement items	**422 088**	**–**	**(422 088)**	**–**
Other expenses and income	**531 998**	**3 912 336**	**31 410**	**4 475 744**
Translation gains	**1 806 846**	**3 324**	**–**	**1 810 170**
Financial instruments losses	**(1 216 856)**	**3 899 910**	**–**	**2 683 054**
Credit impairment losses released	**(26 589)**	**18 136**	**31 410**	**22 957**
Other operating expenses	**(31 403)**	**(9 034)**	**–**	**(40 437)**
Profit before tax	**2 624 601**	**4 673 991**	**(390 678)**	**6 907 914**
Taxation	**(601 729)**	**(2 066 606)**	**–**	**(2 668 335)**
Profit for the year	**2 022 872**	**2 607 385**	**(390 678)**	**4 239 579**

for the year ended 30 June	Local Treasury R '000	Offshore Treasury R '000	Elimination of intersegmental transactions R '000	Sasol Financing Group R '000
2022				
Income statement				
Revenue	2 220 293	1 545 534	(9 847)	3 755 980
Finance income	2 026 203	1 280 009	(9 847)	3 296 365
Fees (Guarantee, Arranging and Commitment)	1 561	16 964	–	18 525
Foreign exchange optimisation profit	192 336	–	–	192 336
Notional interest received	193	248 561	–	248 754
Finance costs	(1 033 201)	(1 128 476)	–	(2 161 677)
Remeasurement items	(5 875 634)	–	5 875 634	–
Other expenses and income	273 525	(16 360 982)	(2 803)	(16 090 260)
Translation losses	699 099	281 980	–	981 079
Financial instruments gains	(422 205)	(17 356 779)	–	(17 778 984)
Credit impairment losses (raised)/released	18 695	673 660	(2 803)	689 552
Gain on derecognition of financial liability	–	49 582	–	49 582
Other operating expenses	(22 064)	(9 425)	–	(31 489)
Loss before tax	(4 415 017)	(15 943 924)	5 862 984	(14 495 957)
Taxation	(404 070)	4 470 552	–	4 066 482
Loss for the year	(4 819 087)	(11 473 372)	5 862 984	(10 429 475)

Geographic segment information

for the year ended 30 June	Local Treasury R '000	Offshore Treasury R '000	Elimination of intersegmental transactions R '000	Sasol Financing Group R '000
2023				
Income statement				
Revenue (excluding notional interest and interest receivable on tax)[1,2]				
South Africa	**3 650 582**	**944 428**	**(413 406)**	**4 181 604**
Rest of Africa	**–**	**1 075**	**–**	**1 075**
Europe	**–**	**132 263**	**–**	**132 263**
North America	**2 477**	**2 173 008**	**–**	**2 175 485**
Total operations	**3 653 059**	**3 250 774**	**(413 406)**	**6 490 427**

for the year ended 30 June	Local Treasury R '000	Offshore Treasury R '000	Elimination of intersegmental transactions R '000	Sasol Financing Group R '000
2022				
Income statement				
Revenue (excluding notional interest and interest receivable on tax)[1,2]				
South Africa	2 218 709	396 172	(9 847)	2 605 034
Rest of Africa	–	108 338	–	108 338
Europe	–	50 390	–	50 390
North America	1 388	732 969	–	734 357
Asia, Australia and Middle East	3	6 548	–	6 551
Total operations	2 220 100	1 294 417	(9 847)	3 504 670

1 The analysis of revenue is based on the location of the customer.
2 Revenue from Sasol Chemicals (USA) LLC and Sasol Investment Company (Pty) Ltd comprise more than 10% of total revenue for Sasol Financing Group, respectively, and it forms part of the offshore treasury segment.

1 Statement of compliance

The consolidated and separate financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the South African Companies Act, 2008. The consolidated and separate financial statements were approved for issue by the board of directors on 6 December 2023.

Basis of preparation of financial results

The consolidated and separate financial statements are prepared using the historic cost convention except that, as set out in the accounting policies below, certain items, including derivative instruments, are stated at fair value. Short-term is considered a period within 12 months or less after the reporting period. The consolidated and separate financial results are presented in rand, which is Sasol Financing Limited's functional and presentation currency, rounded to the nearest thousand unless indicated otherwise.

The consolidated and separate financial statements are prepared on the going concern basis. Refer note 27.

Accounting standards, interpretations and amendments to published accounting standards

The accounting policies applied in the preparation of these consolidated and separate financial statements are in terms of IFRS and are consistent with those applied in the consolidated and separate annual financial statements for the year ended 30 June 2022.

Interest Rate Benchmark (IBOR) Reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). As at 30 June 2023, the group and company had exposure to the US dollar London Interbank Overnight Rate (LIBOR) through intercompany loans.

The group and company had exposure to the USD LIBOR through loans with other Sasol group companies.

On 1 July 2023 the company's subsidiary transitioned its Sasol Chemicals (USA) LLC ("SUSAC") loan receivable to an alternative interest rate benchmark, being the Secured Overnight Financing Rate (SOFR). The SUSAC long-term loan receivable at 30 June 2023 amounts to R19 738 million (US$1 048 million), and is repayable 30 June 2026. As at 30 June 2023 the loan attracted interest at 3-month LIBOR + 3,28%. Effective 1 July 2023 the loan now bears interest at SOFR + Credit Adjustment + 3,28%. The fixed credit adjustment spread is based on the rate published by Bloomberg Index Services Limited following the Financial Conduct Authority's Cessation Announcement on 5 March 2021.

The group and company expect to apply the relief of 'Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2) to these contract amendments. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR). Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

The table details the group and company's financial instruments which have not yet transitioned as at 30 June 2023 from LIBOR to SOFR or an alternative interest rate benchmark:

Group:

Financial instrument	Benchmark rate	Outstanding balance
Sasol Investment Company (Pty) Ltd loan receivable	6-month USD LIBOR + 2%	R13,710 million (US$728 million)

At 30 June 2023 the group was still in negotiations with Sasol Investment Company (Pty) Ltd (SIC) to update the terms of the loan to incorporate changes to reference rates which will be accounted for in accordance with IBOR reform Phase 2, where applicable. On 22 November 2023 the amendment to the loan agreement incorporating the changes to the reference rates was finalised. The SIC long-term loan receivable at 30 June 2023 amounts to R13 710 million (US$728 million), and is repayable on 31 July 2028. As at 30 June 2023 the loan attracted interest at 6-month USD LIBOR + 2%. Effective 1 July 2023 the loan now bears interest at SOFR + Credit Adjustment + 2%.

The group and company's remaining exposure to IBORs is concentrated to the Johannesburg Interbank Average Rate (JIBAR) through certain debt instruments. The South African Reserve Bank has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. In November 2022, the SARB commenced publishing the South African Rand Overnight Index Average (ZARONIA), the preferred successor rate that will replace JIBAR in future. The ZARONIA is a financial benchmark that reflects the interest rate at which rand-denominated overnight wholesale funds are obtained by commercial banks. ZARONIA is based on actual transactions and calculated as a trimmed, volume-weighted mean of interest rates paid on eligible unsecured overnight deposits.

Market participants are not yet using ZARONIA in financial contracts until such time as the SARB indicate otherwise. The duration of the observation period will be communicated in due time and may depend on the Market Practitioners Group's information needs, transition plans, as well as the SARB's decision regarding the cessation date for JIBAR. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the group and company.

The group and company's treasury function monitors and manages the transition to alternative rates and evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

Accounting standards, amendments and interpretations issued which are relevant to the group and company not yet effective

IFRS 17 'Insurance Contracts'

IFRS 17 supersedes IFRS 4'Insurance Contracts' which currently permits a wide variety of practices in accounting for insurance contracts. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance) regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. Certain scope exceptions will apply. The group and company have assessed all material contracts where it has potentially accepted significant insurance risk including issued performance guarantees. The group and company will continue to apply the requirements of IFRS 9 'Financial Instruments' to issued financial guarantee contracts. The group and company has not identified any material contracts in scope of IFRS 17 and implementation of the new standard is not expected to have a material impact on the group and company's results. The group and company will apply IFRS 17 from 1 July 2023 using the full retrospective approach.

Amendments to IAS 1 'Presentation of Financial Statements'

The amendments provide guidance on the classification of liabilities as current or non-currents in the statement of financial position and does not impact the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They clarify that the classification of liabilities as current or non-current should be based on rights that are in place at the end of the reporting period which enable the reporting entity to defer settlement by at least twelve months. The amendments further make it explicit that classification is unaffected. The amendments are effective for the group and company from 1 July 2024, will be applied retrospectively and are not expected to significantly impact the group and company.

Amendments to IAS12 'Income Taxes'

The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The OECD published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. More than 135 countries and jurisdictions representing more than 90% of global gross domestic product have agreed to the Pillar Two model rules.

The amendments introduce:

- a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules; and
- targeted disclosure requirements to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Companies can benefit from the temporary exception immediately but are required to provide the disclosures to investors for annual reporting periods beginning on or after 1 January 2023.

The group and company is currently assessing the future impact of the tax reform and amendments on its financial statements. None of the jurisdictions in which the group and company operate have promulgated the Pillar Two model regulations.

Key management assumptions

In preparing the financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. Post the implementation of IFRS 9 on 1 July 2018, unless otherwise stated, no material changes to assumptions have occurred during the year. The following represents the most material key management assumptions applied in preparing these consolidated and separate financial statements.

Expected credit loss measurement

IFRS 9 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the group and company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

ECL on financial assets – IFRS 9 drivers

Expected credit loss is calculated as a function of probability of default, loss given default and exposure at default.

The group and company allocate probability of default based on the external and internal information. The major portion of the financial assets at amortised cost consist of externally rated customers and the group and company use the average of Moody's, Fitch and S&P Corporate and Sovereign probability of defaults, depending on whether the customer or holder of the financial asset is corporate or government related. For customers or debtors that are not rated by the rating agency, the group and company allocate internal credit ratings and default rates taking into account forward looking information, based on the debtors profile and financial status. Loss given default (LGD) is based on the Basel model.

World-wide, and especially in South Africa, economies have faced a series of global and local disruptions, including price volatility, elevated energy costs, high inflation, higher cost of debt, etc. As a result the Group and the company applied the Board of Governors of the Federal Reserve System's formula to derive a downturn LGD to be used for 2023 and 2022, namely 50% for unsecured financial assets and 40% for secured financial assets. Credit enhancement is only taken into account if it is integral to the asset. Trade receivables expected credit loss is calculated over lifetime.

Other financial assets expected credit loss is measured over 12 months when the credit risk is low and over lifetime where the credit risk has increased significantly.

Expected credit loss measurement period

The ECL measurement period for stage 1 exposures is 12-months (or the remaining tenor of the financial asset).

- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- Lifetimes include consideration for multiple default events, i.e. where defaulted exposures cure and then subsequently re-default. This consideration increases the lifetime and the potential ECL.

Significant increase in credit risk

In accordance with IFRS 9, all exposures are assessed to determine whether there has been SICR at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. The group and company determines the SICR by utilising the external or internal credit rating of the counterparty. Ratings are mapped to probability of defaults that are determined by the average of Moody's, Fitch and S&P Corporate and Sovereign probability of defaults. These credit ratings are evaluated at least annually or more frequently as appropriate.

Exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre-defined ratings' migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9's rebuttable presumption), the exposure is classified within stage 2.

To determine whether a client's credit risk has increased significantly since origination, the group and company would need to determine the extent of the change in credit risk using the counterparty's credit rating per the table below:

	Low risk	Medium risk	High risk
S&P	**BBB to BBB–**	**B–**	**CCC/C**
Moody's	**Baa2 to Baa3**	**B3**	**Ca to C**
Fitch	**BBB to BBB–**	**B–**	**CCC to C**

Default

The definition of default, which triggers the credit impaired classification (stage 3), is based on the group and company's internal credit risk management approach and definitions. While the specific determination of default varies according to the nature of the product, it is compliant to the Basel definition of default, and generally determined as occurring at the earlier of:

- where, in the group and company's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities, in excess of the current limit). The group and company has not rebutted IFRS 9's 90 days past due rebuttable presumption.

Write-off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding. The following criteria must be met before a financial asset can be written off:

- the financial asset has been in default for the period which is deemed sufficient to determine whether the entity is able to receive any further economic benefit from the impaired loan; and
- at the point of write-off, the financial asset is fully impaired (i.e. 100% allowance) with no reasonable expectation of recovery of the asset, or a portion thereof.

As an exception to the above requirements, where the exposure is secured (or for collateralised structures), the impaired loan can only be written off once the collateral has been realised. Post-realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above. The shortfall amount does not need to meet the first requirement to be written off.

Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist. The classification of a financial asset out of stage 3 may be made subsequent to an evaluation which takes into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and compliance with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for significant increase in credit risk, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

	Group		Company	
	2023	2022	**2023**	2022
for the year ended 30 June	**R '000**	R '000	**R '000**	R '000
2 Revenue				
Effective interest rate interest income on	**6 317 287**	3 545 119	**3 450 698**	2 026 396
Cash and cash equivalents[1]	**1 610 754**	621 282	**1 417 783**	607 676
Loans and receivables[2]	**4 666 686**	2 675 083	**2 032 722**	1 418 527
Financial guarantees (notional interest received)[3]	**39 847**	248 754	**193**	193
Other revenue	**212 987**	210 861	**202 554**	193 897
Fees (Guarantee, Arranging and Commitment)	**15 415**	18 525	**4 982**	1 561
Foreign exchange optimisation profit	**197 572**	192 336	**197 572**	192 336
Per income statement	**6 530 274**	3 755 980	**3 653 252**	2 220 293
Less: Notional interest received	**(39 847)**	(248 754)	**(193)**	(193)
Per the statement of cash flows	**6 490 427**	3 507 226	**3 653 059**	2 220 100

1 Increase due to higher interest rates on cash deposits invested externally due to increases in the repo rate during the financial year and an increase in the amount of cash and cash equivalents.

2 Increase due to higher interest received from Sasol Group companies as a result of higher average cash advances made during the financial year and increased interest rates.

3 The notional interest received in the prior year includes the acceleration of notional interest received on the disposal of Central Termica De Ressano Garcia S.A (CTRG) and cancellation of guarantees.

Accounting policies:

Revenue consists primarily of the interest income, guarantee fees, arranging fees and commitment fees.

Interest income

Interest income is recognised using the effective interest method for all interest-bearing financial instruments. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Fees

Fee income includes guarantee, arranging and commitment fees. The fees are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreements.

for the year ended 30 June	Note	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
3 Finance costs					
Debt – inter-company[1]	24	**2 384 977**	936 107	**1 810 417**	887 191
Finance charges (arranging and commitment fees)		**494 405**	365 668	**29 985**	30 940
Debt – external		**1 191 568**	831 934	**142 335**	115 070
		4 070 950	2 133 709	**1 982 737**	1 033 201
Amortisation of loan costs		**17 130**	26 690	**–**	–
Expected credit loss adjustment on guarantees		**(1 813)**	(58 331)	**–**	–
Notional interest		**11 837**	59 609	**–**	–
Per income statement		**4 098 104**	2 161 677	**1 982 737**	1 033 201
Total finance expenses before non-cash movements		**4 070 950**	2 133 709	**1 982 737**	1 033 201
Interest accrued on debt		**72 326**	3 449	**(23 165)**	(2 360)
Accrued finance charges		**(72 553)**	(54 770)	**–**	–
Acceleration of prepaid finance charges[2]		**(136 130)**	–	**–**	–
Per statement of cash flows		**3 934 593**	2 082 388	**1 959 572**	1 030 841

1 Increase due to higher interest paid to Sasol Group companies as a result of higher cash deposits held during the financial year and increased interest rates.

2 In the current financial year the facility agent for the revolving credit facility changed from Mizuho Bank to Bank of America Merril Lynch. The finance charges prepayment recognised for the old Mizuho facility was accelerated and released to the income statement.

Accounting policies:

Finance expenses are recognised in the income statement in the period they were incurred. Finance costs on debt are recognised using the effective interest rate method except for prepaid costs on revolving credit facilities which are amortised to finance charges over the availability period of the facility.

for the year ended 30 June	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
4 Translation gains				
Arising from				
Other receivables*	**515**	(30 215)	**–**	–
Foreign currency loans	**1 660 216**	1 081 541	**1 637 625**	617 704
Other financial instruments	**149 439**	(70 247)	**169 221**	81 395
	1 810 170	981 079	**1 806 846**	699 099

* In the prior year, translation losses comprised mainly of translation losses of tax receivable of approximately R30 million (US$2 million).

Differences arising on the translation of monetary assets and liabilities from one currency into the functional currency of the group and company at a different exchange rate.

for the year ended 30 June	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
5 Financial instruments gains/(losses)				
Net gain/(loss) on derivative instruments				
Coal swaps	**1 099 120**	691 226	**–**	–
Foreign exchange zero cost collars	**(301 143)**	(1 580 081)	**–**	–
Crude oil put options	**(506 787)**	–	**–**	–
Crude oil zero cost collars	**3 952 965**	(11 351 382)	**–**	–
Crude oil swaps	**–**	(5 141 082)	**–**	–
Ethane swaps	**(271 745)**	279 372	**–**	–
Foreign exchange contracts	**(1 289 356)**	(677 037)	**(1 216 856)**	(422 205)
	2 683 054	(17 778 984)	**(1 216 856)**	(422 205)

for the year ended 30 June	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
6 Credit impairment losses (released)/raised				
Net expected credit loss IFRS 9				
Long-term loans to Sasol group companies	**(24 552)**	(251 181)	**(6 369)**	(31 308)
Short-term loans to Sasol group companies	**1 578**	(438 371)	**32 941**	12 648
Other receivables with Sasol group companies	**17**	–	**17**	(35)
	(22 957)	(689 552)	**26 589**	(18 695)

The release of the credit impairment mainly relates to the derecognition of the loan to CTRG in the prior year. Refer note 12 and note 28.

for the year ended 30 June	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
7 Other operating expenses				
Audit remuneration	**3 598**	1 843	**1 824**	1 035
Professional fees	**5 613**	2 901	**3 417**	1 533
Other expenses	**31 226**	26 745	**26 162**	19 496
	40 437	31 489	**31 403**	22 064

for the year ended 30 June	Note	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
8 Remeasurement items					
Impairment of investments in subsidiaries	15	**–**	–	**–**	(5 875 634)
Reversal of impairment of investments in subsidiaries	15	**–**	–	**422 088**	–
Remeasurement items per income statement		**–**	–	**422 088**	(5 875 634)
Tax effect thereon		**–**	–	**–**	–
Remeasurement items, net of tax		**–**	–	**422 088**	(5 875 634)

for the year ended 30 June	Note	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
9 Taxation					
South African normal tax		**602 491**	404 009	**602 491**	404 009
current year		**601 707**	404 009	**601 707**	404 009
prior years		**784**	–	**784**	–
Foreign tax		**19 498**	70 868	**–**	–
current year[1]		**19 498**	70 868	**–**	–
Income tax		**621 989**	474 877	**602 491**	404 009
Deferred tax – South Africa	16	**2 046 346**	(4 735 794)	**(762)**	59
current year[2]		**1 235 110**	(4 697 607)	**(762)**	59
prior years[3]		**811 236**	(38 187)	**–**	–
Tax rate change[4]		**–**	194 435	**–**	2
		2 668 335	(4 066 482)	**601 729**	404 070

1 The prior year includes foreign tax from withholding taxes on CTRG loan settlement due to disposal of CTRG.

2 Movement is due to lower assessed losses in the current year as a result of unrealised gains recognised on derivatives lower in the current year compared to unrealised losses in the prior year.

3 The prior year adjustment relates to the translation difference of R3 billion (US$170 million) arising from exchange rates applied by SARS at the date of assessment. This is due to the fact that the company is subject to South African income tax and is therefore assessed in Rand, while the functional currency of the entity is in US dollar.

4 The South African corporate tax rate was changed from 28% to 27% in the prior year.

for the year ended 30 June	Group 2023 %	Group 2022 %	Company 2023 %	Company 2022 %
Reconciliation of effective tax rate				
The table below shows the difference between the South African enacted tax rate 27% (FY22: 28%) compared to the effective tax rate in the income statement. Total income tax expense differs from the amount computed by applying the South African normal tax rate to profit before tax. The reasons for these differences are:				
South African normal tax rate	**27,0**	28,0	**27,0**	28,0
Increase in rate of tax due to:				
translation differences[1]	**11,6**	0,2	**–**	–
expected credit loss on loans and receivables[2]	**–**	0,4	**0,2**	–
Foreign tax credits	**–**	0,4	**–**	–
Decrease in rate of tax due to:				
expected credit loss on loans and receivables[2]	**–**	–	**–**	(0,3)
change in tax rate	**–**	(1,0)	**–**	–
impairment of investment in subsidiaries[3]	**–**	–	**–**	(36,8)
reversal of impairment of investment in subsidiaries[3]	**–**	–	**(4,3)**	–
Effective tax rate	**38,6**	28,0	**22,9**	(9,1)

1 Current year impacted by a translation difference of R3 billion arising from exchange rates applied by SARS at the date of assessment. This is due to the fact that the company's subsidiary is subject to South African income tax and is therefore assessed in Rand, while the functional currency of the entity is in US dollar.
2 Expected credit loss released/raised on capital portion of inter-company loans not taxable/tax deductable.
3 Refer to note 15.

for the year ended 30 June	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
10 Cash and cash equivalents				
Cash	**37 971 001**	31 693 490	**26 296 531**	25 305 413
Per the statement of cash flows	**37 971 001**	31 693 490	**26 296 531**	25 305 413
Cash on hand and in bank	**12 105 951**	6 414 300	**431 481**	26 223
Short-term deposits	**25 865 050**	25 279 190	**25 865 050**	25 279 190
	37 971 001	31 693 490	**26 296 531**	25 305 413

Fair value of cash and cash equivalent

The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments. This is considered a level 1 fair value measurement.

Accounting policies:
Cash and cash equivalents are stated at amortised cost which is deemed to be fair value.

for the year ended 30 June	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
11 Financial assets				
Foreign exchange contracts	**131 087**	68 335	**131 087**	68 335
Crude oil zero cost collars	**–**	17 285	**–**	–
Crude oil put options	**253 445**	–	**–**	–
Foreign exchange zero cost collars	**76 013**	73 730	**–**	–
Ethane swaps	**1 734**	–	**–**	–
Short-term derivative financial instruments	**462 279**	159 350	**131 087**	68 335

Short-term financial assets include the revaluation of in-the-money derivative instruments, refer note 28.

Fair value of derivative financial instruments

The fair value of derivative instruments was based upon market valuations. This is considered to be a level 2 fair value measurement in terms of the IFRS 13 fair value hierarchy.

Accounting policies:

The group and company classifies and measures its financial assets into the following categories:

- financial assets at amortised cost; and
- financial assets at fair value through profit or loss.

The classification is dependent on the business model for which the financial asset is held. Management determines the classification of its financial assets at the time of the initial recognition and re-evaluates such designation at least at each reporting date to assess if the business model has changed.

Financial assets are recognised on transaction date when the group and company becomes a party to the contracts and thus obtains rights to receive economic benefits and are derecognised when these rights expire or are transferred.

Financial assets are stated initially on transaction date at fair value including transaction costs. Loans and receivables are considered for impairment under the expected credit loss model. Refer to note 28 for detail on the impairment recognised.

The fair values of financial assets are based on quoted market prices or amounts derived using a discounted cash flow model.

Premiums or discounts arising from the difference between the fair value of a financial asset and the amount receivable at maturity date are charged to the income statement based on the effective interest method.

Expected credit loss

An assessment is performed at each reporting date to determine the expected credit loss on the financial assets that are measured at amortised cost. The assessment takes into account indications of a debtor or group of debtors experiencing significant financial difficulty, default or delinquency of payments, the probability of a debtor entering bankruptcy, or other forward looking observable data indicating a measurable decrease in estimated future cash flows, such as economic conditions that correlate with defaults.

Expected credit loss is calculated as a function of probability of default, loss given default and exposure at default. The entity allocates probability of default based on the external and internal information. The major portion of the financial assets at amortised cost consist of externally rated customers and the group and company use the average of Moody's, Fitch and S&P Corporate and Sovereign probability of defaults, depending on whether the customer or holder of the financial asset is corporate or government related. Credit enhancement is only taken into account if it is integral to the asset. Other financial assets expected credit loss is measuresd over 12 months when the credit risk is low and over lifetime where the credit risk has increased.

When a subsequent event causes the impairment loss to decrease, the impairment loss is reversed in the income statement. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery.

Modification

The group and company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The group and company assess whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the group and company derecognise the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The group and company also assess whether the new loan or debt instrument meets the Solely Payments of Principal and Interest (SPPI) criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the group and company compare the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The group and company recalculate the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

12 Loans to/deposits by Sasol group companies

During the year the group and company in the ordinary course of business, granted long- and short-term loans to fellow subsidiaries in the Sasol Group. Terms and conditions are determined on an arm's length basis (Refer note 24).

Long-term loans provided by the company to Sasol group companies bear interest at rates linked to JIBAR which are set per the loan agreements. The interest rates charged ranged between 7,40% - 10,83% (2022: 5,83% - 7,29%). Long-term loans provided by the company's subsidiary to Sasol group companies bear interest at market related rates that range between 1,55% - 8,50% (2022: 1,55% - 9,80%). Loan repayments made to the company during the year from Sasol South Africa Limited amounting to R3 billion. During the current financial year there were no capital movements in the Sasol Investment Company (Pty) Ltd loan (2022: R9,2 billion partial repayments), while Sasol Chemicals (USA) LLC made a repayment of R18,7 billion (2022: Rnil) and drawdowns of R6,5 billion (2022: R4,9 billion) to the company's subsidiary. The term of the loans provided by the company and company's subsidiary range from 5 years to 10 years.

Short-term loans provided by the company to Sasol group companies bear interest based on the average daily bank rate. The interest rates charged ranged between 7,27% - 9,78% (2022: 6,02% - 7,29%). Short-term loans provided by the company's subsidiary to Sasol group companies bear interest at market related rates. The market related rates ranged between 4,09% - 4,76% (2022: 4,09% - 4,76%) for US dollar deposits, and between 3,94% - 5,13% (2022: 1,80%) for Euro loans. There were no new short-term loans provided by the company's subsidiary to Sasol group companies in the current and previous year.

A short term loan advancement of R10,6 billion was made by the company to its subsidiary in the current year and no advancements were made in the prior year. During the year, the company's subsidiary made a repayment of R2 billion towards the short term loan. Interest on the short term loan advanced by the company to its subsidiary was charged at market related rates and ranged between 1,25% - 3,87% (2022: 0,06% - 0,79%).

	Group		Company	
	2023	2022	**2023**	2022
for the year ended 30 June	**R '000**	R '000	**R '000**	R '000
Long-term loans to Sasol group companies	**38 506 600**	45 105 774	**4 048 951**	6 877 885
Intercompany long-term receivables	**42 224 002**	48 705 278	**6 904 276**	9 958 989
Expected credit loss on long-term receivables	**(385 699)**	(359 128)	**(20 022)**	(26 391)
Short-term portion of long-term receivables	**(3 331 703)**	(3 240 376)	**(2 835 303)**	(3 054 713)
Short-term loans to Sasol group companies	**12 343 456**	12 369 904	**26 035 779**	16 146 472
Intercompany short-term receivables	**9 037 884**	9 153 463	**23 267 879**	13 126 221
Expected credit loss on short-term receivables	**(26 131)**	(23 935)	**(67 403)**	(34 462)
Short-term portion of long-term receivables	**3 331 703**	3 240 376	**2 835 303**	3 054 713
	50 850 056	57 475 678	**30 084 730**	23 024 357

During the year the company in the ordinary course of business, received long- and short-term loans/deposits from its holding company, its subsidiary, fellow subsidiaries, Sasol group associates, Sasol group special purpose entities and Sasol group joint ventures. Terms and conditions are determined on an arm's length basis (Refer note 24).

Deposits from Sasol group companies to the company bear interest based on the average daily bank rate. The interest rates ranged between 4,71% - 8,29% (2022: 3,46% - 5,06%). During the year, Sasol South Africa Limited decreased its deposit by R2 billion. Deposits from Sasol Group companies to the company's subsidiary bear interest at market related rates. The market related rates ranged between 1,13% - 3,87% (2022: 0,07% - 0,80%) for US dollar deposits, Australian dollar 1,01% - 2,85% (2022: 0,00% - 0,58%), Pound sterling 0,94% - 3,30% (2022: 0,04% - 0,82%) and Euro 0,90% - 2,41%, there were no Euro deposits in the prior year.

In FY22 the company's subsidiary had a loan with Sasol International Insurance DAC amounting to R1 872 million (US$115 million). The loan bore interest at 3-month LIBOR + 1% and was repaid in February 2023.

	Group		Company	
	2023	2022	**2023**	2022
for the year ended 30 June	**R '000**	R '000	**R '000**	R '000
Deposits by Sasol group companies	**65 439 812**	51 453 048	**37 924 049**	31 843 618
Loan from Sasol group company	**–**	1 872 143	**–**	–
	65 439 812	53 325 191	**37 924 049**	31 843 618

Fair value

The carrying value approximates fair value, due to market related interest rates being charged on these loans. The long-term and short-term loans to/deposits by Sasol group companies and the short-term loan from Sasol group company have been classified as a level 3 for fair value hierarchy purposes.

Impairment

Long-term loans and receivables are considered for impairment under the expected credit loss model. Refer to note 28 for details on the impairment recognised.

Exposure to credit risk

The carrying value represents the maximum credit exposure as it relates to loans and receivables.

for the year ended 30 June	Group Stage 1 R'000	Group Total IFRS 9 provision* R'000	Company Total IFRS 9 provision** (Stage 1) R'000
Expected credit loss reconcilation of long-term loans to Sasol group companies			
2023			
Balance at beginning of year	**359 128**	**359 128**	**26 391**
Net impairments released	**(24 552)**	**(24 552)**	**(6 369)**
Loan repayments during the year	**(42 146)**	**(42 146)**	**(8 858)**
Subsequent changes in ECL	**17 594**	**17 594**	**2 489**
Exchange and other movements	**51 123**	**51 123**	**–**
Balance at end of year	**385 699**	**385 699**	**20 022**
2022			
Balance at beginning of year	550 418	550 418	57 699
Net impairments released	(251 181)	(251 181)	(31 308)
Subsequent changes in ECL	(251 181)	(251 181)	(31 308)
Exchange and other movements	59 891	59 891	–
Balance at end of year	359 128	359 128	26 391

* There were no stage 2 and stage 3 exposures in the current and previous years.
** All the exposures at company level were classified as stage 1.

for the year ended 30 June	Group Stage 1 R'000	Group Stage 3 R'000	Group Total IFRS 9 provision* R'000	Company Total IFRS 9 provision** (Stage 1) R'000
Expected credit loss reconcilation of short-term loans to Sasol group companies				
2023				
Balance at beginning of year	**23 935**	**–**	**23 935**	**34 462**
Net impairments raised/(released)	**1 578**	**–**	**1 578**	**32 941**
Subsequent changes in ECL	**1 578**	**–**	**1 578**	**32 941**
Exchange and other movements	**618**	**–**	**618**	**–**
Balance at end of year	**26 131**	**–**	**26 131**	**67 403**
2022				
Balance at beginning of year	22 785	416 733	439 518	21 814
Net impairments raised/(released)	5 767	(444 138)	(438 371)	12 648
ECL on new exposures raised	4 417	–	4 417	4 417
Loan repayment on disposal of CTRG	–	(444 138)	(444 138)	–
Subsequent changes in ECL	1 350	–	1 350	8 231
Exchange and other movements	(4 617)	27 405	22 788	–
Balance at end of year	23 935	–	23 935	34 462

* There were no stage 2 exposures in the current and previous years.
** All the exposures at company level were classified as stage 1.

In 2022 the release of the credit impairment mainly related to the derecognition of the loan to CTRG and strengthening of certain counter-party credit ratings.

for the year ended 30 June	Note	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
13 Other receivables and prepaid expenses					
Long-term receivable*		**696 150**	696 150	**696 150**	696 150
Related party receivables	24	**19 320**	2 646	**17 259**	1 315
Other receivables		**166 500**	88 881	**166 500**	88 881
		881 970	787 677	**879 909**	786 346
Prepaid expenses		**230 709**	192 229	**1 426**	1 186
Value added tax		**60**	160	**–**	–
		1 112 739	980 066	**881 335**	787 532
Maturity profile					
Within one year		**235 508**	172 555	**185 185**	91 382
Two to five years		**877 231**	807 511	**696 150**	696 150
		1 112 739	980 066	**881 335**	787 532

* The long-term receivable relates to the SARS suspension of payment as detailed in note 14.

Fair value of related party and other receivables

The carrying amount approximates fair value because of the short period to maturity of these instruments. This is considered a level 3 fair value measurement.

Exposure to credit risk

The carrying value represents the maximum credit exposure.

Collateral

The group and company hold no collateral over other receivables which can be sold or repledged to a third party.

Accounting policies:
Related party and other receivables are considered for impairment under the expected credit loss model. Other receivables are written off when there is no reasonable prospect that the customer will pay. There were no impairments recognised.

for the year ended 30 June	Note	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
14 Tax (payable)/receivable					
Net amounts (receivable)/payable at beginning of year		**(248 522)**	(231 661)	**29 212**	34 495
Interest (receivable)/payable		**–**	(2 263)	**–**	299
Income tax per income statement	9	**621 989**	474 877	**602 491**	404 009
Foreign exchange differences recognised in income statement		**6 541**	–	**–**	–
Translation of foreign entity		**(25 489)**	(35 683)	**–**	–
		354 519	205 270	**631 703**	438 803
Net tax (payable)/receivable per statement of financial position		**(17 796)**	248 522	**(17 796)**	(29 212)
tax payable		**(17 796)**	(29 212)	**(17 796)**	(29 212)
tax receivable		**–**	277 734	**–**	–
Per the statement of cash flows		**336 723**	453 792	**613 907**	409 591
Comprising					
Normal tax					
South Africa		**317 225**	383 344	**613 907**	409 591
Foreign		**19 498**	70 448	**–**	–
		336 723	453 792	**613 907**	409 591

Contingent liability

As reported previously, SARS conducted an audit over a number of years on SFI which performs an offshore treasury function for Sasol. The audit culminated in the issue by SARS of revised tax assessments, based on the interpretation of the place of effective management of SFI. A contingent liability of R2,75 billion (including interest and penalties) is reported in respect of this matter as at 30 June 2023.

SARS dismissed Sasol's objection to the revised assessments and Sasol appealed this decision to the Tax Court. In parallel Sasol launched a review application in respect of certain elements of the revised assessments in respect of which the Tax Court does not have jurisdiction. Sasol also brought a review application against the SARS decision to register SFI as a South African taxpayer. SFI and SARS have agreed that the Tax Court related processes will be held in abeyance, pending the outcome of the judicial review applications. The two review applications were heard in the High Court on 16 and 17 November 2022.

On 1 August 2023, the High Court handed down its decision dismissing both SFI review applications. SFI has submitted an application for leave to appeal the matter to the Supreme Court of Appeal. As mentioned above, the review applications relate to the challenge by SFI of certain administrative decisions of SARS and the High Court decision does not directly affect the merits of the substantive dispute before the Tax Court, which remains in abeyance while the appeal in the review applications continues.

Areas of judgement

The group and company are involved in tax litigation and tax disputes with tax authorities in the normal course of business. A detailed assessment is performed regularly on each matter and a provision is recognised where appropriate. Although the outcome of these claims and disputes cannot be predicted with certainty, Sasol believes that open engagement and transparency will enable appropriate resolution thereof.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. This includes the significant tax losses incurred in Sasol Financing International Limited where we anticipate sufficient profits to be generated in future to utilise the deferred tax asset against.These losses do not expire.The provision of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities.

Accounting policies:

The income tax charge is determined based on net income before tax for the year and includes current tax, deferred tax and interest withholding tax.

Deferred tax is provided for using the liability method, on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for tax purposes and on any tax losses using enacted or substantively enacted tax rates at the reporting date that are expected to apply when the asset is realised or liability settled. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.
The provision of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when the related income taxes are levied by the same taxation authority, there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

Interest withholding tax is payable at rates ranging between 5% and 15.6% on interest received from certain countries outside of South Africa. This tax is collected by the company and paid to the tax authorities on behalf of the group and company. On recognition of the interest received, the interest withholding tax is recognised as part of the current tax charge in the Income statement in the period in which the interest is received.

		Group		Company	
		2023	2022	**2023**	2022
	for the year ended 30 June	**R '000**	R '000	**R '000**	R '000
15	**Investment in subsidiaries**				
	Reflected as non-current assets				
	Investments at cost				
	Balance at the beginning of the year	**–**	–	**–**	5 875 634
	Additional capital contributions	**–**	–	**5 110 626**	–
	Reversal of impairment of investment in subsidiaries	**–**	–	**422 088**	–
	Impairment of investment in subsidiaries	**–**	–	**–**	(5 875 634)
	Balance at end of year	**–**	–	**5 532 714**	–

Investments in subsidiaries are accounted for at cost less impairment losses.

The company made additional capital contributions of R5,1 billion in Sasol Financing International Limited (SFIL) during the financial year, in exchange of 2 additional shares in the subsidiary.

Interest in significant operating subsidiaries

The company's interest in the aggregate profits and losses of subsidiaries amounts to a profit of R2,6 billion (2022 - loss of R11,5 billion).

Reversal of Impairment

During the current financial year the company recognised a reversal of impairment amounting to R422 million (2022 - Rnil) relating to its investment in SFIL. As at 30 June 2023 SFIL was no longer technically insolvent due to additional capital contributions made by the company during the financial year and lower losses on hedging activities.

Impairment in prior period

In the prior financial year, the company recognised a total impairment amounting to R5,9 billion (2021 - Rnil) relating to its investments in SFIL of R0,4 billion and SFI of R5,5 billion respectively. The impairment in SFIL was triggered by the negative net asset value which arose as a result of significant losses in the prior year mainly attributable to the subsidiary's hedging activities. SFI is a dormant entity with its only asset being the 0,1% shareholding in SFIL, the significant decrease in the net asset value of SFIL triggered the impairment of this subsidiary. Further impairment reviews indicated that the recoverable amount of investments were negative at 30 June 2022, resulting in the recognition of the impairment in the previous financial year. Reasonably possible changes to key assumptions applied in the recoverable amount calculations will not result in a different outcome.

The following table presents each of the company's significant subsidiaries (including direct and indirect holdings), the nature of activities, the percentage of shares of each subsidiary owned and the country of incorporation at 30 June.

			Company			
			% of equity owned		Investment at cost[2]	
Name	Country of incorporation	Nature of activities	2023 %	2022 %	2023 R '000	2022 R '000
Significant operating subsidiaries						
Direct						
Sasol Financing International Limited	Republic of South Africa	Treasury management	**99,9**	99,9	**5 532 714**	422 088
Sasol Financing International Limited[1]	Isle of Man	Treasury management	**100**	100	**5 453 546**	5 453 546
Indirect						
Sasol Financing International Limited	Republic of South Africa	Treasury management	**0,1**	0,1	**–**	–

1 The subsidiary is registered in the Isle of Man and was dormant as at 30 June 2023.
2 Before impairment.

		Group		Company	
for the year ended 30 June	Note	2023 R '000	2022 R '000	2023 R '000	2022 R '000
16 Deferred tax asset/(liability)					
Reconciliation					
Balance at beginning of year		**5 617 458**	664 498	**54**	115
Current year charge		**(2 046 346)**	4 735 794	**762**	(59)
per the income statement	9	**(2 046 346)**	4 735 794	**762**	(59)
Tax rate change		**–**	(194 435)	**–**	(2)
Translation of foreign entity		**759 312**	411 601	**–**	–
Balance at end of year		**4 330 424**	5 617 458	**816**	54
Comprising					
Deferred tax assets		**4 402 566**	5 670 914	**1 201**	374
Deferred tax liabilities		**(72 142)**	(53 456)	**(385)**	(320)
		4 330 424	5 617 458	**816**	54

Deferred tax assets and liabilities are determined based on the tax status and rates of the company.The decrease in deferred tax assets relates mainly to the assessed losses on the fair value adjustment of the derivatives. We anticipate sufficient profits to be generated in future to utilise the deferred tax asset against. These south african tax losses do not expire.

for the year ended 30 June	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Deferred tax is attributable to the following temporary differences				
Net deferred tax assets:				
Financial liabilities	**326 938**	1 810 043	**322**	374
Expected credit loss on loans and receivables	**34 234**	21 897	**879**	–
Calculated tax losses	**3 918 843**	3 749 288	**–**	–
Foreign tax credits	**122 551**	88 384	**–**	–
Deferred income	**–**	1 302	**–**	–
	4 402 566	5 670 914	**1 201**	374
Net deferred tax liabilities:				
Other receivables	**(62 292)**	(53 456)	**(385)**	(320)
Long-term debt	**(9 850)**	–	**–**	–
	(72 142)	(53 456)	**(385)**	(320)

Deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the group and company's operations where, among other things, taxation losses can be carried forward indefinitely and there is evidence that it is probable that sufficient taxable profits will be available in the future to utilise all tax losses carried forward.

Deferred tax assets are not recognised for carry forward of unused tax losses when it cannot be demonstrated that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

for the year ended 30 June	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Calculated tax losses				
(before applying the applicable tax rate)				
Available for offset against future taxable income	**14 514 211**	13 886 254	**–**	–
Utilised against the deferred tax balance	**(14 514 211)**	(13 886 254)	**–**	–
	–	–	**–**	–

A portion of the estimated tax losses available may be subject to various statutory limitations as to its usage.

Areas of judgement
The group and company are involved in tax litigation and tax disputes with tax authorities in the normal course of business. A detailed assessment is performed regularly on each matter and a provision is recognised where appropriate. Although the outcome of these claims and disputes cannot be predicted with certainty, Sasol believes that open engagement and transparency will enable appropriate resolution thereof.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. This includes the significant tax losses incurred in Sasol Financing International Limited where we anticipate sufficient profits to be generated in future to utilise the deferred tax asset against. These losses do not expire. The provision of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities.

for the year ended 30 June	Group and Company 2023 R '000	Group and Company 2022 R '000
17 Share capital		
Issued share capital (as per statement of changes in equity)	**5 532 714**	422 088

	Group and Company	
	Number of shares	
	2023	2022
Authorised		
Ordinary no par value shares	**10 000**	10 000
Issued - no par value shares		
Ordinary shares in issue at beginning and end of year	**204**	202

The capital of the group and company are managed by its ultimate holding company, Sasol Limited, by means of an approved group funding policy, which determines each group entity's required rate of return. During the current year 2 no par value ordinary shares were issued to Sasol Limited in accordance with the recapitalisation strategy of SFIL. The share issue was performed in terms of a special resolution that was passed on 26 October 2022, with the share issue taking place over two transactions at a subscription price of R3,1 billion and R2,0 billion in November 2022 and June 2023 respectively.

Accounting policies:
Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs.

	Group		Company	
	2023	2022	**2023**	2022
for the year ended 30 June	**R '000**	R '000	**R '000**	R '000
18 Financial liabilities				
Derivative instruments	**1 113 798**	6 852 156	**368 262**	88 268
Foreign exchange contracts	**374 308**	110 359	**368 262**	88 268
Ethane Swaps	**160 125**	–	**–**	–
Crude oil zero cost collars	**–**	6 175 840	**–**	–
Foreign exchange zero cost collars	**579 365**	453 889	**–**	–
Coal swaps	**–**	112 068	**–**	–
Non-derivative instruments	**6 088**	31 471	**1 193**	1 386
Balance at beginning of year	**31 471**	263 556	**1 386**	1 579
Financial guarantees recognised	**11 837**	98 972	**–**	–
Add: expected credit loss adjustment on guarantee liabilities	**(1 813)**	(58 331)	**–**	–
Less: amortisation of financial guarantees	**(39 847)**	(248 754)	**(193)**	(193)
Less: translation gains	**1 402**	(2 323)	**–**	–
Translation of foreign entity	**3 038**	(21 649)	**–**	–
	1 119 886	6 883 627	**369 455**	89 654

Derivative instruments are all short-term in nature and include the revaluation of out-of-the-money derivative instruments, refer to note 28.

Fair value of derivative financial instruments

The fair value of derivative instruments was based upon market valuations. This is considered to be a level 2 fair value measurement in terms of the IFRS 13 fair value hierarchy.

	Group		Company	
	2023	2022	**2023**	2022
	R '000	R '000	**R '000**	R '000
Fair value of financial guarantees	**6 088**	31 471	**1 193**	1 386

Fair value of financial guarantees

Initial fair value is calculated by reference to either the premium received or the expected loss model where three factors are considered: The notional amount of the guarantee, the probability of default and the loss given default. A premium of the weighted average cost of capital is then applied to determine the minimum level of return required.

Subsequent to initial recognition, financial guarantees are measured at the higher of the:

- amount initially recognised less cumulative adjustments relating to amortisation; and
- expected credit loss.

for the year ended 30 June	2023 Maximum exposure R '000	2023 Liability included in statement of financial position R '000	2022 Maximum exposure R '000	2022 Liability included in statement of financial position R '000
Sasol Financing Limited				
Financial guarantees	**497 689**	**1 193**	497 689	1 386
FirstRand Bank Limited[1]	**497 689**	**1 193**	497 689	1 386
Contingent financial guarantees	**797 336**	**–**	826 206	–
Boardwalk Louisiana Midstream LLC[2]	**797 336**	**–**	814 698	–
Eskom Holdings SOC Ltd[3]	**–**	**–**	11 508	–
Total guarantees	**1 295 025**	**1 193**	1 323 895	1 386

1 Guarantees issued to FirstRand Bank Limited, to facilitate the issuance of a guarantee by FirstRand Bank Limited on behalf of Sasol Mining (Pty) Ltd in respect of the mine rehabilitation obligation of Sasol Mining (Pty) Ltd to the Department of Mineral Resources.
2 Guarantee issued in favour of Boardwalk Louisiana Midstream LLC enabling Sasol Chemicals (USA) LLC to satisfy its obligations under the Ethane Storage Agreement and and the Ethylene Storage Agreement.
3 Guarantee issued in favour of Eskom for contestable works relating to integration of Oxygen Train 17 into Eskom's network. This guarantee expired on 20 December 2022.

for the year ended 30 June	2023 Maximum exposure R '000	2023 Liability included in statement of financial position R '000	2022 Maximum exposure R '000	2022 Liability included in statement of financial position R '000
Sasol Financing International Limited				
Financial guarantees	**2 977 379**	**4 895**	2 580 887	30 085
UniCredit S.p.A[1]	**107 522**	**244**	133 736	391
Various oil suppliers[2]	**1 883 380**	**3 050**	1 627 950	19 894
Intesa Sanpaolo S.p.A.[3]	**986 477**	**1 601**	819 201	9 800
Contingent financial guarantees	**2 098 066**	**–**	3 310 469	–
Companhia Mocambicana De Hidrocarbonetos S.A and International Finance Corporation (GSA 1)[4]	**407 959**	**–**	352 630	–
Sasol Petroleum Temane Limitada (GSA 1)[4]	**951 917**	**–**	822 815	–
Companhia Mocambicana De Hidrocarbonetos S.A and International Finance Corporation (GSA 2)[4]	**91 796**	**–**	79 330	–
Sasol Petroleum Temane Limitada (GSA 2)[4]	**214 159**	**–**	185 114	–
Sasol Gas (Pty) Ltd (GSA 1)[4]	**317 312**	**–**	274 277	–
Sasol Gas (Pty) Ltd (GSA 2)[4]	**71 380**	**–**	61 699	–
Central Termica De Ressano Garcia S.A (GSA 3)[5]	**33 260**	**–**	28 750	–
Huntsman International Trading Deutschland GmbH[6]	**10 283**	**–**	1 505 854	–
Total guarantees	**5 075 445**	**4 895**	5 891 356	30 085
Sasol Financing Group	**6 370 470**	**6 088**	7 215 251	31 471

1 Guarantee issued for obligations generated by the credit line.
2 Guarantee issued for the obligations arising from the purchase of crude oil.
3 Guarantee issued for the obligations arising from the credit facilities granted.
4 Guarantees provided in terms of the gas sales agreement between Sasol Petroleum Temane Limitada and Sasol Gas (Pty) Ltd.
5 Guarantees provided in terms of the gas sales agreement between Sasol Petroleum Temane Limitada and Central Termica De Ressano Garcia S.A.
6 Guarantee issued for breach of representations and warranties or indemnities or the non-compete covenant under the Share and Interest Purchase Agreement. The remaining exposure relates to a tax matter amounting to R10 million (€ 500 000).

Accounting policies:

Financial liabilities are recognised on the transaction date when the group and company become a party to a contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expired.

Financial liabilities are stated initially on the transaction date at fair value including transaction costs. Subsequently, they are stated at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented when the group and company have a current legal enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

	Group		Company	
	2023	2022	**2023**	2022
for the year ended 30 June	**R '000**	R '000	**R '000**	R '000
19 External debt				
Interest bearing				
Long-term debt	**7 433 811**	–	**2 066 000**	–
Short-term portion of long-term debt	**49 770**	18 553 036	**40 355**	2 193 190
	7 483 581	18 553 036	**2 106 355**	2 193 190
Analysis of debt				
At amortised cost				
Unsecured debt	**7 520 024**	18 568 332	**2 106 355**	2 193 190
Unamortised loan costs	**(36 443)**	(15 296)	**–**	–
	7 483 581	18 553 036	**2 106 355**	2 193 190
Reconciliation				
Balance at beginning of year	**18 553 036**	21 444 297	**2 193 190**	2 190 830
Loans raised	**51 798 060**	–	**2 066 000**	–
Loans repaid	**(64 616 653)**	(5 201 820)	**(2 176 000)**	–
Gain on derecognition of financial liability	**–**	(49 582)	**–**	–
Accrued interest paid	**(121 612)**	(110 020)	**(17 190)**	(14 830)
Interest accrued	**49 286**	106 571	**40 355**	17 190
Amortisation of loan costs	**17 130**	26 690	**–**	–
Translation of foreign entity	**1 804 334**	2 336 900	**–**	–
Balance at end of year	**7 483 581**	18 553 036	**2 106 355**	2 193 190
Maturity profile				
Within one year	**49 770**	18 553 036	**40 355**	2 193 190
One to five years	**7 433 811**	–	**2 066 000**	–
	7 483 581	18 553 036	**2 106 355**	2 193 190

Financial Covenants

The group and company are in compliance with all of the financial covenants per their loan agreements, none of which is expected to present a material restriction on funding or their investment policy in the near future. The group and company have sufficient undrawn borrowing facilities, which could be utilised to settle obligations.

The net debt to EBITDA (bank definition) of the Sasol Limited Group at 30 June 2023 was 1,2 times (2022 – 0,8 times), significantly below the covenant threshold level of 3 times.

Borrowing powers

The Memorandum of Incorporation does not limit the borrowing powers of the company.

	Terms of repayment	Security	Currency	Interest rate at 30 June 2023	2023 R '000	2022 R '000
Unsecured debt						
US Bond[1]	On maturity (14 November 2022)	n/a	USD	**Fixed 4,50%**	**–**	16 359 846
Domestic Medium Term Note (DMTN)[2]	On maturity (17 October 2025 and 17 October 2027)	n/a	ZAR	**3 months Jibar + 1,44% / 1,59%**	**2 106 355**	2 193 190
US Dollar Term loan[3]	Interest paid monthly, principal at maturity date (April 2028)	n/a	USD	**SOFR+Credit Adj+1,8%**	**5 377 226**	–
Total unsecured debt					**7 483 581**	18 553 036

1 During the year the company repaid the US$1 billion bond in November 2022.

2 In October 2022 Sasol Financing Limited issued its paper to the value of R2 066 million in the local debt market under the new R15 billion DMTN programme. The previous DMTN has been fully repaid.

3 In April 2023 Sasol Financing International Limited obtained a term loan of R5 404 million (US$R287 million).

30 June 2023	Expiry date	Currency	Contract amount R'000	Total Rand equivalent R'000	Utilised facilities R'000	Available facilities R'000
Banking facilities and debt arrangements						
Group treasury facilities						
Commercial paper (uncommitted)[1]	None	Rand	**15 000 000**	**15 000 000**	**2 066 000**	**12 934 000**
Commercial banking facilities	None	Rand	**8 150 000**	**8 150 000**	**–**	**8 150 000**
Revolving credit facility[2]	April 2028	US dollar	**1 987 000**	**37 422 761**	**–**	**37 422 761**
Debt arrangements						
US Dollar term loan[3]	April 2028	US dollar	**286 944**	**5 404 246**	**5 404 246**	**–**

1 On 17 October 2022, the company concluded and allocated two tranches to the value of R2 066 million in the local debt market under the new R15 billion DMTN programme.

2 In April 2023 Sasol Financing International Limited and Sasol Financing USA LLC obtained a RCF of US$1 987 million, both entities have unconditional access to this facility.

3 In April 2023 Sasol Financing International Limited obtained a term loan of R5 404 million (US$R287 million).

Accounting policies:

Debt, which constitutes a financial liability, includes short-term and long-term debt. Debt is initially recognised at fair value, net of transaction costs incurred and is subsequently stated at amortised cost. Debt is classified as short-term unless the borrowing entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Debt is derecognised when the obligation in the contract is discharged, cancelled or has expired. Premiums or discounts arising from the difference between the fair value of debt raised and the amount repayable at maturity date are charged to the income statement as finance expenses based on the effective interest method.

An exchange between the company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss.

for the year ended 30 June	Note	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
20 Other payables					
Related party payables	24	**436 450**	77 447	**420 121**	68 791
Other payables*		**506 063**	6 613 304	**4 450**	10 110
		942 513	6 690 751	**424 571**	78 901
Value added tax		**373**	–	**373**	–
		942 886	6 690 751	**424 944**	78 901

* Other payables in the group include payables of R420 million (2022: R6 541 million) relating to derivatives that matured out of the money.

Fair value of trade and other payables

The carrying value approximates fair value because of the short period to settlement of these obligations. This is considered a level 3 fair value measurement.

Accounting policies:
Other payables are initially recognised at fair value and subsequently stated at amortised cost.

for the year ended 30 June	Note	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
21 Cash generated by operating activities					
Cash flow from operations	22	**2 657 649**	(18 026 855)	**(1 079 038)**	(362 580)
Decrease in working capital	23	**7 994 420**	32 531 219	**1 100 576**	12 499 212
		10 652 069	14 504 364	**21 538**	12 136 632

for the year ended 30 June	Note	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
22 Cash flow from operations					
Profit/(loss) before tax		**6 907 914**	(14 495 957)	**2 624 601**	(4 415 017)
Adjusted for					
expected credit loss on loans and receivables	6	**(22 957)**	(689 552)	**26 589**	(18 695)
remeasurement items	8	**–**	–	**(422 088)**	5 875 634
interest accrued on tax receivable		**–**	(2 556)	**–**	–
interest accrued on tax payable		**–**	299	**–**	299
finance income	2	**(6 490 427)**	(3 507 226)	**(3 653 059)**	(2 220 100)
finance costs	3	**3 934 593**	2 082 388	**1 959 572**	1 030 841
interest accrued on debt	19	**(72 326)**	(3 449)	**23 165**	2 360
gain on derecognition of financial liability	19	**–**	(49 582)	**–**	–
accrued finance charges	3	**72 553**	(54 770)	**–**	–
notional interest received	2	**(39 847)**	(248 754)	**(193)**	(193)
notional interest paid	3	**11 837**	59 609	**–**	–
expected credit loss adjustment on guarantee liabilities	3	**(1 813)**	(58 831)	**–**	–
translation (gains)/losses on guarantee liabilities	18	**1 402**	(2 323)	**–**	–
amortisation of loan costs	3	**17 130**	26 690	**–**	–
unamortised loan costs		**(34 392)**	–	**–**	–
translation effects		**(1 626 960)**	(1 082 271)	**(1 637 625)**	(617 704)
other non-cash movements		**942**	(570)	**–**	(5)
		2 657 649	(18 026 855)	**(1 079 038)**	(362 580)

	Group		Company	
	2023	2022	**2023**	2022
	R '000	R '000	**R '000**	R '000
23 Decease in working capital				
(Increase)/decrease in other receivables				
Per the statement of financial position	**(94 293)**	57 523	**(93 563)**	32 859
Expected credit loss - income statement	**(17)**	–	**(17)**	35
Translation of foreign entity	**238**	105 631	**–**	–
	(94 072)	163 154	**(93 580)**	32 894
(Increase)/decrease in other assets and prepaid expenses				
Per the statement of financial position	**(38 380)**	46 306	**(240)**	(18)
Prepaid finance charges	**(216 379)**	–	**–**	–
Accelaration of finance charges	**136 130**	–	**–**	–
Translation of foreign entity	**30 483**	28 136	**–**	–
	(88 146)	74 442	**(240)**	(18)
(Decrease)/increase in other payables				
Per the statement of financial position	**(5 747 871)**	5 805 926	**346 043**	(159 069)
Accrued finance charges	**(72 553)**	54 777	**–**	–
Translation of foreign entity	**(2 023 844)**	(1 118 011)	**–**	–
	(7 844 268)	4 742 692	**346 043**	(159 069)
(Increase)/decrease in financial assets				
Per the statement of financial position	**(302 929)**	1 269 083	**(62 752)**	9 379
Translation of foreign entity	**26 993**	94 783	**–**	–
	(275 936)	1 363 866	**(62 752)**	9 379
(Decrease)/increase in financial liabilities				
Per the statement of financial position	**(5 763 741)**	4 232 141	**279 801**	65 874
Notional interest paid	**(11 837)**	(59 609)	**–**	–
Notional interest received	**39 847**	248 754	**193**	193
Expected credit loss adjustment on guarantee liabilities	**1 813**	58 831	**–**	–
Translation (gains)/losses on guarantee liabilities	**(1 402)**	2 323	**–**	–
Translation of foreign entity	**(665 652)**	(638 872)	**–**	–
	(6 400 972)	3 843 568	**279 994**	66 067
Decrease/(increase) in loans to Sasol group companies				
Per the statement of financial position	**6 625 623**	(638 698)	**(7 060 373)**	(758 031)
Expected credit loss - income statement	**22 974**	689 552	**(26 572)**	18 660
Translation effect of foreign currency loans	**1 660 218**	1 081 541	**1 637 625**	617 704
Translation of foreign entity	**5 764 231**	4 974 030	**–**	–
	14 073 046	6 106 425	**(5 449 320)**	(121 667)
Increase/(decrease) in loans and deposits by Sasol group companies				
Per the statement of financial position	**12 114 621**	18 559 990	**6 080 431**	12 671 626
Translation effect of foreign currency loans	**30 571**	730	**–**	–
Translation of foreign entity	**(3 520 424)**	(2 323 648)	**–**	–
	8 624 768	16 237 072	**6 080 431**	12 671 626
Decrease in working capital	**7 994 420**	32 531 219	**1 100 576**	12 499 212

24 Related party transactions

During the year the group and company, in the ordinary course of business, entered into various treasury related transactions with its holding company, fellow subsidiaries, subsidiaries, special purpose entities, joint operations and joint ventures. The effect of these transactions is included in the financial performance and results of the group and company. Terms and conditions are determined on an arm's length basis. Amounts owing to / by related parties are disclosed in the respective notes to the financial statements for those statement of financial position items.

Material related party transactions

The following table shows the material transactions that are included in the financial statements.

	Group		Company	
	2023	2022	2023	2022
for the year ended 30 June	R '000	R '000	R '000	R '000
Services rendered by related parties included in operating expenses				
fellow subsidiaries				
Sasol South Africa Limited	**20 398**	17 995	**13 006**	11 711
Other income statement items from related parties				
Finance expenses				
holding company				
Sasol Limited	**110 664**	1 698	**–**	–
fellow subsidiaries	**2 215 819**	901 127	**1 751 923**	853 909
Sasol South Africa Limited	**1 042 767**	463 773	**1 040 169**	463 598
Sasol Oil (Pty) Ltd	**186 590**	33 748	**177 238**	33 357
Sasol Mining (Pty) Ltd	**200 478**	141 010	**200 478**	141 010
Sasol Gas (Pty) Ltd	**253 604**	178 821	**253 604**	178 821
Sasol Technology (Pty) Ltd	**1 861**	–	**1 861**	–
Sasol Middle East and India (Pty) Ltd	**53 172**	4 888	**1 675**	–
Sasol Investment Company (Pty) Ltd	**5 179**	10 817	**396**	10 415
Sasol Holdings USA (Pty) Ltd	**974**	529	**974**	529
Sasol New Energy Holdings (Pty) Ltd	**5 009**	3 004	**5 009**	3 004
Sasol Holdings Asia Pacific (Pty) Ltd	**2 395**	855	**–**	–
Sasol Wax International GMBH	**34 434**	–	**–**	–
Sasol Africa (Pty) Ltd	**80 894**	22 516	**65 434**	19 991
Sasol Mining Holdings (Pty) Ltd	**4 579**	1 904	**4 579**	1 904
Sasol Petroleum Temane Limitada	**152 051**	8 587	**–**	–
Sasol Petroleum Mozambique Limitada	**21 801**	47	**–**	–
Sasol Chemie GmbH & Co. KG	**15 453**	–	**–**	–
Sasol Performance Chemicals GmbH	**10 819**	–	**–**	–
Sasol European Holdings Limited	**5 576**	439	**–**	–
Sasol Chemicals Pacific Ltd	**9 913**	530	**–**	–
Sasol Petroleum Mozambique Exploration	**2 169**	44	**–**	–
Sasol International Insurance DAC	**58 746**	24 181	**–**	–
Sasol USA Corporation	**6 184**	1 016	**–**	–
Sasol Financing (USA) LLC	**6 106**	10	**–**	–
Sasol UK Limited	**15 422**	1 241	**–**	–
Inter Chem Terminal FZCO	**1 987**	114	**–**	–
Sasol Middle East FZCO	**7 039**	156	**–**	–
Sasol Gabon S.A.	**28 380**	1 773	**–**	–
Other*	**2 237**	1 124	**506**	1 280
joint ventures and associates				
Sasol Dyno Nobel (Pty) Ltd	**6 294**	5 021	**6 294**	5 021
ROMPCO (Pty) Ltd	**45 505**	27 637	**45 505**	27 637
special purpose entities				
Sasol Foundation Trust	**6 695**	624	**6 695**	624
	2 384 977	936 107	**1 810 417**	887 191

* Other comprise of balances less than R1 million in current and prior year.

for the year ended 30 June	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Finance income				
fellow subsidiaries	**4 679 640**	2 582 192	**1 624 299**	1 410 211
Sasol South Africa Limited	**1 482 828**	1 288 384	**1 482 828**	1 288 383
Sasol Chemicals (USA) LLC	**2 175 483**	725 261	**2 477**	1 388
Sasol Mining (Pty) Ltd	**5 037**	49 926	**5 037**	49 926
Sasol Oil (Pty) Ltd	**125 778**	68 242	**123 535**	66 630
Sasol Investment Company (Pty) Ltd	**743 063**	373 707	**–**	–
Sasol Financing USA LLC	**–**	9 282	**–**	–
Sasol Italy S.p.A	**132 263**	50 403	**–**	–
Sasol (China) Chemical Co. Ltd	**–**	6 549	**–**	–
Sasol Gas (Pty) Ltd	**6 180**	4 982	**2 489**	167
Sasol Petroleum Temane Limitada	**1 075**	1 382	**–**	–
Sasol Middle East and India (Pty) Ltd	**7 843**	3 712	**7 843**	3 712
Other*	**90**	362	**90**	5
joint ventures / operations	**–**	106 979	**–**	30
Central Termica de Ressano Garcia S.A.	**–**	106 949	**–**	–
Other*	**–**	30	**–**	30
subsidiary				
Sasol Financing International Limited	**–**	–	**413 405**	9 847
	4 679 640	2 689 171	**2 037 704**	1 420 088

* Other comprise of balances less than R1 million.

for the year ended 30 June	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Amounts reflected as assets				
Long-term loans to Sasol group companies				
fellow subsidiaries	**42 224 002**	48 705 278	**6 904 276**	9 958 989
Sasol Chemicals (USA) LLC	**19 738 122**	25 584 107	**–**	–
Sasol South Africa Limited	**6 904 276**	9 958 989	**6 904 276**	9 958 989
Sasol Investment Company (Pty) Ltd	**13 710 453**	11 619 128	**–**	–
Sasol Italy S.p.A	**1 871 151**	1 542 013	**–**	–
Sasol (China) Chemical Co. Ltd	**–**	1 041	**–**	–
	42 224 002	48 705 278	**6 904 276**	9 958 989
Expected credit loss	**(385 699)**	(359 128)	**(20 022)**	(26 391)
	41 838 303	48 346 150	**6 884 254**	9 932 598
Short-term portion of long-term receivables				
fellow subsidiaries	**(3 331 703)**	(3 240 376)	**(2 835 303)**	(3 054 713)
Sasol South Africa Limited	**(2 835 303)**	(3 054 713)	**(2 835 303)**	(3 054 713)
Sasol Investment Company (Pty) Ltd	**(474 879)**	(178 604)	**–**	–
Sasol Italy S.P.A	**(21 521)**	(6 018)	**–**	–
Sasol (China) Chemical Co. Ltd	**–**	(1 041)	**–**	–
	38 506 600	45 105 774	**4 048 951**	6 877 885

	Group		Company	
for the year ended 30 June	**2023 R '000**	2022 R '000	**2023 R '000**	2022 R '000
Short-term loans to Sasol group companies				
fellow subsidiaries	**9 037 884**	9 153 463	**7 470 643**	7 691 483
Sasol South Africa Limited	**7 445 218**	5 902 776	**7 445 218**	5 902 775
Sasol Italy S.p.A	**1 567 241**	1 461 978	**–**	–
Sasol Oil (Pty) Ltd	**–**	1 666 977	**–**	1 666 976
Sasol Middle East and India (Pty) Ltd	**25 425**	121 732	**25 425**	121 732
subsidiary				
Sasol Financing International Limited	**–**	–	**15 797 236**	5 434 738
	9 037 884	9 153 463	**23 267 879**	13 126 221
Expected credit loss	**(26 131)**	(23 935)	**(67 403)**	(34 462)
Short-term portion of long-term receivables	**3 331 703**	3 240 376	**2 835 303**	3 054 713
	12 343 456	12 369 904	**26 035 779**	16 146 472

	Group		Company	
for the year ended 30 June	**2023 R '000**	2022 R '000	**2023 R '000**	2022 R '000
Other receivables				
fellow subsidiaries	**19 307**	2 646	**17 246**	1 315
Sasol Gas (Pty) Ltd	**2 862**	–	**2 862**	–
Sasol Italy S.p.A	**1 503**	1 331	**–**	–
Sasol Financing (USA) LLC	**13 089**	–	**13 089**	–
Sasol Chemicals (USA) LLC	**1 189**	1 221	**1 189**	1 221
Other*	**664**	94	**106**	94
joint ventures and associates				
Sasol Dyno Nobel (Pty) Ltd	**30**	–	**30**	–
	19 337	2 646	**17 276**	1 315
Expected credit loss	**(17)**	–	**(17)**	–
	19 320	2 646	**17 259**	1 315

* Other comprise of balances less than R1 million.

	Group		Company	
for the year ended 30 June	**2023 R '000**	2022 R '000	**2023 R '000**	2022 R '000
Amounts reflected as liabilities				
Short-term portion of long-term loan from Sasol group company				
fellow subsidiaries				
Sasol International Insurance DAC	**–**	1 872 143	**–**	–
	–	1 872 143	**–**	–

for the year ended 30 June	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Deposits by Sasol group companies				
holding company				
Sasol Limited	**13 854 266**	2 942 369	**9 040 605**	1 998 235
fellow subsidiaries	**51 411 333**	47 817 287	**28 709 231**	29 151 991
Sasol South Africa Limited	**17 840 668**	19 873 754	**17 698 502**	19 757 496
Sasol Oil (Pty) Ltd	**6 079 922**	165 215	**5 199 738**	–
Sasol Mining (Pty) Ltd	**2 732 830**	4 404 515	**2 732 830**	4 404 515
Sasol Gas (Pty) Ltd	**2 759 288**	4 315 450	**2 759 288**	4 315 450
Sasol Technology (Pty) Ltd	**33 762**	24 100	**33 762**	24 100
Sasol Middle East and India (Pty) Ltd	**2 358 171**	3 587 343	**–**	–
Sasol Investment Company (Pty) Ltd	**431 199**	395 059	**6 101**	5 705
Sasol Holdings USA (Pty) Ltd	**15 014**	14 040	**15 014**	14 040
Sasol New Energy (Pty) Ltd	**184 920**	973 104	**70 658**	78 550
Sasol Holdings Asia Pacific (Pty) Ltd	**26 456**	46 767	**1 527**	2 542
Sasol Mining Holdings (Pty) Ltd	**29 275**	24 256	**29 275**	24 256
Sasol Venture Capital (Pty) Ltd	**7 746**	–	**7 746**	–
Sasol Africa (Pty) Ltd	**350 396**	1 214 312	**154 790**	525 337
Sasol Performance Chemicals GmbH	**1 891 916**	2 245 142	**–**	–
Sasol Petroleum Temane Limitada	**6 437 100**	3 555 803	**–**	–
Sasol Wax International AG	**2 691 209**	2 613 555	**–**	–
Sasol Financing (USA) LLC	**671**	6 383	**–**	–
Sasol USA Corporation	**11 159**	410 970	**–**	–
Sasol UK Limited	**896 617**	758 953	**–**	–
Sasol Petroleum Mozambique Limitada	**1 525 666**	404 474	**–**	–
Sasol Gabon S.A	**1 040 899**	913 157	**–**	–
Sasol Chemie GmbH & Co. KG	**1 594 257**	1 053 762	**–**	–
Sasol Chemicals Pacific Limited	**409 817**	296 999	**–**	–
Sasol European Holdings Limited	**179 789**	219 749	**–**	–
Inter Chem Terminal FZCO	**52 334**	59 258	**–**	–
Sasol Petroleum International Holdings Limited	**27 400**	13 898	**–**	–
Sasol Chemical Holdings GmbH & Co KG	**822**	674	**–**	–
Sasol Holdings (Netherlands) BV	**63 185**	51 846	**–**	–
Sasol Middle East FZCO	**309 739**	128 828	**–**	–
Sasol Chemicals North America LLC	**1 321 454**	2 355	**–**	–
Sasol Australasia (Pty) Ltd	**1 727**	1 769	**–**	–
Sasol Petroleum Australia Ltd	**20 040**	17 183	**–**	–
Sasol Petroleum Mozambique Exploration Limitada	**85 805**	23 060	**–**	–
Other*	**80**	1 554	**–**	–
joint ventures and associates				
Sasol Dyno Nobel (Pty) Ltd	**60 014**	78 010	**60 014**	78 010
ROMPCO (Pty) Ltd	**–**	599 649	**–**	599 649
special purpose entities				
Sasol Foundation Trust	**114 199**	15 733	**114 199**	15 733
	65 439 812	51 453 048	**37 924 049**	31 843 618

* Other comprise of balances less than R1 million in the current and prior year.

for the year ended 30 June	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Other payables				
holding company				
Sasol Limited	**1**	4 533	**1**	–
fellow subsidiaries	**436 449**	68 723	**420 120**	68 723
Sasol South Africa Limited	**289 642**	68 723	**288 283**	68 723
Sasol Middle East and India (Pty) Ltd	**131 837**	–	**131 837**	–
Sasol Financing USA LLC	**14 970**	–	**–**	–
	436 450	73 256	**420 121**	68 723
Deferred income				
fellow subsidiaries	**–**	4 191	**–**	–
Sasol Gas (Pty) Ltd	**–**	3 284	**–**	–
Sasol Petroleum Temane Limitada	**–**	907	**–**	–
	436 450	77 447	**420 121**	68 723

for the year ended 30 June	Remuneration[1] R '000	Gains on exercise/vesting of long-term incentives[2] R '000	Total R '000
2023			
Sasol Financing Limited			
Directors – other services			
Ms B Baijnath[3]	6 517	4 774	**11 291**
Mr BV Griffith[3,5]	18 833	7 169	**26 002**
Mr FC Meyer[3]	6 343	4 700	**11 043**
Mr VD Kahla[3]	13 133	14 681	**27 814**
Total directors remuneration	44 826	31 324	**76 150**
Prescribed officer			
Mr HA Rossouw*[,4]	13 397	–	**13 397**
Prescribed officer remuneration	13 397	–	**13 397**
2022			
Sasol Financing Limited			
Directors – other services			
Ms B Baijnath[3]	7 037	4 094	**11 131**
Mr BV Griffith[3,5]	16 504	11 940	**28 444**
Mr FC Meyer[3]	6 835	5 256	**12 091**
Mr VD Kahla[3]	13 576	9 399	**22 975**
Total directors remuneration	43 952	30 689	**74 641**
Prescribed officer			
Mr P Victor[4]	18 313	–	**18 313**
Prescribed officer remuneration	18 313	–	**18 313**

* Chief Financial Officer of Sasol Limited, thus regarded as prescribed officer.

1 Remuneration includes salary plus short term incentives awarded in FY23, and payable in FY24, as applicable.

2 Long-term incentives for 2023 represent the annual award made on 4 December 2020 and Mr Kahla's on-appointment award, in terms of his appointment as an executive director, made on 6 October 2020. The illustrative amount is calculated in terms of the number of LTIs x Corporate performance target achieved where relevant (67,34%) x June 2023 average share price. The vesting date is during FY24, 3 years after the award date in FY21, subject to the company being in an open period. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTIs vest. 50% of the vested LTIs and accrued dividends will be released on 4 December 2023 and the balance on 4 December 2025, subject to the rules of the LTI plan. As there are no further performance conditions attached to the balance of the 50%, the full amount is disclosed.

3 Permanent employee within the Sasol Group, hence full remuneration is disclosed.

4 Mr Rossouw was appointed effective 1 July 2022. Mr P Victor resigned as prescibed officer effective 30 June 2022.

5 Mr Griffith is appointed in the USA. Dollar denominated salary and benefits have been converted to ZAR using the monthly average of daily closing exchange rates. ZAR/USD depreciation contributes to increase in year-on-year totals.

All directors and the prescribed officer are permanent employees within the Sasol Group, hence full remuneration is disclosed.

Key management personnel comprises the board of directors and the executive committee of the company. The remuneration of the board of directors have been disclosed separately and has been excluded from key management compensation.

Amounts due to and from related parties are included in the respective notes to the financial statements for those statement of financial position items.

Included in the above amounts are a number of transactions with related parties which are individually insignificant.

25 Subsequent events

On 5 October 2023, the company announced that it had concluded and allocated two tranches to the value of R2,4 billion in the local debt market under the R15 billion Domestic Medium-Term Note Programme, at 142 and 155 basis points above 3 month Jibar, repayable in October 2026 and October 2028 respectively.

Sasol Financing International / SARS

Refer to note 14 for events that occurred subsequent to 30 June 2023 on the SFI tax matter.

26 Ultimate holding company

The ultimate holding company of Sasol Financing Limited is Sasol Limited, incorporated and domiciled in South Africa.

27 Going concern

Introduction

In determining the appropriate basis of preparation of the annual financial statements, the Directors are required to consider whether the Sasol Financing Group (Group) and Sasol Financing Limited (Company) can continue in operational existence for the foreseeable future.

Financial performance during the year

The financial performance of the Group and Company reflects a profit for the year of R4 239 million (2022: R10 429 million loss) and a profit of R2 023 million (2022: R4 819 million loss), respectively. The increased profitability in the current year is mainly attributable to the increase in revenue and net gain on hedging activities compared to losses on hedging activities in the previous year. These hedging activities are performed on behalf of the Sasol Limited Group. Included in the 2022 company results was a R5,9 billion impairment on investments in subsidiaries, in the current financial year a reversal of R422 million was recognised on the investment in SFIL.

Solvency and Liquidity

Solvency

The asset base of the Group and Company comprises mainly cash and cash equivalents, financial assets and loans to Sasol group companies. At 30 June 2023 the Group's and Company's assets indicate that their fair values, after accounting for expected credit losses and impairments, exceed the fair values of liabilities.

As such, the Board is of the view that given the headroom in the fair value of the assets over the fair value of the liabilities (including contingent liabilities), the Group and Company is solvent as at 30 June 2023 and at the date of this report.

Liquidity management

At 30 June 2023, the Group and Company had cash and cash equivalents of R37 971 million (30 June 2022: R31 693 million) and R26 296 million (30 June 2022: R25 305 million), respectively. The Group and Company also had available facilities of R58,5 billion (30 June 2022: R60,3 billion). Increased cash generation, through delivery of the Sasol Group's self-help measures and asset disposals contributed to balance sheet deleveraging and compliance with debt covenant levels at 30 June 2023.

Conclusion

Based on the above, the Directors are therefore of the opinion that the going concern assumption is appropriate in the preparation of the consolidated and separate financial statements.

28 Financial risk management and financial instruments

Financial instruments overview

The following table summarises the company's classification of financial instruments.

	Note	Group – Carrying value – At fair value through profit and loss R'000	Group – Carrying value – Amortised cost R'000	Group – Fair value R'000	Company – Carrying value – At fair value through profit and loss R'000	Company – Carrying value – Amortised cost R'000	Company – Fair value R'000
2023							
Financial assets							
Loans to Sasol group companies**	12	–	**50 850 056**	**50 850 056**	–	**30 084 730**	**30 084 730**
Other receivables*	13	–	**185 820**	**185 820**	–	**183 759**	**183 759**
Financial assets	11	**462 279**	–	**462 279**	**131 087**	–	**131 087**
Cash and cash equivalents*	10	–	**37 971 001**	**37 971 001**	–	**26 296 531**	**26 296 531**
Financial liabilities							
Listed external debt (Bonds issued)	19	–	**2 106 355**	**2 079 210**	–	**2 106 355**	**2 079 210**
Unlisted external debt (US Term loan)**	19	–	**5 377 226**	**5 377 226**	–	–	–
Loans and deposits by Sasol group companies**	12	–	**65 439 812**	**65 439 812**	–	**37 924 049**	**37 924 049**
Financial liabilities	18	**1 113 798**	**6 088**	**1 119 886**	**368 262**	**1 193**	**369 455**
Other payables*	20	–	**942 513**	**942 513**	–	**424 571**	**424 571**

	Note	Group – Carrying value – At fair value through profit and loss R'000	Group – Carrying value – Amortised cost R'000	Group – Fair value R'000	Company – Carrying value – At fair value through profit and loss R'000	Company – Carrying value – Amortised cost R'000	Company – Fair value R'000
2022							
Financial assets							
Loans to Sasol group companies**	12	–	57 475 678	57 475 678	–	23 024 357	23 024 357
Other receivables*	13	–	91 527	91 527	–	90 196	90 196
Financial assets	11	159 350	–	159 350	68 335	–	68 335
Cash and cash equivalents*	10	–	31 693 490	31 693 490	–	25 305 413	25 305 413
Financial liabilities							
Listed external debt (Bonds issued)	19	–	18 553 036	18 412 140	–	2 193 190	2 193 190
Loans and deposits by Sasol group companies**	12	–	53 325 191	53 325 191	–	31 843 618	31 843 618
Financial liabilities	18	6 852 156	31 471	6 883 627	88 268	1 386	89 654
Other payables*	20	–	6 690 751	6 690 751	–	78 901	78 901

* The fair value of these instruments approximates carrying value due to their short-term nature.

** The fair value of these instruments approximates carrying value due to market related interest rates being charged on these loans.

28.1 Financial risk management

The Sasol group is exposed in varying degrees to a number of financial instrument related risks. The Group Executive Committee (GEC) has the overall responsibility for the establishment and oversight of the group's risk management framework. The GEC established the risk and safety, health and environment committee, which is responsible for providing the board with the assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels. A comprehensive risk management process has been developed to continuously monitor and control these risks. Based on the risk management process Sasol refined its hedging policy and the Board appointed a subcommittee, the Audit Committee that meets regularly to review and, if appropriate, approve the implementation of hedging strategies for the effective management of financial market related risks. The Sasol group has a central treasury function that manages the financial risks relating to the group's operations. Sasol Financing is integrated in these risk management processes.

Financing risk

Financing risk refers to the risk that financing of the Sasol group's capital requirements and refinancing of existing borrowings could become more difficult or more costly in the future. This risk can be decreased by achieving the targeted gearing ratio, ensuring that maturity dates are evenly distributed over time, and that total short-term borrowings do not exceed liquidity levels. The group and company's goals for long-term borrowings include an average time to maturity of at least 2 years, and an even spread of maturities.

Credit rating

On 28 October 2022, S&P upgraded Sasol's rating from BB to BB+ on the back of debt reduction, and improved cash flow generation supported by stronger commodity prices and improved efficiency; revising the outlook from positive to stable. The stable outlook reflects that recent debt reduction and supportive oil prices will offset near-term headwinds and allow Sasol to maintain Funds From Operations to debt above 45% on average in the coming years.

Risk profile

Risk management and measurement relating to each of these risks is discussed under the headings below (subcategorised into credit risk, liquidity risk, and market risk) which entails an analysis of the types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the statement of financial position. The Sasol group's objective in using derivative instruments is for hedging purposes to reduce the uncertainty over future cash flows arising from foreign currency, interest rate and commodity price risk exposures.

Credit risk

Credit risk, or the risk of financial loss due to counterparties not meeting their contractual obligations.

How we manage the risk

The risk is managed by the application of credit approvals, limits and monitoring procedures. Where appropriate, the group and company obtain collateral to mitigate risk. Counterparty credit limits are in place and are reviewed and approved continuously. The central treasury function provides credit risk management for the company-wide exposure in respect of a diversified company of banks and other financial institutions. These are evaluated regularly for financial robustness especially in the current global economic environment. Management has evaluated treasury counterparty risk and does not expect any treasury counterparties to fail in meeting their obligations. The credit risk or the risk of financial loss due to intergroup companies not meeting their obligations, is managed at a group level.

For all financial assets measured at amortised cost, the company calculates the expected credit loss based on contractual payment terms of the asset. The contractual payment terms for receivables vary from 30 days to 10 years. The exposure to credit risk is influenced by the individual characteristics and long and short term nature of the counterparty with whom we have transacted. Financial assets at amortised cost are carefully monitored and reviewed on a regular basis for expected credit loss and impairment based on our credit risk policy.

Expected credit loss is calculated as a function of probability of default, loss given default and exposure at default. The group and company allocate probability of default based on the external and internal information. The major portion of the financial assets at amortised cost consist of externally rated customers and the group and company use the average of Moody's, Fitch and S&P Corporate and Sovereign probability of defaults, depending on whether the customer or holder of the financial asset is corporate or government related. For customers or debtors that are not rated by the rating agency, the group and company allocate internal credit ratings and default rates taking into account forward looking information, based on the, debtors profile and financial status. Loss given default is based on the Basel model. World-wide, and especially in South Africa, economies have faced a series of global and local disruptions, including price volatility, elevated energy costs, high inflation, higher cost of debt, etc. As a result the Group applied the Board of Governors of the Federal Reserve System's formula to derive a downturn LGD to be used for 2023 and 2022, namely 50% for unsecured financial assets and 40% for secured financial asset. Credit enhancement is only taken into account if it is integral to the asset. The expected credit loss is measured over 12 months when the credit risk is low and over lifetime where the credit risk has increased.

Our exposure to and assessment of the risk

Approximately 65% (2022 - 74%) of the group's turnover and 100% (2022 – 100%) of the company's turnover is generated from revenue within South Africa, while about 35% (2022 - 26%) of the group's and nil% (2022 - nil%) of the company's revenue is generated outside South Africa.

Detail of allowances for credit losses:

Group

	12 months R'000	Expected credit loss R'000
2023		
Inter-company long-term receivables	**385 699**	**385 699**
Inter-company short-term receivables	**26 131**	**26 131**
	411 830	**411 830**

	12 months R'000	Expected credit loss R'000
2022		
Inter-company long-term receivables	359 128	359 128
Inter-company short-term receivables	23 935	23 935
	383 063	383 063

The expected credit losses relating to cash and cash equivalents and other receivables are immaterial.

Company

	12 months R'000	Expected credit loss R'000
2023		
Inter-company long-term receivables	**20 022**	**20 022**
Inter-company short-term receivables	**67 403**	**67 403**
	87 425	**87 425**

	12 months R'000	Expected credit loss R'000
2022		
Inter-company long-term receivables	26 391	26 391
Inter-company short-term receivables	34 462	34 462
	60 853	60 853

The increase in expected credit losses mainly resulted from the increase in receivables balance.

Group

	2023		2022	
	AAA to A- %	**BBB to B- %**	AAA to A- %	BBB to B- %
Long-term receivables	**65**	**35**	75	25
Other receivables	**2**	**98**	3	97
Short-term receivables	**99**	**1**	94	6
Cash and cash equivalents	**–**	**100**	8	92

Company

	2023		2022	
	AAA to A- %	**BBB to B- %**	AAA to A- %	BBB to B- %
Long-term receivables	**100**	**–**	100	–
Other receivables	**83**	**17**	–	100
Short-term receivables	**100**	**–**	100	–
Cash and cash equivalents	**2**	**98**	19	81

Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its obligations as they become due.

The global economic landscape remains volatile, including fluctuating oil and petrochemical prices, an unstable product demand environment and inflationary pressure. In South Africa, the underperformance of state-owned enterprises and socio-economic challenges continues to impact volumes, margins and resultant profitability.

How we manage the risk

The group and company manage liquidity risk by effectively managing the pooled business unit cash investments and borrowing requirements. Currently the group and company are maintaining a positive cash position. The group and company meet their financing requirements through a mixture of cash generated from its operations and, short- and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained.

The group meets its financing requirements through a mixture of cash generated from its operations and, short and long-term borrowings and strives to maintain adequate banking facilities and reserve borrowing capacities. Adequate banking facilities and reserve borrowing capacities are maintained. The group has refinanced its existing banking facilities, due to mature in calendar year 2024, into a new banking facility comprising of a revolving credit facility of US$1 987 million and term loan facility of US$287 million, both with a five-year maturity and with two extension options of one year each. Refer to note 19. The group is in compliance with all of the financial covenants per its loan agreements, none of which are expected to present a material restriction on funding or its investment policy in the near future. Protection of downside risk for the balance sheet was a key priority for the group during volatile times, resulting in the execution of our hedging programme to address oil price, ethane price and currency exposure, thereby protecting the balance sheet.

Management believes that the company currently has sufficient liquidity to withstand the market volatility in the short-term. Refer to note 27.

Our exposure to and assessment of the risk

The maturity profile of the contractual cash flows of financial instruments at 30 June were as follows:

		Group				
	Note	Carrying value R '000	Contractual cash flows* R '000	Within one year R '000	One to five years R '000	More than five years R '000
2023						
Financial assets						
Non-derivative instruments						
Loans to Sasol group companies	12	50 850 056	61 971 167	15 374 952	33 279 306	13 316 909
Other receivables	13	185 820	185 820	185 820	–	–
Cash and cash equivalents	10	37 971 001	37 971 001	37 971 001	–	–
		89 006 877	100 127 988	53 531 773	33 279 306	13 316 909
Derivative instruments						
Foreign exchange contracts**	11	131 087	15 936 955	15 936 955	–	–
Foreign exchange zero cost collars	11	76 013	76 013	76 013	–	–
Crude oil put options	11	253 445	253 445	253 445	–	–
Ethane swaps	11	1 734	1 734	1 734	–	–
		89 469 156	116 396 135	69 799 920	33 279 306	13 316 909
Financial liabilities						
Non-derivative instruments						
External debt***	19	(7 483 581)	(9 688 846)	(578 751)	(9 110 095)	–
Loans and deposits by Sasol group companies	12	(65 439 812)	(65 439 812)	(65 439 812)	–	–
Other payables	20	(942 513)	(942 513)	(942 513)	–	–
		(73 865 906)	(76 071 171)	(66 961 076)	(9 110 095)	–
Financial guarantees[1]	18	(6 088)	(3 475 068)	(3 475 068)	–	–
Derivative instruments						
Foreign exchange contracts	18	(374 308)	(16 180 178)	(16 180 178)	–	–
Foreign exchange zero cost collars	18	(579 365)	(579 365)	(579 365)	–	–
Ethane swaps	18	(160 125)	(160 125)	(160 125)	–	–
		(74 985 792)	(96 465 907)	(87 355 812)	(9 110 095)	–

* Contractual cash flows include interest payments. Where contractual cash flows on maturity are not fixed, the amount disclosed in the maturity analysis is determined by reference to the conditions at year-end (i.e. spot rates and forward curves, where applicable).

** The amount payable or receivable has been based on the estimated forward exchange rates at the settlement date. Forward exchange contracts are settled on a gross basis, while all other derivatives are net settled. For gross settled derivatives, the cash outflow has been included in financial liabilities, while the cash inflow is included in financial assets.

*** The outstanding amount relate to the repayment of the bond and the domestic medium term notes.

1 Issued financial guarantees contracts are all repayable on demand, however the likelihood of default is considered remote. Refer to note 18.

Available facilities at 30 June 2023 amounted to R58,5 billion, which is sufficient to fund the short fall gap in the foreseeable future.

	Note	Group				
		Carrying value	Contractual cash flows*	Within one year	One to five years	More than five years
		R '000	R '000	R '000	R '000	R '000
2022						
Financial assets						
Non-derivative instruments						
Loans to Sasol group companies	12	57 475 678	64 520 945	12 738 537	40 341 892	11 440 516
Other receivables	13	91 527	91 527	91 527	–	–
Cash and cash equivalents	10	31 693 490	31 693 490	31 693 490	–	–
		89 260 695	96 305 962	44 523 554	40 341 892	11 440 516
Derivative instruments						
Foreign exchange contracts**	11	68 334	6 606 109	6 606 109	–	–
Foreign exchange zero cost collars	11	73 730	73 730	73 730	–	–
Crude oil zero cost collars	11	17 286	17 286	17 286	–	–
		89 420 045	103 003 087	51 220 679	40 341 892	11 440 516
Financial liabilities						
Non-derivative instruments						
External debt***	19	(18 553 036)	(18 839 490)	(18 839 490)	–	–
Loans and deposits by Sasol group companies	12	(53 325 191)	(53 325 191)	(53 325 191)	–	–
Other payables	20	(6 690 751)	(6 690 751)	(6 690 751)	–	–
		(78 568 978)	(78 855 432)	(78 855 432)	–	–
Financial guarantees[1]	18	(31 471)	(3 078 576)	(3 078 576)	–	–
Derivative instruments						
Foreign exchange contracts	18	(110 359)	(6 648 133)	(6 648 133)	–	–
Crude oil zero cost collars	18	(6 175 840)	(6 175 840)	(6 175 840)	–	–
Coal swaps	18	(112 068)	(112 068)	(112 068)	–	–
Foreign exchange zero cost collars	18	(453 889)	(453 889)	(453 889)	–	–
		(85 452 605)	(95 323 938)	(95 323 938)	–	–

* Contractual cash flows include interest payments. Where contractual cash flows on maturity are not fixed, the amount disclosed in the maturity analysis is determined by reference to the conditions at year-end (i.e. spot rates and forward curves, where applicable).

** The amount payable or receivable has been based on the estimated forward exchange rates at the settlement date. Forward exchange contracts are settled on a gross basis, while all other derivatives are net settled. For gross settled derivatives, the cash outflow has been included in financial liabilities, while the cash inflow is included in financial assets.

*** The amounts due in one to five years relate to the repayment of the bond, the revolving credit facility and the domestic medium term notes.

1 Issued financial guarantees contracts are all repayable on demand, however the likelihood of default is considered remote. Refer to note 18.

	Note	Company				
		Carrying value	Contractual cash flows*	Within one year	One to five years	More than five years
	Note	R '000	R '000	R '000	R '000	R '000
2023						
Financial assets						
Non-derivative instruments						
Loans to Sasol group companies	12	**30 084 730**	**31 534 022**	**26 850 282**	**4 683 740**	**–**
Other receivables	13	**183 759**	**183 759**	**183 759**	**–**	**–**
Cash and cash equivalents	10	**26 296 531**	**26 296 531**	**26 296 531**	**–**	**–**
		56 565 020	**58 014 312**	**53 330 572**	**4 683 740**	**–**
Derivative instruments						
Foreign exchange contracts**	11	**131 087**	**15 319 510**	**15 319 510**	**–**	**–**
		56 696 107	**73 333 822**	**68 650 082**	**4 683 740**	**–**
Financial liabilities						
Non-derivative instruments						
External debt***	19	**(2 106 355)**	**(2 757 329)**	**(196 933)**	**(2 560 396)**	**–**
Loans and deposits by Sasol group companies	12	**(37 924 049)**	**(37 924 049)**	**(37 924 049)**	**–**	**–**
Other payables	20	**(424 944)**	**(424 944)**	**(424 944)**	**–**	**–**
		(40 455 348)	**(41 106 322)**	**(38 545 926)**	**(2 560 396)**	**–**
Financial guarantees[1]	18	**(1 193)**	**(497 689)**	**(497 689)**	**–**	**–**
Derivative instruments						
Foreign exchange contracts**	18	**(368 262)**	**(15 556 685)**	**(15 556 685)**	**–**	**–**
		(40 824 803)	**(57 160 696)**	**(54 600 300)**	**(2 560 396)**	**–**

* Contractual cash flows include interest payments. Where contractual cash flows on maturity are not fixed, the amount disclosed in the maturity analysis is determined by reference to the conditions at year-end (i.e. spot rates and forward curves, where applicable).

** Where a derivative is linked to an index, the amount payable or receivable has been based on the estimated forward exchange rates at the settlement date. Forward exchange contracts are settled on a gross basis, while all other derivatives are net settled. For gross settled derivatives, the cash outflow has been included in financial liabilities, while the cash inflow is included in financial assets.

*** The amounts due in one to five years relate to the repayment of the domestic medium term notes.

1 Issued financial guarantees contracts are all repayable on demand, however the likelihood of default is considered remote. Refer to note 18.

	Note	Carrying value R '000	Contractual cash flows* R '000	Within one year R '000	One to five years R '000	More than five years R '000
		Company				
2022						
Financial assets						
Non-derivative instruments						
Loans to Sasol group companies	12	23 024 357	24 439 617	16 779 114	7 660 503	–
Other receivables	13	90 196	90 196	90 196	–	–
Cash and cash equivalents	10	25 305 413	25 305 413	25 305 413	–	–
		48 419 966	49 835 226	42 174 723	7 660 503	–
Derivative instruments						
Foreign exchange contracts**	11	68 335	5 407 075	5 407 075	–	–
		48 488 301	55 242 301	47 581 798	7 660 503	–
Financial liabilities						
Non-derivative instruments						
Loans and deposits by Sasol group companies	12	(31 843 618)	(31 843 618)	(31 843 618)	–	–
External debt***	19	(2 193 190)	(2 193 190)	(2 193 190)	–	–
Other payables	20	(78 901)	(78 901)	(78 901)	–	–
		(34 115 709)	(34 115 709)	(34 115 709)	–	–
Financial guarantees[1]	18	(1 386)	(497 689)	(497 689)	–	–
Derivative instruments						
Foreign exchange contracts**	18	(88 268)	(5 427 008)	(5 427 008)	–	–
		(34 205 363)	(40 040 406)	(40 040 406)	–	–

* Contractual cash flows include interest payments. Where contractual cash flows on maturity are not fixed, the amount disclosed in the maturity analysis is determined by reference to the conditions at year-end (i.e. spot rates and forward curves, where applicable).

** Where a derivative is linked to an index, the amount payable or receivable has been based on the estimated forward exchange rates at the settlement date. Forward exchange contracts are settled on a gross basis, while all other derivatives are net settled. For gross settled derivatives, the cash outflow has been included in financial liabilities, while the cash inflow is included in financial assets.

*** The amounts due in one to five years relate to the repayment of the domestic medium term notes.

1 Issued financial guarantees contracts are all repayable on demand, however the likelihood of default is considered remote. Refer to note 18.

Market risk

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the business. The market price movements that the group and company are exposed to, include foreign currency exchange rates, commodity prices and interest rates. The Sasol group has developed policies aimed at managing the volatility inherent in these exposures which are discussed in the risks below.

Foreign currency risk

Foreign currency risk is a risk that earnings and cash flows will be affected due to changes in exchange rates. The group and company are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities.

How we manage the risk

The Audit Committee sets broad guidelines in terms of tenor and hedge cover ratios specifically to assess future currency exposure and large forward cover amounts for long periods into the future, which have the potential to materially affect our financial position. These guidelines and our hedging policy are reviewed from time to time. This hedging strategy enables us to better predict cash flows and thus manage our working capital and debt more effectively. Foreign currency risks are managed through the Sasol group's hedging policy and financing policies that direct the selective use of various derivatives.

Our exposure to and assessment of the risk

Zero-cost collars

In line with the risk mitigation strategy, the Sasol group hedges a significant portion of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months. The group uses zero-cost collars to hedge its currency risk, most with a maturity of less than one year from the reporting date. A weakening of the assumed rand/US$ exchange rate will result in additional losses of R964 million.

Foreign exchange contracts

Foreign exchange contracts (FECs) are utilised throughout the group to hedge the risk of currency depreciation on committed and highly probable forecast transactions. Transactions hedged with FECs include capital and goods purchases (imports) and sales (exports). Other transactions hedged include certain intercompany loans which expose the group and company to foreign currency risk.

A number of FECs were entered into during the year and classified as held for trading. FECs are also utilised in the group in cash flow hedge relationships. FECs taken out to hedge exposure to fluctuations in the rand/US$ exchange rate were held over a total notional amount of US$836 million and EUR30 million at 30 June 2023 (2022 – US$334 million and EUR70 million).

The following significant exchange rates were applied during the year:

	Average rate		Closing rate	
	2023	2022	**2023**	2022
	Rand	Rand	**Rand**	Rand
Rand/Euro	**18,62**	17,15	**20,55**	17,07
Rand/US dollar	**17,77**	15,21	**18,83**	16,28

The exposure of the group's and company's financial assets and liabilities to currency risk is as follows:

	Group			
	2023		2022	
	Euro	**US dollar**	Euro	US dollar
	R '000	**R '000**	R '000	R '000
Cash	**2 897 958**	**224 634**	2 145 809	2 584 003
Net exposure on assets	**2 897 958**	**224 634**	2 145 809	2 584 003
Exposure on external balances	**2 897 958**	**224 634**	2 145 809	2 584 003
Net exposure on balances between group companies	**(3 154 460)**	**15 811 514**	(751 758)	5 405 314
Foreign exchange contracts	**588 556**	**(15 556 532)**	1 141 297	(5 426 902)
Total net exposure	**332 054**	**479 616**	2 535 348	2 562 415

	Company			
	2023		2022	
	Euro	**US dollar**	Euro	US dollar
	R '000	**R '000**	R '000	R '000
Cash	**193 274**	**224 634**	37 917	2 584 002
Net exposure on assets	**193 274**	**224 634**	37 917	2 584 002
Net exposure on liabilities	**–**	**–**	–	–
Exposure on external balances	**193 274**	**224 634**	37 917	2 584 002
Net exposure on balances between group companies	**–**	**15 811 514**	(37 917)	5 419 716
Foreign exchange contracts	**(152)**	**(15 556 532)**	106	(5 426 902)
Total net exposure	**193 122**	**479 616**	106	2 576 816

Sensitivity analysis

The following sensitivity analysis is provided to show the foreign currency exposure of the group and company at the end of the reporting period. This analysis is prepared based on the statement of financial position balances that exist at year end, for which there is currency risk. The expected effect on the income statement and equity is calculated based on the net balance sheet exposure at the end of the reporting period, after taking into account forward exchange contracts which exist at that point in time. The effect on equity is calculated as the effect on profit and loss. This sensitivity represents the exposure of the group and company at a point in time, based only on recognised balances for which currency risk has been identified.

A 10 percent strengthening of the rand on the group/company's exposure to foreign currency risk at 30 June would have decreased/(increased) either the equity or the income statement by the amounts below before the effect of tax. This analysis assumes that all other variables, in particular interest rates, remain constant and has been performed on the same basis for 2022.

	Group				Company			
	2023		2022		**2023**		2022	
	Equity	**Income Statement**	Equity	Income statement	**Equity**	**Income Statement**	Equity	Income statement
	R '000	**R '000**	R '000	R '000	**R '000**	**R '000**	R '000	R '000
Euro	**33 205**	**33 205**	253 535	253 535	**19 343**	**19 343**	11	11
US dollar	**47 962**	**47 962**	256 242	256 242	**47 962**	**47 962**	257 682	257 682

A 10 percent weakening in the rand against the above currencies at 30 June would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Foreign exchange contracts

All forward exchange contracts are supported by underlying commitments or transactions.

	Group			
	Contract foreign currency amount thousand	Contract amount – rand equivalent R '000	Average rate of exchange (calculated)	Accumulated fair value (losses)/ gains R '000
2023				
Transactions including commitments which have been contracted for				
Derivative instruments – fair value through profit and loss				
Financial assets				
US dollar (R/US$)	**456 316**	**8 018 729**	**17,57**	**568 303**
Financial liabilities				
Euro (US$/EUR)	**30 000**	**623 493**	**1,10**	**(6 048)**
US dollar (R/US$)	**1 292 354**	**23 575 261**	**18,24**	**(805 632)**
2022				
Transactions including commitments which have been contracted for				
Derivative instruments – fair value through profit and loss				
Financial liabilities				
US dollar (R/US$)	157 357	2 494 646	15,85	67 969
Financial assets				
Euro (US$/EUR)	70 000	1 141 297	1,07	(20 534)
US dollar (R/US$)	490 987	7 921 547	16,13	(88 008)

	Company			
	Contract foreign currency amount thousand	Contract amount – rand equivalent R '000	Average rate of exchange (calculated)	Accumulated fair value (losses)/ gains R '000
2023				
Transactions including commitments which have been contracted for				
Derivative instruments – fair value through profit and loss				
Financial assets				
US dollar (R/US$)	**456 316**	**8 018 729**	**17,57**	**568 303**
Financial liabilities				
US dollar (R/US$)	**1 292 354**	**23 575 261**	**18,24**	**(805 632)**
2022				
Transactions including commitments which have been contracted for				
Derivative instruments – fair value through profit and loss				
Financial liabilities				
US dollar (R/US$)	157 357	2 494 646	15,85	67 969
Financial assets				
US dollar (R/US$)	490 987	7 921 547	16,13	(88 008)

Interest rate risk

Interest rate risk is the risk that the value of short term investments and financial activities will change as a result of fluctuations in the interest rates.

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in South African, European and US interest rates.

How we manage the risk

The debt of the group and company is structured on a combination of fixed and floating rates. The benefits of fixing or capping interest rates on the group and company's various financing activities are considered on a case-by-case and project-by-project basis, taking the specific and overall risk profile into consideration.

In respect of financial assets, the group and company's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in short-term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Our exposure to and assessment of the risk

As at 30 June 2023, the group and company had exposure to the US dollar London Interbank Overnight Rate (LIBOR) through intercompany loans.

The group and company had exposure to the USD LIBOR through loans with other Sasol group companies.

On 1 July 2023 the company's subsidiary transitioned its Sasol Chemicals (USA) LLC ("SUSAC") loan receivable to an alternative interest rate benchmark, being the Secured Overnight Financing Rate (SOFR). The SUSAC long-term loan receivable at 30 June 2023 amounts to R19 738 million (US$1 048 million), and is repayable 30 June 2026. As at 30 June 2023 the loan attracted interest at 3-month LIBOR + 3,28%. Effective 1 July 2023 the loan now bears interest at SOFR + Credit Adjustment + 3,28%. The fixed credit adjustment spread is based on the rate published by Bloomberg Index Services Limited following the Financial Conduct Authority's Cessation Announcement on 5 March 2021.

The group and company expect to apply the relief of 'Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2) to these contract amendments. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR). Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

The table details the group and company's financial instruments which have not yet transitioned at 30 June 2023 from LIBOR to SOFR or an alternative interest rate benchmark:

Group:

Financial instrument	Benchmark rate	Outstanding balance
Sasol Investment Company (Pty) Ltd loan receivable	6-month USD LIBOR + 2%	R13,710 million (US$728 million)

At 30 June 2023 the group was still in negotiations with Sasol Investment Company (Pty) Ltd (SIC) to update the terms of the loan to incorporate changes to reference rates which will be accounted for in accordance with IBOR reform Phase 2, where applicable. On 22 November 2023 the amendment to the loan agreement incorporating the changes to the reference rates was finalised. The SIC long-term loan receivable at 30 June 2023 amounts to R13 710 million (US$728 million), and is repayable on 31 July 2028. As at 30 June 2023 the loan attracted interest at 6-month USD LIBOR + 2%. Effective 1 July 2023 the loan now bears interest at SOFR + Credit Adjustment + 2%.

The group and company's remaining exposure to IBORs is concentrated to the Johannesburg Interbank Average Rate (JIBAR) through certain debt instruments. The South African Reserve Bank has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. In November 2022, the SARB commenced publishing the South African Rand Overnight Index Average (ZARONIA), the preferred successor rate that will replace JIBAR in future. The ZARONIA is a financial benchmark that reflects the interest rate at which rand-denominated overnight wholesale funds are obtained by commercial banks. ZARONIA is based on actual transactions and calculated as a trimmed, volume-weighted mean of interest rates paid on eligible unsecured overnight deposits.

Market participants are not yet using ZARONIA in financial contracts until such time as the SARB indicate otherwise. The duration of the observation period will be communicated in due time and may depend on the Market Practitioners Group's information needs, transition plans, as well as the SARB's decision regarding the cessation date for JIBAR. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the group and company.

The group and company's treasury function monitors and manages the transition to alternative rates and evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

	Group		Company	
	Carrying value		Carrying value	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000
Variable rate instruments				
Financial assets	**89 191 264**	89 169 168	**56 381 260**	48 329 770
Financial liabilities	**(72 923 393)**	(55 518 381)	**(40 030 405)**	(34 036 808)
	16 267 871	33 650 787	**16 350 855**	14 292 962
Fixed rate instruments				
Financial assets	**–**	–	**–**	–
Financial liabilities	**–**	(16 359 846)	**–**	–
	–	(16 359 846)	**–**	–
Interest profile (variable: fixed rate as a percentage of total financial assets)	**100:0**	100:0	**100:0**	100:0
Interest profile (variable: fixed rate as a percentage of total financial liabilities)	**100:0**	77:23	**100:0**	100:0

Cash flow sensitivity for variable rate instruments

Financial instruments affected by interest rate risk include borrowings, deposits and derivative financial instruments. A change of one percent in the prevailing interest rate in that region at the reporting date would have increased /(decreased) the statement of comprehensive income by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis that all other variables, in particular foreign currency rates, remain constant and has been performed on the same basis for 2022.

	Group		Company	
	Income statement 1% increase R '000	Income statement 1% decrease R '000	Income statement 1% increase R '000	Income statement 1% decrease R '000
30 June 2023	**162 279**	**(162 279)**	**163 509**	**(163 509)**
30 June 2022	336 508	(336 508)	142 930	(142 930)

Commodity price risk

Commodity price risk is the risk of fluctuations in our earnings as a result of fluctuation in the price of commodities.

How we manage the risk

The company's subsidiary, on behalf of the Group, makes use of derivative instruments, including options and commodity swaps as a means of mitigating price movements and timing risks on crude oil purchases and sales, ethane purchases and export coal sales. The company's subsidiary entered into hedging contracts which provide downside protection against decreases in the ethane price, Brent crude oil price and export coal price.

Our exposure to and assessment of the risk

Refer to summary of derivatives for further detail.

Summary of our derivatives

In the normal course of business, Sasol Financing International Limited, a subsidiary of the company, entered into various derivative transactions to mitigate the Sasol group's exposure to the Rand/US dollar exchange rates, oil price, ethane price and coal price. Derivative financial instruments are entered into over foreign exchange and commodity exposures. Derivative instruments used by the Sasol group in hedging activities include swaps, options, forwards and other similar types of instruments based on foreign exchange rates and the prices of commodities.

Statement of comprehensive income impact	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Financial instruments				
Net gain/(loss) on derivative instruments				
Foreign exchange contracts	**(1 289 362)**	(677 037)	**(1 216 856)**	(422 205)
Foreign exchange zero cost collars	**(301 145)**	(1 580 081)	**–**	–
Crude oil put options	**(506 779)**	–	**–**	–
Crude oil zero cost collars	**3 952 969**	(11 351 382)	**–**	–
Crude oil swaps	**–**	(5 141 082)	**–**	–
Coal swaps	**1 099 111**	691 226	**–**	–
Ethane swaps	**(271 740)**	279 372	**–**	–
	2 683 054	(17 778 984)	**(1 216 856)**	(422 205)

Statement of financial position impact	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Financial instrument				
Derivative financial assets				
Foreign exchange contracts	**131 087**	68 335	**131 087**	68 335
Foreign exchange zero cost collars	**76 013**	73 730	**–**	–
Crude oil put options	**253 445**	–	**–**	–
Crude oil zero cost collars	**–**	17 285	**–**	–
Ethane swaps	**1 734**	–	**–**	–
	462 279	159 350	**131 087**	68 335
Derivative financial liabilities				
Ethane swaps	**(160 125)**	–	**–**	–
Foreign exchange contracts	**(374 308)**	(110 359)	**(368 263)**	(88 268)
Crude oil zero cost collars	**–**	(6 175 840)	**–**	–
Coal swaps	**–**	(112 068)	**–**	–
Foreign exchange zero cost collars	**(579 365)**	(453 889)	**–**	–
	(1 113 798)	(6 852 156)	**(368 263)**	(88 268)

In addition to foreign exchange contracts utilised in normal operating activities, the following derivatives were entered into to mitigate the risks associated with the crude oil price, the Rand/USD exchange rate and the ethane price.

		2023	2022
Rand/US dollar currency – Zero-cost collar instruments			
US$ exposure	US$'000	**7 160 000**	8 300 000
Open positions	US$'000	**2 760 000**	4 400 000
Settled	US$'000	**4 400 000**	3 900 000
Annual average floor	R/US$	**16,7**	15,0
Annual average cap	R/US$	**20,7**	18,1
Ethane – Swap options			
Number of barrels	mm bbl	**4,9**	4,0
Open positions	mm bbl	**3,6**	–
Settled	mm bbl	**1,3**	4,0
Average Ethane swap price (open positions)	US$ c/gal	**30,1**	–
Brent crude oil – Put options			
Premium paid	US$'000	**41 980**	–
Number of barrels	mm bbl	**16,3**	–
Open positions-purchased	mm bbl	**16,3**	10,0
Open positions-sold	mm bbl	**–**	(10,0)
Settled	mm bbl	**–**	–
Average Brent crude oil price floor, net of costs (open positions)	US$/bbl	**49,4**	–
Brent crude oil – Swap options			
Number of barrels - settled during year	million	**–**	18,0
Open positions	million	**–**	–
Settled	million	**–**	18,0
Export Coal – Swap options			
Number of barrels	tons million	**0,9**	1,4
Open positions	tons million	**–**	0,4
Settled	tons million	**0,9**	1,0
Average Coal swap price on open positions	US$/ton	**–**	293,70
Brent crude oil – Zero cost collar instruments			
Number of barrels	mm bbl	**29,0**	53,0
Open positions	mm bbl	**–**	29,0
Settled	mm bbl	**29,0**	24,0
Annual average floor (open positions)	US$/bbl	**–**	63,30
Annual average cap (open positions)	US$/bbl	**–**	96,60

Sensitivity analysis

The fair value of significant derivatives held for trading is impacted by a number of market observable variables at valuation date. The sensitivities provided below reflect the impact on fair value as a result of movements in the significant input variables utilised for valuation purposes:

		Ethane price		Brent crude oil price		Rand/US$	
30 June 2023		**+USD 2/c/g**	**-USD 2/c/g**	**+USD 2/bbl**	**-USD 2/bbl**	**+R1/USD***	**-R1/USD***
Crude oil put options	R'000			**(32 121)**	**32 121**		
Ethane swap options	R'000	**72 660**	**(72 660)**				
Foreign exchange zero cost collars	R'000					**(963 996)**	**963 996**

		Ethane price		Brent crude oil price		Rand/US$	
30 June 2022		+USD 2/c/g	-USD 2/c/g	+USD 2/bbl	-USD 2/bbl	+R1/USD	-R1/USD
Foreign exchange zero cost collars	R'000					(1 511 028)	1 511 028
Crude oil zero cost collars	R'000			(672 447)	672 447		

* No gain or loss will be made if these derivatives are settled at a spot price between the cap and floor. The exchange rate would have to weaken by at least R1,78/US$, up to the cap of R18,06, before losses are incurred on the derivatives.

28.2 Fair value

Various valuation techniques and assumptions are utilised for the purpose of calculating fair value.

The company does not hold any financial instruments traded in an active market except for the listed long-term debt. Fair value is determined using valuation techniques as outlined below. Where possible, inputs are based on quoted prices and other market determined variables.

Fair value hierarchy

The following table is provided representing the assets and liabilities measured at fair value at reporting date, or for which fair value is disclosed at reporting date.

The calculation of fair value requires various inputs into the valuation methodologies used.

The source of the inputs used affects the reliability and accuracy of the valuations. Significant inputs have been classified into the hierarchical levels in line with IFRS 13, as shown below.

There have been no transfers between levels in the current year. Transfers between levels are considered to have occurred at the date of the event or change in circumstances.

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices that are observable for the asset or liability (directly or indirectly).

Level 3 Inputs for the asset or liability that are unobservable.

Financial instrument	Group: Fair value 30 June 2023	Group: Fair value 30 June 2022	Company: Fair value 30 June 2023	Company: Fair value 30 June 2022	Valuation method	Significant inputs	Fair value hierarchy of inputs
Financial assets							
Loans to Sasol group companies	**50 850 056**	57 475 678	**30 084 730**	23 024 357	Discounted cash flow	Market related interest rates	Level 3**
Other receivables (excl pre-payments)	**881 970**	787 677	**879 909**	786 346	Discounted cash flow	Market related interest rates	Level 3*
Cash and cash equivalents	**37 971 001**	31 693 490	**26 296 531**	25 305 413	***	***	Level 1
Financial assets (derivatives)	**462 279**	159 350	**131 087**	68 335	Forward rate interpolator model, appropriate currency specific discount curve, discounted expected cash flows, numerical approximation	Forward exchange contracted rates, market foreign exchange rates, forward contract rates, market commodity prices, coal prices, crude oil prices, ethane prices	Level 2
Financial liabilities							
Listed external debt[1]	**(2 079 210)**	(18 412 140)	**(2 106 355)**	(2 193 190)	Fair valued at quoted market price	Quoted market price for the instrument	Level 1
Unlisted external debt	**(5 377 226)**	–	**–**	–	Discounted cash flow	Market related interest rates	Level 3**
Loans and deposits by Sasol group companies	**(65 439 812)**	(53 325 191)	**(37 924 049)**	(31 843 618)	Discounted cash flow	Market related interest rates	Level 3**
Other payables	**(942 513)**	(6 690 751)	**(424 571)**	(78 901)	Discounted cash flow	Market related interest rates	Level 3*
Financial liabilities - guarantees[2]	**(6 088)**	(31 471)	**(1 193)**	(1 386)	Expected loss model	Probability of default, WACC and loss given default	Level 3
Financial liabilities - derivative	**(1 113 798)**	(6 852 156)	**(368 262)**	(88 268)	Forward rate interpolator model, appropriate currency specific discount curve, discounted expected cash flows, numerical approximation	Forward exchange contracted rates, market foreign exchange rates, forward contract rates, market commodity prices, coal prices, crude oil prices	Level 2

* The fair value of these instruments approximates their carrying value, due to their short-term nature.
** The fair value of these instruments approximates their carrying value, due to market related interest rates being charged on these loans.
*** The carrying value of cash is considered to reflect its fair value.
1 The fair value of listed debt is based on the quoted market price for the Domestic Medium Term Note (DMTN).
2 Initial fair value is calculated by reference to either the premium received or the expected loss model where three factors are considered: The notional amount of the guarantee, the probability of default and the loss given default. A premium of the weighted average cost of capital is then applied to determine the minimum level of return required. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount initially recognised less cumulative adjustments relating to amortisation; and expected credit loss.

Accounting policies:

Derivative financial instruments and hedging activities

The group is exposed to market risks from changes in interest rates, foreign exchange rates and commodity prices. The group uses derivative instruments to hedge its exposure to these risks.

All derivative financial instruments are initially recognised at fair value and are subsequently stated at fair value at the reporting date. Attributable transaction costs are recognised in the income statement when incurred. Resulting gains or losses on derivative instruments, excluding designated and effective hedging instruments, are recognised in the income statement.

To the extent that a derivative instrument has a maturity period of longer than one year, the fair value of these instruments will be reflected as a non-current asset or liability.

Economic hedges

When derivative instruments, including forward exchange contracts, are entered into as fair value hedges, no hedge accounting is applied. All gains and losses on fair value hedges are recognised in the income statement.

www.sasol.com